



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



2023

Annual Report

** For identification purpose only*

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CORPORATE PROFILE



Riding the wind and cleaving the waves, we will succeed in sailing across the ocean.

Established in 1999, Weiye Holdings Group is headquartered at Henan. It is a diversified and international industrial group.

The shares of Weiye Holdings were listed on the Singapore Exchange Limited (“SGX”) on 16 August 2011, and were dual listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 6 April 2016. The Company announced its voluntary delisting from the SGX on 24 August 2018.

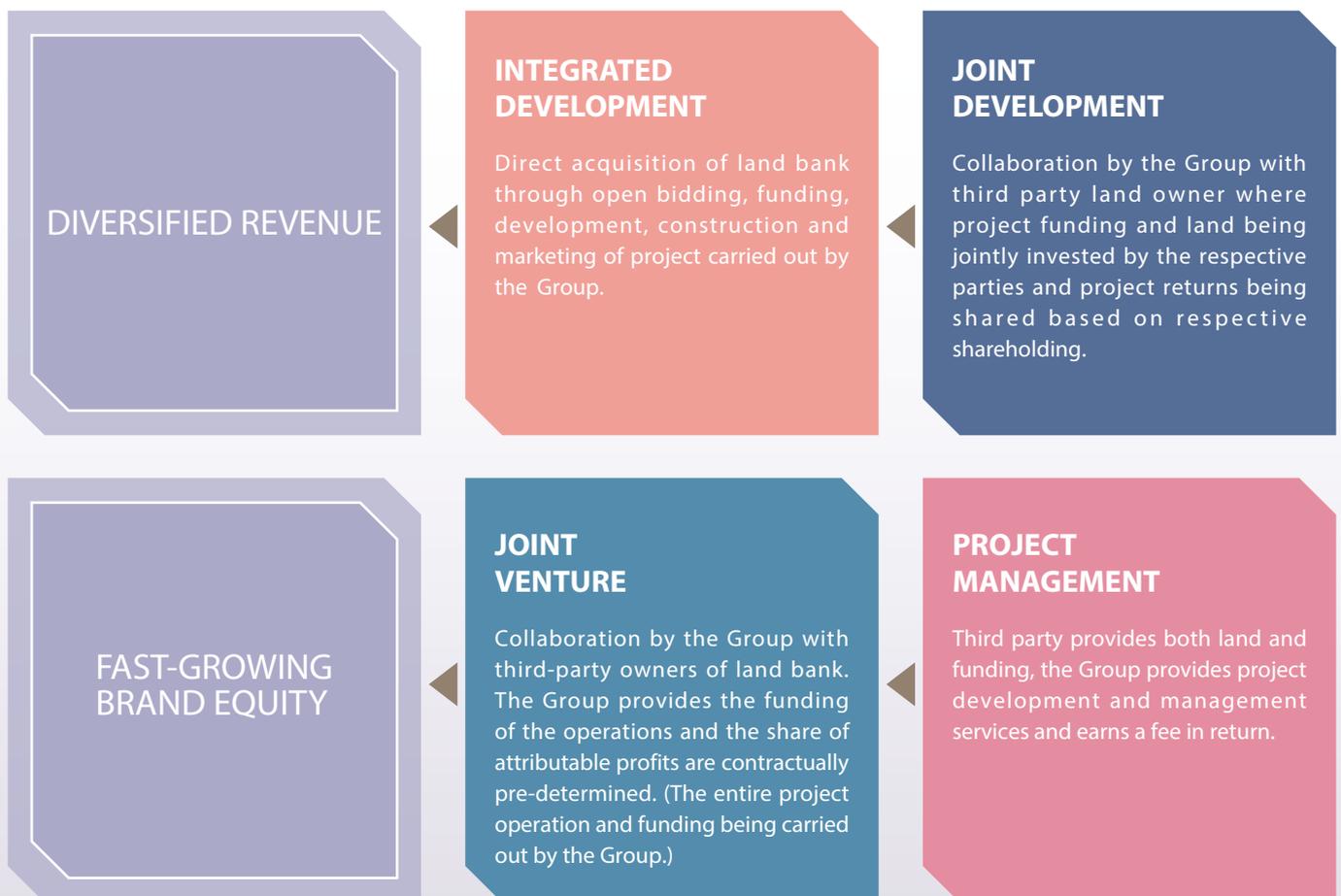
Adhering to the corporate values of “righteous practices and innovation”, Weiye Holdings remains committed to investing in and developing the green human habitation throughout its 25 years of operation and development, driven by two engines, namely, industry operation and smart technology. Our development layout covers such areas as green human habitation, smart environment protection and smart technology. Our business is focused on some of the most dynamic regions in China, including Henan, Hainan, Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region.

Weiye Holdings focuses on developing property projects for green residence. At present, it has a number of property development projects that have been completed or in different stages of development in dozens of mid to large sized cities such as Zhengzhou, Kaifeng, Xinxiang, Haikou, Danzhou, Tunchang, Wanning, Huizhou, Fuzhou, Hangzhou and Yangzhou, providing quality accommodation and services to property owners and their families. Thanks to its solid reputation and perseverance, Weiye Holdings has garnered numerous awards, including: “Henan Top 50 Real Estate Development Enterprise” (河南房地產開發企業綜合實力50強單位), “Zhengzhou City Leading Property Development Enterprises” (鄭州市房地產開發先進單位), “Zhengzhou City Real Estate Development Enterprise Excellence” (鄭州市房地產開發優秀企業), “Kaifeng City Best Residential Landscape” (開封市最佳人居景觀設計獎), “Economy Development Contribution Enterprise Excellence” (紅旗區經濟發展突出貢獻企業獎), “Zhengzhou Annual Green Residence Award” (鄭州年度綠色人居樓盤大獎) and “China Elite Science and Technology Award – Green Community” (中國精銳科學技術獎—綠色社區).

As at 31 December 2023, we had 27 completed property projects with a total completed GFA of approximately 3,145,569 sq.m., 1 property project under development with a total GFA of approximately 30,130 sq.m. and 1 project with planned GFA of approximately 62,916 sq.m. held for future development of real estate projects.

Sailing forward while catching the tide, Weiye Holdings Group will continue to adhere to our corporate position as a “green lifestyle provider” in the future, keep moving forward through innovation and exploration, proactively fulfill our social responsibilities, and strive to keep pace with the development of the times, in order to create larger returns for our shareholders and allow more property owners to experience a high quality lifestyle they yearn for.

OUR BUSINESS MODEL



OUR BUSINESS MODEL

BUILDING PRESENCE, FORGING PARTNERSHIPS

To stay ahead of the evolving market landscape over the years, the Group constantly seeks to collaborate with likeminded partners who can reap mutual benefits through sharing knowledge and expertise. By deepening our understanding of the policies introduced by the PRC government, while precisely analysing the prospect of the PRC market, the Group has accurately grasped industrial trends, ensuring we keep pace with the times and make steady progress. Furthermore, the Group has firmly pushed forward with business development and management innovation across our regional operations, while continuing to strengthen our business vitality and cohesion. As a result, the Group not merely has significantly enhanced its brand reputation in the market, but also has carved out niche in the turbulent market.



CHAIRMAN'S STATEMENT



CHEN ZHIYONG
Executive Chairman

DEAR SHAREHOLDERS,

In 2023, China witnessed an eventful economic development, as amid the rapidly evolving global market landscape, the domestic economic conditions became increasingly complex, with the ongoing downward industrial trends, as well as the persistently weak national investments and consumer confidence. As confronted by severe economic and market conditions, looking into 2024, both the international political climate and the domestic economic situation will continue to face a number of uncertainties. As per the requests by the Economic Work Conference, the government will persist in the principle of pursuing progress while ensuring stability, consolidating stability through advancement, and prioritising development before addressing problems. Therefore, more policies will be introduced to stabilise

expectations, growth, and employment. Efforts will be made to the transformation of growth models, structural adjustment, quality improvement, and efficiency enhancement, which will continue to consolidate the foundation for stable and positive growth. It is believed that in 2024, the real estate industry will smoothly transition to a new development model. At the new starting point in 2024, we adopt a rational wait-and-see strategy in response to the economic development in China, while exercising caution in our business development as the industry shows signs of recovery.

Looking into 2024, we will remain unwaveringly committed to the strategy of “ensuring survival and pursuing growth”. Under the premise of ensuring survival and sufficient cash flow, we will expand the “financing + entrusted

construction” light-asset projects in the Yangtze River Delta region where economic activities are more dynamic. In addition, closely following the spirit of the Economic Work Conference, where the construction of “affordable housing projects, dual-use public infrastructure for normal and emergency situations, and urban redevelopment projects” shall be accelerated, relevant fundamental systems shall be improved, and the construction of new property development models shall be expedited, we will capitalise on the pre-emptive opportunities to seek investment projects focused on the living standard by virtue of cooperation with government-funded investment companies on the model of exporting teamwork experiences and technologies, while introducing minority interest into development projects.

CHAIRMAN'S STATEMENT

PROPERTY DEVELOPMENT BUSINESS REVIEW

During the year ended 31 December 2023, the Group's total net saleable floor area ("NSFA") handed over to customers was approximately 92,503 square meters, representing a decrease of approximately 23% as compared to total NSFA of approximately 120,375 square meters for the corresponding period in 2022. Meanwhile, the Group achieved revenue from property development sales amounting to approximately RMB1.50 billion, a year-on-year increase of approximately 27%. Revenue from property development business for the year ended 31 December 2023 was mainly from Sunlight Mansion and Weiye Lanting Bay.

Besides continuing to pursue the established development targets, all regional companies of the Group, by taking into account the industrial development cycle and judgments made on the marketplace, as well as a new property development model encouraged by the government, timely established collaboration with state-owned platforms in response to the governmental policy of "guarantee for housing delivery", and undertook existing premium projects in the market. Through technological and labor export, we strove to achieve the "last-mile delivery" services for property development projects so that the mutually beneficial collaboration with the government had materialized. Driven by the above endeavors, our business development model shifted from "a business focused on strength and expansion" into "a business focused on optimization and specialization", while the Company shifted its economic development from "a red ocean strategy to a blue ocean strategy".

As for industrial real estate, by consolidating external and internal premier resources, as well as the top-down investment-operation model, the Group specifically continued to follow up the industrial real estate projects that are driven by policies, market demands, and livelihood protection. Furthermore, the Group established points of entry, including industrial cold-chain smart parks, global healthcare and retirement resorts, and facilitated the advancement of various work aspects to inject momentum to industrial real estate of the Group.

EQUIPMENT MANUFACTURING BUSINESS REVIEW

The sales of equipment mainly comprised sales of clean room equipment, air purification, heating ventilation air conditioning products.

As the global economy is expected to continue tackling the challenge of rising inflation, the operations of the Group will be affected in China, Malaysia, and Singapore. In 2023, the Group rationally realigned our air purification solution business and expanded our operations in China into the e-commerce trade, in order to expand our consumer base and strengthen our revenue base. As this business is currently in the development stage, the Group will continue to monitor progress.

In the post-pandemic era, the global chip shortage gradually eased, and Malaysia began expanding its technology sector, which is a favourable factor for the Group's cleanroom equipment business. At the beginning of 2024, the Building and Construction Authority in Singapore announced the award of new construction contracts valued at a range between SGD32 billion and SGD38 billion, including residential developments, expansions of two integrated resorts, reconstruction

of commercial buildings, and the development of mixed-use properties and industrial facilities. This development trend will benefit the Group's heating ventilation air conditioning products.

CLOSER COLLABORATIONS WITH STRATEGIC PARTNERS

In 2023, we strengthened external strategic partnerships to enhance the mutual performance in the expansion, development and operation of traditional real estate projects, and reduced the operation risks of projects through cooperation.

In terms of industrial real estate, we consolidated high-quality resources in various cooperation companies during the progress of industrial projects to support the implementation of industrial real estate projects and facilitate their development progress.

The Group will continue to seek comprehensive strategic cooperation with strategic partners in terms of joint development, industrial development, Build-Transfer and infrastructure construction by thoroughly leveraging on bilateral advantages, so as to achieve the performance growth of the Group's principal business in the future.

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.

CHAIRMAN'S STATEMENT

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 the 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.

APPRECIATION

In closing, on behalf of the board (the “Board”) of directors (the “Directors”) of the Company, I would like to express my heartfelt appreciation to our management team and the entire staff for their commitment to create greater values for the Group. I would also like to invite our long-time and new shareholders to continue to provide their views and support for our future growth.

As we head into an era of innovation and win-win development, we remind ourselves that the path to success is never a smooth-sailing journey and we have to work hard to build a brighter future. Steadfast in our belief, however, we will brave the challenges and maintain our path ahead. We will promote an open and sharing attitude and embrace change, while remaining responsible and committed, as we work together with our like-minded partners to chart a course for greater horizons.

CHEN ZHIYONG

Executive Chairman

27 March 2024

OPERATIONS REVIEW

HENAN REGION



HENAN – LOCATED AT THE HEART OF CHINA

Henan is located in the central-eastern part of China and is a major transportation hub vastly connected through the land-bridge channel and the Beijing-Guangzhou channel under the “Two Horizontal and Three Vertical” Urbanization Plan throughout the country. As the ancients say, “he who conquers the Central Plains stands to dominate China”, Henan, synonymous for the Central Plains, is the cradle of Chinese civilization and culture, and rich in natural resources and is a major producer of Chinese agricultural products and an important source of minerals. Known as the most populous province in China, Henan encompasses a large population with abundant labor resources which necessarily means enormous consumer market available. Henan is also a major transportation and communication hub and material distribution center thanks to its strategic location. It is also the largest agricultural province, the largest food producer, and the largest food processor in the country. Undergoing rapid economic development, its economic aggregate steadily ranked fifth in China, and its rapid industrialization and urbanization are showing great potential to bring vitality and momentum to the province.

HENAN – A MAJOR ECONOMIC PROVINCE IN CHINA

Bordering the Yellow River, Zhengzhou is located at the heart of China and positioned between “Heaven and Earth”. It occupied significant position in Yellow River Civilization with its long history and splendid culture, and is one of the eight ancient capitals of China, one of the six Ancient Ruins of China, and is listed as a National Famous Historical and Cultural City. In accordance with the Zhengzhou Action Plan Outline for National Core City Development (2017 to 2035) (《鄭州建設國家中心城市行動綱要(2017–2035年)》), by 2035, as its urban population accounts for 85% with a total GDP of RMB3 trillion and GDP per capita of RMB220,000, Zhengzhou will become an influential city across the globe with a population size amounting to approximately 13.5 million.

OPERATIONS REVIEW

COMPLETED PROJECTS



Weiyee Ru Guo Ai



Weiyee Tiandao Tianheshui



Weiyee Tiandao International



Weiyee Paris Impression



Weiyee Shangcheng Yihaoyuan & Erhaoyuan



Weiyee Central Park



Hong Jing Jia Garden



Die Cui Garden



Cai Fu Centre



Cai Zhi Guang Chang



Qing Qing Mei Lu



Weiyee Xi An



Weiyee Zhi Hua Shi



Xingwei Resettlement House Phase I



Weiyee Xiangdi Bay Phase I, II & III



Weiyee Shangcheng Sanhaoyuan

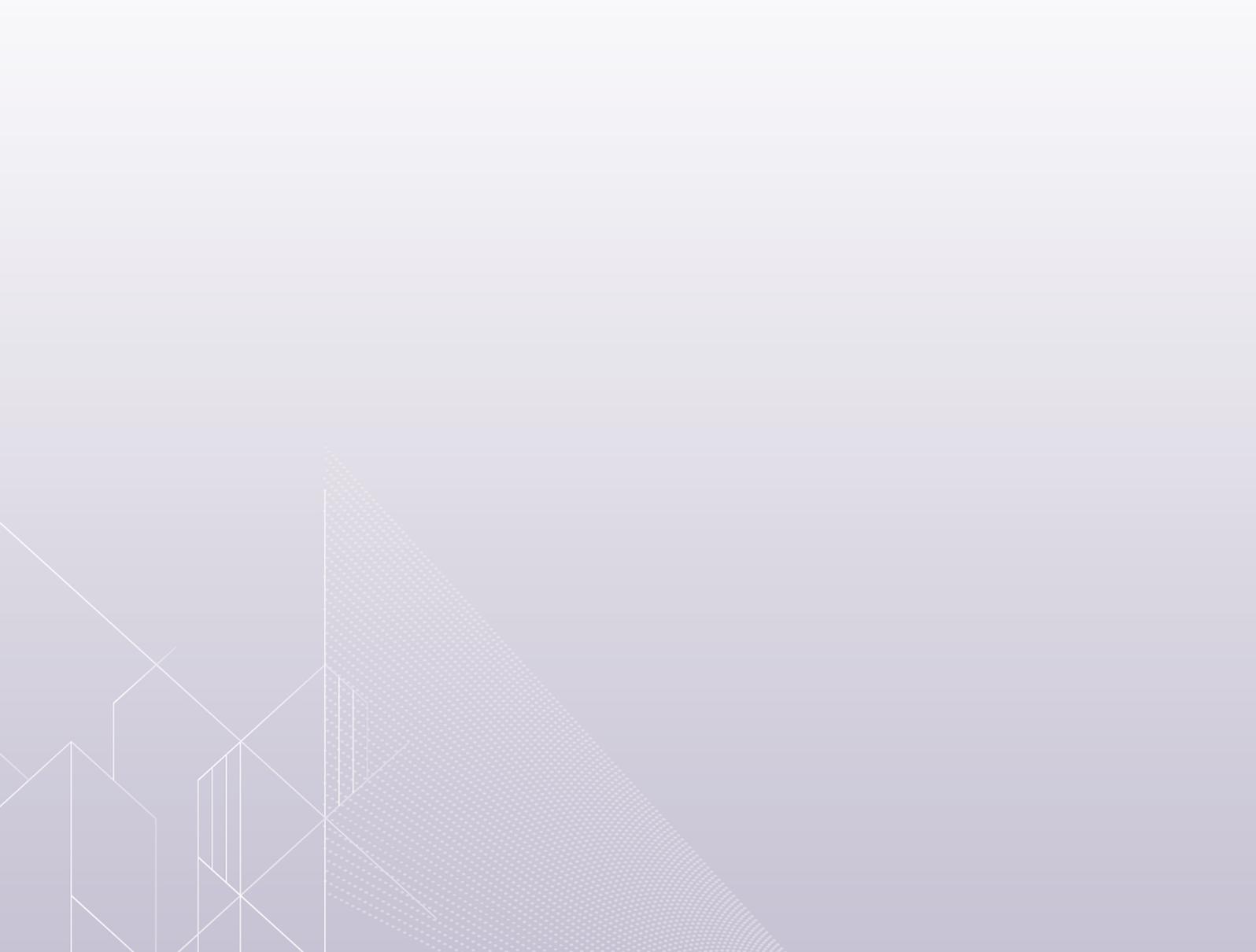
OPERATIONS REVIEW

MARKET REVIEW

In 2023, the relevant ministries and commissions of the Central Government and local governments at all levels across China introduced a volley of preferential policies for enterprises to ensure stable and healthy property development, including “city-specific policies”, “sales and rental of residential properties”, “guarantee for housing delivery”, “lifting of purchase restrictions and tighter down-payment requirements” and “interest cut”. However, under the sluggish market conditions, the transaction volume and price of the property market in Zhengzhou declined sharply. The gradual economic recovery has led to the accelerated development of Zhengzhou into a national core city, with its status continuing to rise. The government policies of proactively attracting investment and building a convenient transport network facilitated the steady development of the property market of Zhengzhou. As the strategic development center of the Group, Henan was destined to make new contributions to the development of Weiye Holdings.

DEVELOPMENT PROJECTS & STRATEGY

In 2023, the Group continued to focus on the development of our existing projects, while gaining a stronger foothold in Zhengzhou and its surrounding cities within a one-hour radius. Besides constantly undertaking light-asset entrusted construction, quality property projects, and land acquisitions, we continued with resource consolidation to facilitate our business development. In addition, we actively explored new operating models, as well as innovative and strategic collaboration in various areas, so that the Group would achieve performance growth. As of 31 December 2023, we had completed a total of 16 real estate projects in the Henan Province.



OPERATIONS REVIEW

HAINAN REGION



HAINAN – WITH ITS GRADUAL COMPLETION, HAINAN FREE TRADE PORT HAS ENTERED THE ERA OF HIGH-QUALITY ECONOMIC DEVELOPMENT

Benefiting from the “General Plan for the Construction of the Hainan Free Trade Port” (《海南自貿港建設總體方案》) issued on 1 June 2020, the Hainan Free Trade Port has ushered in a period of accelerated development, during which industries see fast-growing investments, investments in infrastructure, and real estate development rally steadily, the market momentum continues, and foreign trades are improving. Meanwhile, the Regulation of the Hainan Free Trade Port on Optimizing the Business Environment (《海南自由貿易港優化營商環境條例》) was reviewed and passed at the 30th Session of the Standing Committee of the Sixth

People’s Congress of Hainan Province, and came into force on 1 November 2021. The Regulation benchmarks against international regulations in relation to high-quality business environments and advanced domestic experiences in China, and aims to create an international and convenient business environment under the rule of law, insists on having a market driven by the demands of its participants, focuses on the blockages encountered during the construction of Hainan’s business environment, and provides regulations in areas including the optimization of the market environment, administrative environment, and the rule of law. These regulations facilitate the construction of the Hainan Free Trade Port and help deepen a thorough reform and opening-up in Hainan.

OPERATIONS REVIEW

MARKET REVIEW

Riding on the development momentum as a special economic zone, Hainan has been awarded four new strategic roles: a pilot zone for deepening a thorough reform and opening-up, a pilot zone for national ecological civilization, an international tourism consumption center and a national strategic service support zone. Such award has set a higher strategic positioning for Hainan, clarifying a new development direction for its future development. Over the past 30 years, Hainan has dramatically strengthened its economic power, evidenced by its elevation from a periphery island with an annual GDP of less than RMB6 billion to a world-famous tourist destination with an annual GDP of nearly RMB500 billion, with the unique high-tech industries such as new industries, tropical agriculture, and information, as well as the comprehensively-improved infrastructure such as communications, aviation and maritime transportation, and railway.

COMPLETED PROJECTS



Weiyee Costa Rhine



Weiyee Rhine Coast



Weiyee Oxygen Cube A



Weiyee Oxygen Cube B



Weiyee West International Plaza



Weiyee Yehai Shangcheng

PROJECT UNDER DEVELOPMENT



Yuequan Wan Phase I

PROJECT HELD FOR FUTURE DEVELOPMENT



Yuequan Wan Phase II

OPERATIONS REVIEW

In terms of real estate policy, affordable commercial housing plays an important role in the housing system of the Hainan Pilot Free-trade Zone, as “the Hainan government will further advance and accelerate the transition of the housing model towards the government-subsidized and market-oriented dual model, which is a new model for the housing system in the Hainan Pilot Free-trade Zone”. Therefore, the rigid residential demand, as well as the housing upgrade demand, will continue to be the major drivers for the real estate development in the foreseeable future.

In terms of property prices, the market demand for residential properties in the Hainan Province, especially Haikou City, remains robust, despite the lack of supply. With the gradual completion of the Hainan Free Trade Port, and with the date for the island-wide customs closure and operations in 2025 approaching, the value of real estate properties in Hainan is gradually accentuated. In the short term, however, property prices in Hainan remain primarily government-oriented – with stability as its top priority, it shows a slow but stable rising trend.

DEVELOPMENT PROJECTS & STRATEGY

The gradual implementation of regulations in relation to the Hainan Free Trade Port, and the continuous optimization and upgrading of the industrial structure in Hainan gradually reduced the province’s reliance on the real estate sector. In 2024, our subsidiaries in Hainan will focus on the industrial development planning and requirements of various government bodies, and extend our business lines to surrounding cities and counties with a focus on Haikou and Sanya. We will bring our attention to industrial properties and make arrangements for self-remodeling and urban redevelopment and other long-cycle projects. At the same time, we will also proactively explore quality projects in Western Guangdong, Guangxi, the southwest region of China, and other locations. As of 31 December 2023, we had a total of 8 real estate projects in the Hainan Province, with 6 projects completed, 1 project under development and 1 project held for future development.

OPERATIONS REVIEW

YANGTZE RIVER DELTA REGION



Yangtze River Delta – The Yangtze River Delta (YRD) region is one of the most economically-active, open, and innovative regions in China. It plays an important and tactical part in China’s comprehensive modernization and opening-up strategy. Comprising of Shanghai City, Jiangsu Province, Zhejiang Province, and Anhui Province, the YRD region is the largest economic circle and economic hub in China, leading the way in the country’s quality development.

In the future, as the global governance system and the international order are experiencing accelerated reforms, the latest round of global technological and industrial reforms will be converged and integrated with the optimizing Chinese economy, which will create an optimal external environment for the YRD region to undergo its integrated development. Socialism with

Chinese characteristics has entered a new era, where the Chinese economy has shifted towards the stage of quality development and has put forward higher requirements for the integrated development of the YRD region. The in-depth development of the Belt and Road Initiative and the YRD Zone has injected new momentum into the Region’s integrated development. The Party Central Committee and the State Council have made a major decision to elevate the integrated development of the YRD region to a national strategy, bringing new opportunities to the area. The Region will give full play to its strengths of having a good economic foundation, large market space, well-equipped industrial supply chain, and a high degree of opening-up, and take the lead in forming a new development pattern with domestic circulation as its mainstay, and domestic- international dual circulation reinforcing each other.

OPERATIONS REVIEW

MARKET REVIEW

In 2023, the economy of the YRD region continued to lead the country by maintaining stable growth. It continued to stand firm against property speculations as a short-term means of stimulating the economy and adhered to a prudent approach in managing real estate finances by way of stabilizing land premium, housing price, and market expectation. In 2023, on the supply side, the Central Bank determined the concentration requirements of property loans according to the asset sizes and the types of financial institutions, and the land market conducted centralized land auctions to control land prices. On the demand side, under the influence of the “Three red Lines” and other factors, the property market in the YRD region was affected to varying degrees, with sales volume falling back significantly as compared to 2022, the sentiment of the auction market growing weaker, and land premiums reducing.

COMPLETED PROJECTS



Taihu Tiancui



Yuejiangwan



Yuediwan



Sunlight Mansion

DEVELOPMENT PROJECTS & STRATEGY

In 2023, with the cities in the “five metropolitan areas” along the YRD region as the core, we gave priority to expanding the cities within the economic circle encompassing a one-hour radius from Shanghai, and actively sought high-quality regular projects with moderate prices, high velocity, and lenient presale restrictions. We accelerated the implementation of new projects through a combination of the following measures: financing + entrusted construction and joint ventures. When operating and monitoring our projects, we achieved our operation goal of “stabilizing development and controlling risks” in multiple ways. As of 31 December 2023, we had a total of 4 real estate projects fully completed in the YRD region.

Looking forward to 2024, under the control of “stabilizing land premium, housing price, and market expectation”, the companies in YRD region will continue to make full use of the economic base of the region, large space in the market, complete industrial supply chain, and a high degree of opening. prioritizing expanding the cities within the economic circle encompassing a one-hour radius from Shanghai. In virtue of industrial advantages and experience such as smart cold chain, healthcare and retirement resorts, and intelligent technologies, such companies shall actively adapt to the transformation outside real estate industry where transformation and upgrading is occurring, and pursue industrial projects with “low cost, low capital consumption and high income”. By multiple initiatives such as Build-Transfer, joint ventures, implementation of innovative traditional projects will be accelerated.

OPERATIONS REVIEW

GUANGDONG-HONG KONG-MACAU GREATER BAY AREA (GBA)



GREATER BAY AREA – WITH RISKS AND OPPORTUNITIES CO-EXISTING, WE MOVE FORWARD WHILE SEIZING THE MAJOR HISTORICAL OPPORTUNITIES ARISING FROM THE CONSTRUCTION OF THE GREATER BAY AREA

Over the past four years, benefiting from a slew of policies, the financial industry in the Greater Bay Area has gradually transitioned from its high-speed development to its high-quality development, and its financial strength and development capabilities have continued to grow, with an increasingly diverse and robust financial market system. With financial openness and collaborative development reaching a new height, financial services to the real economy have become more precise, and financial risk prevention capabilities have significantly increased, providing strong financial support for high-quality development in the three regions. As a result, the financial industry in the Greater Bay Area has ushered in its leapfrog development.

OPERATIONS REVIEW

MARKET REVIEW

For several years, the phrase “houses are for living in, not for speculation” was mentioned at the Party Congress, which remains China’s principle for regulating the property market. Speculative activities in Huizhou, Dongguan, Zhongshan and other hotspot cities near Shenzhen in the GBA generally cooled down. Subsequently, market regulation entered into a new phase that aims to “control housing prices”, strengthen and stabilize property buying behavior, and ensure that the real estate market is operated in a standardized way and can achieve stable and healthy development. In the future, the implementation of the three-child policy, the cutting of the reserve requirement ratio by the Central Bank, and the tightening of property market control measures in peripheral cities will create a spillover effect that allows GBA cities to further integrate and improve their urban planning frameworks and in turn boost property prices, including that of cheaper properties, thereby rejuvenating the real estate industry in the GBA.

DEVELOPMENT PROJECTS & STRATEGY

After a continuous and orderly development over the years, the development and operating standards of the Group’s projects have seen significant improvement. We plan to focus on an economic zone within a one-hour radius from Shenzhen (Shenzhen-Dongguan-Huizhou) as our target area for investment and development, gradually build up a sound operation system with quality product output, and achieve manageable expected returns on multiple projects through careful operation and management and other risk-protection systems. As of 31 December 2023, we had one real estate project completed in the GBA.

COMPLETED PROJECT



Weiye Lanting Wan

FINANCIAL HIGHLIGHTS

	2019 (RMB' MIL)	2020 (RMB' MIL)	2021 (RMB' MIL)	2022 (RMB' MIL)	2023 (RMB' MIL)
REVENUE					
Property Development	706.1	2,675.8	938.6	1,201.2	1,528.2
Equipment Manufacturing	57.0	102.1	80.7	125.3	84.0
Total	763.1	2,777.9	1,019.3	1,326.5	1,612.2
GROSS PROFIT					
Property Development	152.8	615.1	153.6	176.2	97.3
Equipment Manufacturing	14.8	21.6	18.7	30.0	23.7
Total	167.6	636.7	172.3	206.2	121.0
GROSS PROFIT MARGIN					
Property Development	22%	23%	16%	15%	6%
Equipment Manufacturing	26%	21%	23%	24%	28%
Total	22%	23%	17%	16%	8%

	2019 (RMB' MIL)	2020 (RMB' MIL)	2021 (RMB' MIL)	2022 (RMB' MIL)	2023 (RMB' MIL)
Net Profit/(Loss)	(56.9)	222.5	(77.4)	46.7	(95.6)
Earnings/(Loss) before Interest, Tax, Depreciation and Amortisation	33.6	577.1	(5.9)	93.7	(19.3)
Equity Attributable to Owners of the Company	1,452.6	1,473.1	1,348.5	1,347.0	1,289.3
Total Assets	8,881.1	7,796.2	8,006.6	5,640.8	3,859.0
Total Liabilities	7,114.2	5,779.6	6,062.1	3,808.1	2,131.1
Net Debts*	1,423.7	1,109.1	612.3	430.3	748.6
* Interest bearing debts (-) cash and cash equivalents					
Interest Coverage Ratio (times)	0.1	2.5	–	2.7	0.8
Earnings/(Loss) per Share (RMB cents)	(15.8)	11.9	(65.3)	3.9	(26.8)
Net Asset Value per Share (RMB)	7.4	7.5	6.9	6.9	6.6
Net Debts to Total Equity Ratio (%)	81%	55%	31%	23%	43%

FINANCIAL REVIEW

In 2023, the China Central Government began to implement economic stabilization policies and proactive monetary and fiscal measures, China's economy is gradually recovering from the setbacks of COVID-19 pandemic. However, the global economy environment was followed by the economic recession. The challenging and uncertain elements brought by the changing global geopolitical landscape and the real estate policies in the PRC are currently overhanging the future of the real estate industry. The financial instability of highly leveraged property developers weighed on buyer confidence, leading prospective buyers to be more cautious in making purchase decision. Looking forward to 2024, the Group will continue to face diverse and complex external unfavorable factors, but the Group will adhere to the overall approach of "stability", seek new opportunities in "stability", enhance its ability to seize new opportunities, in order to achieve healthy and orderly growth of the Group in the long term.

The total revenue for the year ended 31 December 2023 was approximately RMB1,612.2 million with approximately 22% increase as compared to the corresponding period in 2022. Correspondingly, the Group also reported a loss attributable to owners of the Company of approximately RMB52.6 million during the year ended 31 December 2023.

PROPERTY DEVELOPMENT BUSINESS

During the year ended 31 December 2023, there was a decrease in our total 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.

FINANCIAL REVIEW

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 and 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. Particulars of loans and borrowings of the Group as at 31 December 2023 are set out in Note 23 to the consolidated financial statements for the year ended 31 December 2023.

TREASURY AND INVESTMENT MANAGEMENT

We prepare our monthly, quarterly and annual cash flow budgets in accordance with the Group's internal rules and regulations, to forecast and manage the working capital needs of the Group and its subsidiaries for business expansion and other investments, to ensure that there is sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Group's reputation.

FINANCIAL REVIEW

In order to ensure the proper application of funds available to the Group investment, we have established policies and procedures on our investment management. Generally, our investment manager is responsible for managing and monitoring our investment portfolio on a daily basis.

Any fund transfer for trading purpose, acquisition and disposal of any investment shall be reviewed by our management and approved by our executive Chairman before execution. Our investment manager will prepare monthly trading summary report comprised of the detail balance of our investment portfolio, balance of our available fund and trading gain or loss as of the month end and report to our management and executive Chairman.

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.

CHARGE OF ASSETS

The loans and borrowings for the Group include banker's acceptance, lease liabilities, bank overdrafts, bank loans, loans from trust finance company and other loans. The borrowings are secured by investment properties, legal mortgages of the property development units, and corporate guarantee from the Company and group companies as well as guarantees from the third party companies. Particulars of charge of assets of the Group as at 31 December 2023 are set out in Notes 4, 7, 19 and 23 to the consolidated financial statements for the year ended 31 December 2023.

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.

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%). Details of the gearing ratio are set out in Note 37 to the consolidated financial statements for the year ended 31 December 2023.

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.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 34 to the consolidated financial statements for the year ended 31 December 2023, which included the guarantees given to banks in connection with banking facilities granted to third party property customers.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2023, the Group disposed 35% equity interest in Henan Yunzhi Security Technology Co., Ltd. at the consideration of 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.

BOARD OF DIRECTORS

CHEN ZHIYONG

Executive Chairman

Mr. Chen Zhiyong (“Mr. Chen”), aged 53, is the Chairman of the Board and an Executive Director of the Company.

Mr. Chen has over 28 years of experience in the real estate industry. He joined Henan Weiye in July 2000, responsible for property development management, and was later promoted to the position of Chief Executive Officer of Henan Weiye in 2010. He has been an Executive Director and the Chief Executive Officer of our Company since the Reverse Takeover in August 2011. On 27 February 2014, he was re-designated as the Chief Operating Officer of our Company. Mr. Chen currently holds positions of the directors and the legal representatives of the member companies of the Group.

From 1993 to 1998, Mr. Chen was the manager of the project management department in the No. 2 engineering department of the Zhongjian No. 7 Bureau No. 4 Construction Engineering Company* (中建七局第四建築工程公司), a company principally engaged in the business of construction where he was responsible for the management of the construction of the property.

Mr. Chen graduated from Naval University of Engineering, PLA (中國人民解放軍海軍工程大學) in Wuhan City, Hubei Province, the PRC, with a degree in project management in June 2006. Mr. Chen is the brother-in-law of Mr. Zhang Wei, the controlling shareholder of the Company.

LIU NING

Lead Independent Non-Executive Director

Mr. Liu Ning (“Mr. Liu”), aged 59, was appointed as the Lead Independent Non-Executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating Committee on 19 December 2018.

Mr. Liu has extensive experience of investment and administration in land property and hotel industry, and he is good at corporate comprehensive management and investment and financing business. Mr. Liu obtained Bachelor’s of Engineering from Tongji University (同濟大學) and obtained a master degree of Business Administration from Macau University of Science and Technology (澳門科技大學). Mr. Liu is an engineer and a senior economist.

From June 2000 to June 2003, Mr. Liu was the general manager of Shanghai Jinjiang International Hotels Development Co., Ltd. (formerly known as Shanghai New Asia (Group) Co., Ltd.), a company listed on Shanghai Stock Exchange (stock code: 600745). From July 2003 to April 2005, Mr. Liu was the president assistant, deputy managing director of property department and the general manager of Shanghai Jinjiang International Holdings Co., Ltd. From October 2009 to February 2014, Mr. Liu an executive director, president, vice president, chief operation officer and chief executive officer of Glorious Property Holdings Limited, a company listed on the Stock Exchange (stock code: 845). From March 2014 to December 2014, Mr. Liu was the executive president and the regional president (China) of Baoneng Group. Mr. Liu is currently the managing director of Shinovation Capital Corporation Co., Ltd.

DONG XINCHENG

Independent Non-Executive Director

Mr. Dong Xincheng (“Mr. Dong”), aged 57, was re-designated an Independent Non-Executive Director, and appointed as the chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee on 19 December 2018.

Mr. Dong has approximately 21 years of experience in legal practice. Mr. Dong graduated from Zhengzhou University (鄭州大學) in Zhengzhou City, Henan Province, the PRC, with a Bachelor’s degree in engineering. Mr. Dong obtained the Legal Professional Qualification Certificate in September 2002.

From 1990 to 1995, Mr. Dong was a senior officer in Road Administration Division of Henan Province Bureau of Transport* (河南省交通廳公路管理局). From 1996 to 2001, Mr. Dong was a deputy general manager at Shijiazhuang Xinlin Real Estate Development Co., Ltd. (石家莊鑫麟房地產開發有限公司), where he was responsible for its business management. From 2002 to 2004, Mr. Dong practiced law at Henan Guanglei Law Firm (河南光磊律師事務所). From 2004 onwards, Mr. Dong has been practicing law at Henan Zhengfangyuan Law Firm (河南正方圓律師事務所).

* For identification purposes only

BOARD OF DIRECTORS

LAM YING HUNG ANDY

Independent Non-Executive Director

Mr. Lam Ying Hung, Andy (“Mr. Lam”), aged 59, was appointed as an Independent Non-Executive Director, the chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee on 19 December 2018.

Mr. Lam has over 31 years of experience in accounting, banking and finance sectors. Mr. Lam is the managing consultant at Lontreprise Consulting Ltd. Mr. Lam obtained a master degree of Professional Accounting and a master degree in e-commerce from Hong Kong Polytechnic University. Mr. Lam is an associate member of various professional organizations, namely The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Mr. Lam is currently an Independent Non-Executive Director of Synertone Communication Corporation, a company listed on the SEHK (stock code: 1613), Litu Holdings Limited, a company listed on the SEHK (stock code: 1008) and Xingfa Aluminium Holdings Limited, a company listed on the SEHK (stock code: 98).

SENIOR MANAGEMENT

HONG JUNLI

Chief Executive Officer

Mr. Hong Junli (“Mr. Hong”), aged 50, is the Chief Executive Officer of the Company.

Mr. Hong has over 26 years of experience in the real estate industry. He joined the Group in November 2003 and held the various positions in the Group. On 15 November 2022, the vice president was re-designated as the Chief Executive Officer of our Company. Mr. Hong currently holds as the director and legal representative of Jinwei (Henan) Trading Limited Company (金偉(河南)商貿有限公司), a wholly-owned subsidiary of the Company.

Mr. Hong graduated from Zhejiang University (浙江大學) in Hangzhou City, Zhejiang Province, the PRC, with a master degree in business administration in December 2019. Mr. Hong has also been awarded the professional qualification certificate in accountancy by the Ministry of Finance of China.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chen Zhiyong
(Executive Chairman)
Mr. Liu Ning
(Lead Independent Non-Executive Director)
Mr. Dong Xincheng
(Independent Non-Executive Director)
Mr. Lam Ying Hung Andy
(Independent Non-Executive Director)

AUDIT COMMITTEE

Mr. Lam Ying Hung Andy (Chairman)
Mr. Dong Xincheng
Mr. Liu Ning

NOMINATING COMMITTEE

Mr. Dong Xincheng (Chairman)
Mr. Lam Ying Hung Andy
Mr. Liu Ning

REMUNERATION COMMITTEE

Mr. Liu Ning (Chairman)
Mr. Dong Xincheng
Mr. Lam Ying Hung Andy

COMPANY SECRETARIES

Ms. Sharon Lim Siew Choo (ACS, ACG)
Mr. Man Yun Wah (ACG, HKACG)

REGISTERED OFFICE

10 Bukit Batok Crescent
#06-05 The Spire
Singapore 658079

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

19th Floor, Building A
Weiye International Square
Intersection of Yanqqiao Road
Zhengkai Avenue, Zhendong
New District, Zhengzhou City
Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1307A, 13/F., Two Harbourfront
22 Tak Fung Street, Hunghom, Kowloon, Hong Kong

AUDITORS

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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

CORPORATE GOVERNANCE REPORT

WEIYE HOLDINGS LIMITED (the “Company”) and its subsidiaries (collectively, the “Group”) are committed to maintaining high standards of Corporate Governance to advance its mission to create value for the Group’s customers and shareholders.

This Corporate Governance Report states the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”) to provide the structure through which the objectives of protection of shareholders’ interest and enhancement of long term shareholders’ value are met. Throughout the financial year ended 31 December 2023, the Group had complied with the CG Code.

BOARD MATTERS

Board’s Conduct of its Affairs

The board (the “Board”) of directors (the “Directors”) of the Company oversees the Group’s overall policies, setting Company’s values and standards, strategies and objectives, reviewing management performance, identifying key stakeholder groups, key operational initiatives, performance and measurement, internal controls and risk management, major funding and investment proposals, financial performance reviews, corporate governance practices and sustainability issues. Approval of the Board is required for matters such as corporate restructuring, mergers and acquisition, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, share issuance, dividend and other returns to shareholders, acceptances of bank facilities, annual budget, release of the Group’s interim and annual financial results and interested person transactions of a material nature.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

To assist the Board in the execution of its responsibilities, the Board delegates its decision-making authority to three supporting committees, namely the audit committee (the “AC”), the nominating committee (the “NC”) and the remuneration committee (the “RC”) (collectively, the “Board Committees”). These Board Committees operate within clearly defined Terms of Reference and they play important roles in ensuring good corporate governance in the Company and within the Group. These Terms of Reference are reviewed on a regular basis to ensure their continued relevance and are available on the websites of the SEHK and the Company, respectively.

The Board conducts regular scheduled Board meetings at least four times a year to, among others, approve the interim and annual results announcement and to review the operations and performance of the Group. The schedule of all the regular Board and Board Committees meetings for a calendar year is usually given to all the Directors well in advance in accordance with the Terms of Reference and the Listing Rules. Board meetings may also be convened as and when they are deemed necessary in between the scheduled meetings to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

Notice of regular Board meetings is served to all the Directors at least 14 days before the meetings. For other Board and Board Committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all the Directors at least 3 days before each Board or Board Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

The constitution of the Company provides for the Board to convene meetings by ways of tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board Committees.

CORPORATE GOVERNANCE REPORT

The Directors for the year ended 31 December 2023 and up to the date of this annual report were as follows:

Executive Director

Mr. Chen Zhiyong (Executive Chairman)

Independent Non-Executive Directors

Mr. Liu Ning

Mr. Dong Xincheng

Mr. Lam Ying Hung Andy

The attendances of the Directors at the annual general meeting, Board meetings and Board Committees meetings held during the year ended 31 December 2023 are as follows:

	Attendance/Number of meetings				
	Annual General meeting	Board meetings	Audit Committee meetings	Nominating Committee meeting	Remuneration Committee meeting
Mr. Chen Zhiyong	1/1	4/4	2/2*	1/1*	1/1*
Mr. Dong Xincheng	1/1	4/4	2/2	1/1	1/1
Mr. Lam Ying Hung Andy	1/1	4/4	2/2	1/1	1/1
Mr. Liu Ning	1/1	4/4	2/2	1/1	1/1

* By invitation

The Board has adopted internal guideline setting forth matters that require Board's approval. The Board has identified, including but not limited to, the following areas for which the Board has direct responsibility for decision making within the Group:

- Approval of the Group's major investments/divestments and funding decisions;
- Approval of the Group's interim and annual financial result announcements for release to the SEHK;
- Approval of any agreement which is not in the ordinary course of business;
- Approval of any major borrowings or corporate guarantees in relation to borrowings;
- Entering into any profit-sharing arrangement;
- Entering into any foreign exchange hedging transactions;
- Appointment or removal of any key executive and legal representative;
- Incorporation or dissolution of any material subsidiary;
- Issuance of shares or declaration of dividends;
- Approval of the annual report and audited financial statements;

CORPORATE GOVERNANCE REPORT

- Convening general meetings;
- Approval of corporate strategies;
- Approval of material acquisition and disposal of assets; and
- Approval of announcements or press releases concerning the Group for release to the SEHK.

The Directors are also updated regularly with the changes to the Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

New releases issued by the SEHK which are relevant to the Directors are circulated to the Board. The company secretaries of the Company (the “Company Secretaries”) informed the Directors of upcoming conferences and seminars relevant to their roles as Directors. Annually, the External Auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group’s business operations, strategic directions, directors’ duties and responsibilities and the corporate governance practices. They will also be given opportunities to visit the Group’s operational facilities and meet the Management so as to gain a better understanding of the Group’s business.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors’ duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Listing Rules that affect the Company and/or the Directors in discharging their duties.

The shares of the Company have been listed on the Main Board of the SEHK since 6 April 2016. In order to comply with Rule C.1.4 of Appendix C1 to the Listing Rules, the Company has provided information related to the changes in the Listing Rules to the Directors to update and refresh the Directors’ knowledge on the latest developments to the Listing Rules and/or any other necessary information from time to time. The Company will continuously update the Directors on the latest developments to the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance the Directors’ awareness of good corporate governance practices. The Company may from time to time arrange the training for the Directors at the Company’s costs.

Newly appointed Directors receive appropriate training such as accounting, legal and industry specific knowledge, if required, and a comprehensive, formal and tailored induction on appointment. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. A service contract or letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

There is presently a strong and independent element on the Board. Three independent non-executive Directors make up over a half of the Board and the independence of each independent non-executive Director has been reviewed by the NC. The NC is of the view that all the independent non-executive Directors are independent to the Company.

The criteria for independence are determined based on the definition as provided in the Listing Rules and the independence of each independent non-executive Director is reviewed annually by the NC. The Board considers an independent non-executive Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs.

Mr. Dong Xincheng has served the Board for more than nine years since his first appointment as a Director in August 2011. Notwithstanding his long service to the Board, he is considered remaining independent to the Company by complying with Rule 3.13 of the Listing Rules. The Board considers that Mr. Dong Xincheng's objective and independent advice based on his extensive experience and knowledge remains important and valuable to the Company.

The Board constantly examines its Board size with a view to determining the optimum size for effective decision-making. The Board taking into account the scope and nature of the operations of the Company, the requirement of the business and the need to avoid undue disruptions from the change in composition of the Board and Board Committees. The Board is of the view that its current size is appropriate, which facilitates effective decision-making.

The Board and Board Committees provide an appropriate balance and diversity of skills. The Directors bring with them a wealth of expertise and experience in areas such as accounting, finance, legal, business or management experience and industry knowledge as well as knowledge of the Company and the Group. Its composition enables the Management to benefit from a diverse and objective perspective on any issues raised before the Board.

Independent non-executive Directors exercise no management functions in the Group. The role of the independent non-executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company co-ordinates informal meeting sessions between the executive Chairman and the independent non-executive Directors where necessary without the presence of the Management and the other Directors to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the executive Directors.

CORPORATE GOVERNANCE REPORT

Nominating Committee

The NC, regulated by a set of written Terms of Reference, comprises the following three independent non-executive Directors.

Mr. Dong Xincheng (Chairman)
Mr. Lam Ying Hung Andy
Mr. Liu Ning

The principal functions of the NC are to, among others:

- Review the structure, size and composition of the Board;
- Review the board succession plans for directors, in particular the Chairman and Chief Executive Officer;
- Develop a process for evaluating the performance of the Board, its committees and directors;
- Review training and professional development programs for the Board;
- Review the background, academic and professional qualification and make recommendation to the Board on all the candidates nominated for appointment to the Board and Board Committees of the Company and of its subsidiaries;
- Review annually on the independence of the independent non-executive Directors;
- Identify and recommend Directors who are retiring by rotation to be put forward for re-election;
- Review the ability of a Director to adequately carry out his duties as Director when the Director's has multiple Board representations; and
- Assess the effectiveness of the Board as a whole.

CORPORATE GOVERNANCE REPORT

The NC makes recommendations to the Board on all Board appointments and is responsible for the re-nomination of Directors at regular intervals, through nomination process which take into consideration the Directors' contribution and performance at Board meetings, including attendance and participation.

The NC is responsible to review the Board Diversity Policy, as appropriate; and review the measurable objectives that the board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

Where a Director has multiple Board representations, the NC will evaluate whether the Director is able to and has adequately carried out his or her duties as Director of the Company by taking into consideration the contribution and the respective Directors' attendance at the Board meeting. The Board is satisfied that Directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as Directors of the Company. Accordingly, the Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the NC will instead focus on whether a Director has sufficient time to adequately discharge his or her duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his or her duties as a Director of the Company.

The Board, based on the recommendations of the NC will conduct search and selection process to ensure that Directors appointed possess the background, experience and knowledge critical to the Group's business and each Director, through his or her unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decision to be made.

Each executive Director has entered into a service contract with the Company for a term of 3 years, while each independent non-executive Director has entered into a letter of appointment with the Company for a term of 3 years.

In accordance with the Company's constitution, each Director is required to retire at least once in every three years by rotation and all Directors newly appointed by the Board will have to retire and, being eligible, offer themselves for re-election at the next annual general meeting of the Company (the "AGM") following their appointments.

Each member of the NC shall abstain from voting on any resolutions at the relevant NC and Board meetings in respect of his or her renomination as a Director.

The NC recommended that Mr. Dong Xincheng and Mr. Liu Ning (collectively, the "Retiring Directors"), be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation and the Retiring Directors will be offering themselves for reelection at the forthcoming AGM.

For the year ended 31 December 2023, the NC is of the view that the independent non-executive Directors are independent (as defined in Listing Rules) and are able to exercise judgment on the corporate affairs of the Group independent of the Management.

Although some of the Directors have other Board representation, the NC is satisfied that these Directors are able to and have adequately carried out their duties as the Directors and given sufficient time and attention to the Company's affairs.

The key information regarding the Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out on pages 22 to 23 of this annual report.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Company has a board diversity policy which sets out its approach to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board's current target for gender representation is to achieve having at least a director of different gender no later than 31 December 2024. In striving to attaining gender diversity, the NC is delegated with authority to identify potential candidates through different means and channels, including use of external recruitment agencies and any other means that it deems appropriate.

Nomination Policy

The Board has a nomination policy which sets out the procedures and criteria for the selection, appointment and reappointment of the Directors. In evaluating and selecting any candidate for directorship, the NC shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

Access to Information

The Board is provided with adequate and timely information on Board affairs and issues that require the Board's decision. All the Directors have separate and independent access to the Group's senior management and the Company Secretaries at all times. Requests for information from the Board are dealt with promptly by the management. The Board is informed of all material events and transactions as and when they occur. The management also consults with the Board members regularly whenever necessary and appropriate.

All the Directors are provided with complete and adequate information including board papers and related materials in relation to financial such as budgets, forecasts and financial statements, business and background or explanatory information relating to corporate matters of the Group prior to Board meetings and on an ongoing basis so as to enable the Directors to oversee the Group's operational and financial performance. The Directors are also informed of any material variance between projections and actual results or significant developments or events relating to the Group.

The Company Secretaries or their representative administrators attend and prepare minutes of all the Board and the Board Committees meetings and assist the chairman of the Board, AC, RC and NC in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively. The Company Secretaries or their representatives' roles are to advise the Board on all governance matters, ensuring that legal and regulatory requirements as well as Board policies and procedures are complied with.

Each Director, the Board or the Board Committees may seek independent professional advice at the Company's expenses, subject to the approval of the Executive Chairman, in fulfilling their duties and responsibilities and such costs will be borne by the Company. The appointment and removal of the Company Secretaries are subject to the consideration and approval of the Board as a whole.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The RC, regulated by a set of written Terms of Reference, comprises the following three independent non-executive Directors.

Mr. Liu Ning (Chairman)
 Mr. Dong Xincheng
 Mr. Lam Ying Hung Andy

The key functions of the RC include, among others:

- Reviewing and approving the policy for determining the remuneration of executives of the Group, including that of our executive Directors, Chief Executive Officers and other key management executives;
- Reviewing the on-going appropriateness and relevance of the executive remuneration policy and other benefit programs;
- Considering, reviewing and approving the remuneration package and service contract terms for individual executive Directors and each member of key management having regard to the executive remuneration policy for each of the companies within the Group and with reference to the Board's corporate goals and objectives;
- Making recommendation to the Board and approving the remuneration framework for non-executive Directors on the relevant boards of directors within the Group;
- Reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- Reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- Ensuring that no Director or any of his associates is involved in deciding his own remuneration;
- Considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- Reviewing and approving the remuneration framework of the Directors and key management executives;
- Reviewing and submitting its recommendations for endorsement by the Board, any option plans, stock plans and/or other equity based plans which may be set up from time to time; and
- Reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The RC recommends to the Board a framework for the remuneration for the Directors and key management executives and determines specific remuneration packages for each executive Director and key management executive. The RC's recommendations are made in consultation with the Executive Chairman and are submitted for endorsement by the entire Board.

Each Director shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation in respect of his or her own remuneration. The payment of Directors' fees is subject to the approval of shareholders of the Company at AGM.

CORPORATE GOVERNANCE REPORT

In reviewing the service agreements of the executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry as well the Group's relative performance and the performance of each of the Directors.

The executive Directors do not receive directors' fees. The remuneration packages of the executive Directors and the key management personnel are structured link to corporate and individual performance as well as commensurate with their respective job scope and the level of responsibilities after taking into account the risk polices of the Company. It comprises primarily a basic salary component and a variable component which is the bonuses and other benefits.

The Company does not have any employee share option scheme or any long-term incentive scheme in place. The independent non-executive Directors are paid directors' fees taking into account factors such as the effort and time spent and the scope of responsibilities of the independent non-executive Directors. The chairman of each Board Committees is compensated for his or her additional responsibilities. The directors' fees are recommended by the Board for approval at the AGM. The Board ensures that the independent non-executive Directors are not over-compensated to the extent that their independence may be compromised.

The Company currently does not have any scheme(s) to encourage independent non-executive Directors to hold shares of the Company so as to better align the interests of such independent non-executive Directors with the interests of shareholders. However, the Company will consider and review the feasibility for having such scheme, as and when is appropriate.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Each of the Directors shall have the duties of care and skill and fiduciary duties to the Company. The Company should be able to avail itself to remedies against the Directors in the event of such breach of fiduciary duties.

Directors Remuneration Policy

The Company has adopted a director remuneration policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

Accountability and Audit

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual financial statements and announcements of financial results are to provide shareholders with a balanced and understandable assessment of the Company and Group's performance, position and prospects. The Board acknowledge their responsibilities for preparing the Group's accounts which gives a true and fair view of the financial position of the Group. The statement by the external auditors about their reporting responsibilities on the financial statements is set out in the independent auditor's report on pages 47 to 50 of this annual report.

CORPORATE GOVERNANCE REPORT

The management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis and when deemed appropriate by particular circumstances.

The management maintains regular contact and communication with the Board by various means including the preparation and circulation to all the Board members of management accounts on financial information and position of the Group. This allows the Board to monitor the Group's performance and position as well as the management's achievements of the goals and objectives determined and set by the Board from time to time.

The Directors are aware of the requirements under the applicable regulations and the Listing Rules for the handling and dissemination of inside information. All the inside information identified by the Directors shall be published and disclosed to the public timely through the Company's publications and communications, unless the information falls within safe harbours as prescribed in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Risk Management and Internal Controls

The Group maintains a system of internal controls for all companies within the Group, but recognises that no cost-effective internal controls system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss after taking the Company's risk tolerance and risk policies into consideration. Annually the Board reviews the adequacy of the risk management and internal control system in place which address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable, but not absolute, assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information, shareholders' investments and the Group's assets are safeguarded.

As the Company does not have a risk management committee, the Board and management assume the responsibility of overseeing the Company's risk management framework and function. The management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The management reviews significant policies and procedures and highlights significant matters to the Board and the AC.

Relying on the reports from the internal auditors, the AC reviews the effectiveness of the Group's internal controls systems. Any material non-compliance or weaknesses in internal controls or recommendations from the internal auditors to further improve the internal controls were reported to the AC directly. The AC will also follow up on the actions taken by the management and on the recommendations made by the internal auditors against the material non-compliance or weaknesses in relation to internal controls.

The external auditors and internal auditors have not reported to AC any material internal controls weakness identified in the course of audit of the Group's consolidated financial statements for the year ended 31 December 2023.

Based on the discussions with the management and the reports from the internal auditors and external auditors, periodic reviews by the management and to the best knowledge and belief of the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems were effective and adequate in addressing material financial, operational, compliance and information technology risks of the Group during the year ended 31 December 2023 in meeting the current needs of the Group's business operations and provide reasonable, but not absolute, assurance against material financial misstatements or material loss and to safeguarding the Group's assets.

CORPORATE GOVERNANCE REPORT

Audit Committee

The AC, regulated by a set of written Terms of Reference, comprises the following three independent non-executive Directors.

Mr. Lam Ying Hung Andy (Chairman)
 Mr. Dong Xincheng
 Mr. Liu Ning

The AC performs, among others, the following functions:

1. review with the external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits conducted by the Group's internal and external auditors;
2. monitor the integrity of and review the annual and interim financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Rules and any other statutory or regulatory requirements;
3. review the risk profile of the Group, effectiveness and adequacies of its internal controls and risk management procedures, including financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
4. ensure co-ordination between the external and internal auditors and the management, and review the assistance given by the management to the external and internal auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the external and internal auditors may wish to discuss (in the absence of the management where necessary);
5. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
6. consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
7. review the appointments of persons (upon appointment and upon renewal of their respective service contracts), occupying managerial positions who are related to the Directors, Chief Executive Officer or the controlling shareholders of the Group, including their remuneration;
8. evaluate the independence of the external auditors;
9. develop and implement policy on engaging an external auditor to supply non-audit services;
10. consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and Management's response to these findings;
11. review the adequacy of the internal audit function and ensure that a clear reporting structure is in place between the AC and the internal auditors;
12. review any potential conflicts of interests;
13. review the adequacy of potential business risk management processes;

CORPORATE GOVERNANCE REPORT

14. review and approve all hedging policies and instruments (if any) to be implemented by the Group;
15. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
16. review and sight all resignation letters of the legal representatives of the Group's People's Republic of China (the "PRC") subsidiaries, which have been signed in advance, and such letters shall be held in custody by the Company Secretaries;
17. review and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
18. generally undertake such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time.

The AC has full access to and co-operation of the management, and has full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to enable it to discharge its functions. The AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations (and of any other jurisdictions that imposed upon the Group as and when applicable) which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he or she is or may be interested in.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approval of the remuneration of the external auditors. The AC has recommended to the Board that Messrs BDO Limited ("BDO") be nominated for re-appointment as external auditors of the Company at the forthcoming AGM. The Company confirmed that Rule 13.88 of the Listing Rules had been complied with.

The AC meets with the external auditors and internal auditors without the presence of the executive Directors and the management, as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. The AC, having reviewed the non-audit services provided by the external auditors, is satisfied that the nature and extent of such services does not prejudice the independence and objectivity of the external auditors. The audit fee paid or payable to BDO for audit services rendered to the Company for the year ended 31 December 2023 was approximately RMB1.8 million. There was no non-audit service provided by BDO to the Company for the year ended 31 December 2023.

The Company has developed a whistle blowing policy which allows all staff and independent third parties, including customers, suppliers and contractors, to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Board or the AC anonymously. This policy provides well-defined and accessible channels in the Group through which employees are able to raise concerns about improper conduct within the Group free of stress and restrictions by post or email to the chairman of the AC or the Company Secretaries. After the preliminary evaluation of the whistle-blowing, an investigation group with professionals will be established to conduct investigation and submit reports to the Group's management for further handling. Every reasonable effort will be made by us to maintain the confidentiality of all whistle-blowers, and thorough investigation procedures will be carried out. Such procedures will be regularly reviewed by the management to ensure its effectiveness. As of the date of this report, there were no reports received through the whistle-blowing mechanism.

CORPORATE GOVERNANCE REPORT

The Group has consistently adopted a zero-tolerance policy on all forms of corruption, bribery, fraud and money laundering, and strictly complies with laws and regulations in the PRC and the Prevention of Bribery Ordinance in Hong Kong. The Group has formulated rules and regulations such as the “Code of Conduct”, the “Conflict of Interest Policy”, the “Whistle-blowing Policy”, the “Regulations on Business Discipline Ordinance”, the “Independent Commission against Corruption Policy”, and so on, which detail out the guidelines for employees to prevent various illegal and improper behaviors and to avoid potential conflict of interests with related parties, as well as the provisions for supervision and verification in bidding and procurement. The terms of the commitment to integrity will be stated when entering into business contracts with our customers, suppliers and other partners, to eliminate any violations of business Integrity. The Group has also provided anti-corruption training to the Board and employees at least annually, and required all newly recruited employees to undergo the “Code of Conduct” training. Please refer to the “Sustainability Report 2023” of the Company for more details.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors to keep abreast of changes to accounting standards and issues which have direct impact on financial statements. No former partner or director of the Company’s existing auditing firm or auditing corporation, within a period of 2 years from the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation, has acted as a member of the AC.

Internal Audit

The Board recognises the importance of the internal audit function which being independent of management is one of the principal means by which the AC is able to carry out its responsibilities effectively. The Company outsources its internal audit function to an external consultant. The internal auditor has unfettered access to all Company’s documents, record properties and personnel including access to the AC.

The internal auditor has conducted parts of its audit plan and put forward its findings and recommendations to the AC for review. The internal auditor has a direct and primary reporting line to the AC and assists the AC in overseeing and monitoring the implementation of improvements required on internal control weakness identified. The AC has reviewed the annual internal audit plan for the year ended 31 December 2023 and is satisfied that the internal audit functions have been adequately resourced and having appropriate standing within the Company.

The AC is satisfied that the internal audit function is staffed by appropriate qualified and experienced professionals with the relevant experience. The AC would annually review the adequacy and effectiveness of the internal audit functions of the Company.

COMMUNICATIONS WITH THE SHAREHOLDERS

Shareholder Rights

The Company does not practice selective disclosure. In line with the continuous obligations of the Company under the Listing Rules and the Companies Act, Chapter 50 of the Laws of Singapore, the Board’s policy is to facilitate the exercise of ownership rights by all shareholders to ensure that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group.

All shareholders are entitled to attend and are provided the opportunity to participate in the general meetings of the Company. At the general meetings, shareholders are given opportunity to voice their views, raise their concerns with the Directors or question the management on matters relating to the Group and its operations. The company also informed of the rules, including voting procedures, which govern general meetings of shareholders. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance as prescribed by the Company and in accordance with the requirements of the Listing Rules from time to time.

CORPORATE GOVERNANCE REPORT

The Directors may, whenever they think fit, convene an extraordinary general meeting (the “EGM”) and the EGM shall also be convened on such requisition or, in default, may be convened by such requisitionists, including members holding a minority stake in the Company which have shareholdings not higher than 10%. Such requisition shall be made in writing to the Board or the Company Secretaries for the purpose of requiring an EGM to be called by the Board for the transaction of any business or resolution specified in such requisition or to add resolutions to a meeting agenda (if any) at general meeting with detailed contact information. Such meeting shall be held within two (2) months after the deposit of such requisition. If, within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Company is committed to disclose to its shareholders the information in a timely, fair and transparent manner via the HKEXnews website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Listing Rules and International Financial Reporting Standards and/or any other requirements that the Company and the Group are required to comply with from time to time;
- interim and annual financial results announcements containing a summary of the financial information and affairs of the Group for that period; and
- notices of explanatory memorandum for the AGM and the EGM. The notice of AGM and EGM are also published on the websites of the Company and the SEHK, and circulated to the shareholders who are entitled to attend and vote at the AGM or the EGM.

The Company’s website is at <http://www.weiyeholdings.com> where our shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group. Contact details and channels of communications with shareholders and public remain open and relevant information is duly updated and conveyed via the Company’s websites and email channels. The Company has reviewed the implementation and effectiveness of the shareholders’ communication policy during the year and concluded that it is effective.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through the HKEXnews website, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report enclosing notice of AGM by post within the prescribed period, which is held within six months after the close of the financial year.

The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

For enquiries about the Company’s information, the shareholders of the Company may contact Ms. Sharon Lim Siew Choo or Mr. Man Yun Wah, the Company Secretaries, whose contacts are as follows:

Ms. Sharon Lim Siew Choo
Email address: sharonlim@incorp.asia

Mr. Man Yun Wah
Email address: guy.man@incorp.asia

or send enquiries in writing to the Company’s registered office in Singapore at 10 Bukit Batok Crescent, #06-05 The Spire, Singapore 658079; the principal place of business in the PRC at 19th Floor, Building A, Weiye International Square, Intersection of Yanqqiao Road, Zhengkai Avenue, Zhendong, New District, Zhengzhou City, Henan Province, the PRC; or the principal place of business in Hong Kong at Unit 1307A, 13/F., Two Harbourfront, 22 Tak Fung Street, Hungghom, Kowloon, Hong Kong.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2023, in view of the changes to Appendix A to the Listing Rules, the constitution of the Company was amended, and the adoption of the new constitution of the Company was approved by the Shareholders at the annual general meeting held on 31 May 2023. For details, please refer to the announcements of the Company dated 27 April 2023 and 31 May 2023 and the circular of the Company dated 27 April 2023. The new constitution of the Company has been published on the websites of the SEHK and the Company respectively.

Conduct of Shareholder Meeting

The shareholders of the Company are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. The Company's constitution made appropriate provisions in to allow for absentia voting at general meetings of shareholders. Notice of general meeting is dispatched to the shareholders of the Company, together with explanatory notes or a circular on items of special businesses (if necessary), at least i) 21 clear business days' notice for any AGM and any EGM at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company; and ii) 14 clear business days' notice for all other EGMs.

The Board establishes and maintains regular dialogue with the shareholders of the Company to gather views or inputs and welcomes questions from the shareholders of the Company who wish to raise issues or concerns, either informally or formally before or during the general meetings. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

All the Directors include the chairman of the Board are normally present at the general meeting. The chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders. The Company will make available minutes of general meetings to the shareholders of the Company that include substantial and relevant comments or queries from the shareholders of the Company relating to the agenda of the general meetings, and responses from the Board and management, upon their request.

The Company adheres to the requirements of the Listing Rules, all resolutions at the Company's general meetings held are put to vote by poll. For cost effectiveness, the voting for resolutions at the general meetings is conducted by manual polling. The detailed results showing the number of votes cast for and against each resolution are announced via the HKEXnews website after the general meetings.

DEALINGS IN COMPANY'S SECURITIES

In compliance with the 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 to all the Directors and the Directors have confirmed that they had 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 annual 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 relevant insider trading laws 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.

CONNECTED TRANSACTION

The Group has established procedures to ensure that all transactions with connected person (as defined under the Listing Rules) are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

The Board and the AC will review all connected transactions to be entered into to ensure that the relevant rules under Chapter 14A of the Listing Rules are complied with.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2023, there were no connected transactions (as defined under Chapter 14A of the Listing Rules) which are subject to shareholders' approval, reporting and annual review requirements under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

There were no transactions with connected persons which constitute continuing connected transactions within the meaning under the Listing Rules for the year ended 31 December 2023.

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions with its related parties during the year ended 31 December 2023. Details of the significant related party transactions are set out in Note 35 to the consolidated financial statements for the year ended 31 December 2023.

MATERIAL CONTRACTS

Save as disclosed in this annual report, no controlling shareholder had a material interest, either directly or indirectly, in any contract of significance (whether for the provision of services to the Company or not) to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2023.

Save as disclosed in this annual report, none of the Directors or senior management had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2023.

CORPORATE GOVERNANCE FUNCTIONS

The Board is performing the corporate governance duties as set out in code provision A.2.1 of the CG Code, which, among other things, are as follows:

- i. To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- ii. To review and monitor the training and continuous professional development of Directors and senior management of the Company;
- iii. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- iv. To develop, review and monitor the code of conduct and compliance; and
- v. To review the Company's compliance with the CG Code and disclosure in the corporate governance report.

COMPANY SECRETARIES

Ms. Shirley Tan Sey Liy has resigned as one of the Company Secretaries on 17 November 2023. Following the resignation of Ms. Shirley Tan Sey Liy, Ms. Sharon Lim Siew Choo has been appointed as one of the Company Secretaries since 17 November 2023. Ms. Sharon Lim Siew Choo and Mr. Man Yun Wah have been nominated by In. Corp Corporate Services Pte Ltd. and In. Corp Corporate Services (HK) Limited, respectively, to act as the Company Secretaries. They report to the chairman of the Board directly.

Mr. Man Yun Wah is one of the Company Secretaries and has complied with the requirements of the Listing Rules. They have been contacting the Board and the chief financial officer of the Company directly in respect of company secretarial matters.

DIRECTORS' STATEMENT

Year ended 31 December 2023

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

The Board is of the opinion that:

- (a) consolidated financial statements set out on pages 51 to 148 in this annual report are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the International Financial Reporting Standards and have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance; and
- (b) at the date of this annual report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. There were no significant changes in the nature of the Group's principal activity during the year ended 31 December 2023.

OPERATIONS REVIEW

Details of the operations review and the financial review of the Group are set out in the annual report under section headed "Operations Review" on pages 8 to 17 of this annual report and the section headed "Financial Review" pages 19 to 21 of this annual report, respectively.

RESULTS AND DIVIDENDS

The Group's result for the year ended 31 December 2023 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 51 to 148.

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

INVESTMENT PROPERTIES

There were no movements in investment properties for the year ended 31 December 2023 (2022: Nil).

Details of movements in the investment properties of the Group during the year ended 31 December 2023 are set out in Note 7 to the consolidated financial statements for the year ended 31 December 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2023 are set out in Note 4 to the consolidated financial statements for the year ended 31 December 2023.

LOANS AND BORROWINGS

Particulars of the loans and borrowings of the Group as at 31 December 2023 are set out in Note 23 to the consolidated financial statements for the year ended 31 December 2023.

DIRECTORS' STATEMENT

Year ended 31 December 2023

SHARE CAPITAL

Details of the Company's issued share capital during the year ended 31 December 2023 are set out in Note 20 to the consolidated financial statements for the year ended 31 December 2023. There were no movements in the Company's issued share capital during the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the constitution of the Company or laws of Singapore where the Company is incorporated.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holdings of the Company's shares.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, redemption or sale of listed securities of the Company during the year ended 31 December 2023.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity and Note 22 to the consolidated financial statements for the year ended 31 December 2023.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserve available for distribution as it is in an accumulated loss position.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases to the major customers and suppliers, respectively, during the year ended 31 December 2023 is as follows:

	Percentage of the Group's total	
	Sales %	Purchases %
The largest customer	0.34	–
Five largest customers in aggregate	0.91	–
The largest supplier	–	25.87
Five largest suppliers in aggregate	–	73.39

To the best of the knowledge of our Directors, none of our Directors, their respective close associates or any shareholder who owns more than 5% of the issued shares of the Company, had any interest in these major customers and suppliers.

DIRECTORS' STATEMENT

Year ended 31 December 2023

DIRECTORS

The Directors for the year ended 31 December 2023 and up to the date of this annual report were as follows:

Executive Director

Mr. Chen Zhiyong (Executive Chairman)

Independent Non-Executive Directors

Mr. Liu Ning

Mr. Dong Xincheng

Mr. Lam Ying Hung Andy

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The Company is in compliance with the requirements of the Listing Rules relating to the appointment of at least three (3) independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group and relationship amongst them are set out in the annual report under the section headed "Board of Directors" on pages 22 to 23 of this annual report and section headed "Senior Management" on page 23 of this annual report, respectively.

DIRECTORS' SERVICE CONTRACTS

Each executive Director and independent non-executive Director has entered into a service contract or letter of appointment with the Company for a term of three (3) years.

DIRECTORS' REMUNERATION

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the AGM each year.

The remuneration and other emoluments are determined by the Board by recommendation of the RC with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

Details of the remuneration of the Directors are set out in Note 29 to the consolidated financial statements for the year ended 31 December 2023.

DIRECTORS' STATEMENT

Year ended 31 December 2023

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 277 (2022: 294) full-time staff. The gender ratio of the Group's workforce (including senior management) was approximately 72% male to 28% female. The Group shall continue to take into account diversity perspectives including gender diversity in its hiring of employees from time to time.

The Group by reference to performance, contributions and experience determines the remuneration of its staff. The Group depending on necessity may provide internal and external training programme to its staff for enabling them to achieve the high performance standard and self-development.

PERMITTED INDEMNITY PROVISION

Every Director or officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him/her;

- (i) in the execution and discharge of his/her duties as an officer or auditor of the Company, unless the same arises through his/her own negligence, wilful default, breach of duty or breach of trust; or
- (ii) in defending any proceedings whether civil or criminal (relating to the affairs of the Company) in which judgment is given in his/her favour or in which he/she is acquitted or in connection with any application under the Act in which relief is granted to him/her by the Court unless such proceedings arise through his/her own negligence, wilful default, breach of duty or breach of trust.

Without prejudice to the generality of the foregoing, no Director or officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, wilful default, breach of duty or breach of trust.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests or short positions of our Directors and chief executive of the Company in the shares of the Company or underlying shares of or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to notify the Company and the SEHK pursuant to the Model Code contained in the Listing Rules, will be as follows:

Name of Director	Capacity/Nature of interest	Number and class of securities	Approximate percentage of interest
Mr. Chen Zhiyong	Beneficial Interest	40,240,256 (L)	20.52%

(L): denotes Long position

DIRECTORS' STATEMENT

Year ended 31 December 2023

Save as disclosed above, as at 31 December 2023, 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 SEHK 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 SEHK pursuant to the Model Code.

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

As at 31 December 2023, the persons or entities (other than a Director or the Chief executive officer of the Company) 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	Capacity/ Nature of interest	Number of ordinary shares held	Approximate percentage of interest
Mr. Zhang Wei	Beneficial interest	91,029,648 (L)	46.41%
	Interest in controlled corporation (Note)	15,792,290 (L)	8.05%
Fine Skill Holdings Limited	Beneficial interest	15,792,290 (L)	8.05%

(L): denotes Long position

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

Save as disclosed above, as at 31 December 2023, the Directors are not aware of any other persons or entities other than our Directors and chief executive of the Company who 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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Other than disclosed above and in Note 35 to the consolidated financial statements for the year ended 31 December 2023, no transactions, arrangements or contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of or at any time during the year ended 31 December 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group continuously endeavours to promote environmental and social responsibility to employees and contribute to the community. The Group is always in compliance with all the relevant laws and regulations. As a social responsible enterprise, the Group should keep promoting and enhancing the relevant environmental and social sustainable development of the regions and community.

DONATIONS

During the year ended 31 December 2023, the Group made charitable donations of RMB100,000 (2022: Nil).

DIRECTORS' STATEMENT

Year ended 31 December 2023

COMPLIANCE OF NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company dated 29 March 2016 (the "Prospectus"), pursuant to the non-competition undertakings set out in the deed of non-competition dated 10 March 2016, each of our controlling shareholders of the Company, namely Mr. Zhang Wei and Mr. Chen Zhiyong (collectively referred to as the "Controlling Shareholders"), have undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, each of them is not or will not, and will procure each of their respective close associates not to, directly or indirectly, carry on, participate in, be engaged, interested directly or indirectly, either for their own account or in conjunction with or on behalf of or for any other person in any business in competition with or similar to or is likely to be in competition with the business of the Group upon the Listing of the Company. Particulars of which are set out in the section headed "Relationship with Controlling Shareholders – Independence from Controlling Shareholders – Non-Competition Undertaking" of the Prospectus.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders had complied with their undertakings given under the deed of non-competition for the year ended 31 December 2023.

EVENTS AFTER THE REPORTING DATE

Save as disclosed, there were no significant events after the reporting period up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company had maintained the prescribed minimum public float as required under Listing Rules.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year ended 31 December 2023, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS

The Group had no share option scheme as at the date of this annual report.

AUDITORS

BDO have indicated their willingness to accept re-appointment as the auditors of the Company. A resolution to re-appoint BDO as the auditors of the Company will be put forth at the forthcoming AGM.

On behalf of the Board of Directors

Chen Zhiyong
Executive Chairman

27 March 2024

INDEPENDENT AUDITOR'S REPORT



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WEIYE HOLDINGS LIMITED**
(incorporated in the Republic of Singapore with limited liability)

OPINION

We have audited the consolidated financial statements of Weiye Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 148, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Hong Kong Institute of Certified Public Accountants ("HKICPA")'s "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 RMB95.6 million during the year ended 31 December 2023. This condition along with other matters set forth in Note 2.3 to the consolidated financial statements, indicate the existence of material uncertainties exist 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Assessment of net realisable value of completed properties held for sale and properties under development	
<i>(Refer to Note 18 to the consolidated financial statements)</i>	
<p>The Group has significant completed properties held for sale and properties under development of approximately RMB1,868 million in the People's Republic of China (the "PRC"). It represents approximately 48% of the total assets on the consolidated statement of financial position as at 31 December 2023.</p> <p>Completed properties held for sale and properties under development are stated at the lower of their costs and their net realisable values.</p> <p>The determination of the estimated net realisable value of these completed properties held for sale and properties under development is critically dependent upon the Group's estimation of future selling prices and construction costs to complete their projects.</p>	<p>Our response</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> – assessing the calculations of net realisable values of completed properties held for sale and properties under development, and challenging the reasonableness and consistency of the assumptions used by management; – assessing the appropriateness of the Group's estimated selling prices, on a sample basis, by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the development projects; and – assessing the construction costs and interest expenses estimated by the management based on underlying documentation and reasonableness.
Valuation of investment properties	
<i>(Refer to Note 7 to the consolidated financial statements)</i>	
<p>The Group owns a portfolio of investment properties comprising retail units, office units, apartment units and apartment hotel, located in the PRC. Investment properties of approximately RMB478 million is significant to the Group as it represents approximately 12% of the total assets on the consolidated statement of financial position as at 31 December 2023.</p> <p>These investment properties are stated at their fair values based on independent external valuations.</p> <p>The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.</p>	<p>Our response</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> – evaluating the competence, capabilities and objectivity of external valuer; – assessing the methodologies used and the appropriateness of the key assumptions adopted for the valuations; – checking, on a sample basis, the accuracy and relevance of the input data used; and – assessing the adequacy of related disclosures in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Tang Tak Wah

Practising Certificate Number P06262

Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	4	168,531	171,512
Intangible assets	5	436	668
Investment properties	7	478,000	478,000
Joint ventures	9	112,253	112,364
Trade and other receivables	11	99,160	99,160
Deferred tax assets	16	23,884	32,947
		882,264	894,651
Current assets			
Inventories	17	21,392	28,065
Development properties and prepaid costs	18	1,867,652	3,209,937
Contract costs	26	268	46,596
Trade and other receivables	11	743,502	736,701
Contract assets	26	216,734	216,945
Other investments	10	1,612	3,934
Prepaid tax		64,049	95,973
Cash and cash equivalents	19	61,553	407,971
		2,976,762	4,746,122
Total assets		3,859,026	5,640,773
Equity attributable to owners of the Company			
Share capital	20	359,700	359,700
Reserves	22	929,631	987,317
		1,289,331	1,347,017
Non-controlling interests	25	438,609	485,659
Total equity		1,727,940	1,832,676

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Liabilities			
Non-current liabilities			
Loans and borrowings	23	308,954	65,148
Deferred tax liabilities	16	279,927	298,261
		588,881	363,409
Current liabilities			
Loans and borrowings	23	501,233	773,120
Trade and other payables	24	686,188	873,483
Contract liabilities	26	116,893	1,596,812
Income tax payable		237,891	201,273
		1,542,205	3,444,688
Total liabilities		2,131,086	3,808,097
Total equity and liabilities		3,859,026	5,640,773

On behalf of the Director of the Group

Chen Zhiyong*Director*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	26	1,612,239	1,326,465
Cost of sales		(1,491,226)	(1,120,229)
Gross profit		121,013	206,236
Other income	27	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	9	(111)	(219)
Results from operating activities		(27,530)	81,560
Net finance costs	28	(20,118)	(24,174)
(Loss)/profit before taxation	29	(47,648)	57,386
Income tax expense	30	(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	25	(42,989)	39,081
(Loss)/profit for the year		(95,621)	46,706
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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	25	(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)	31	(26.83)	3.89
Diluted (loss)/earnings per share (RMB cents)	31	(26.83)	3.89

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								Total RMB'000
	Share capital RMB'000 (Note 20)	Merger reserve RMB'000 (Note 22)	Capital reserve RMB'000 (Note 22)	Foreign currency translation reserve RMB'000 (Note 22)	Statutory reserves RMB'000 (Note 22)	Retained earnings RMB'000 (Note 22)	Total RMB'000	Non- controlling interests RMB'000 (Note 25)	
At 1 January 2023	359,700	(59,669)	(550)	(30,286)	134,136	943,686	1,347,017	485,659	1,832,676
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(52,632)	(52,632)	(42,989)	(95,621)
Other comprehensive loss									
Foreign currency translation differences for foreign operations	-	-	-	(5,054)	-	-	(5,054)	1,939	(3,115)
Total other comprehensive loss	-	-	-	(5,054)	-	-	(5,054)	1,939	(3,115)
Total comprehensive loss for the year	-	-	-	(5,054)	-	(52,632)	(57,686)	(41,050)	(98,736)
Transactions with owners, recorded directly in equity									
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(6,000)	(6,000)
Total transactions with owners	-	-	-	-	-	-	-	(6,000)	(6,000)
Transfer from retained earnings to statutory reserves	-	-	-	-	2,652	(2,652)	-	-	-
At 31 December 2023	359,700	(59,669)	(550)	(35,340)	136,788	888,402	1,289,331	438,609	1,727,940

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								Total RMB'000
	Share capital RMB'000 (Note 20)	Merger reserve RMB'000 (Note 22)	Capital reserve RMB'000 (Note 22)	Foreign currency translation reserve RMB'000 (Note 22)	Statutory reserves RMB'000 (Note 22)	Retained earnings RMB'000 (Note 22)	Total RMB'000	Non- controlling interests RMB'000 (Note 25)	
At 1 January 2022	359,700	(59,669)	(550)	(21,184)	134,181	936,016	1,348,494	596,027	1,944,521
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	7,625	7,625	39,081	46,706
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(9,102)	-	-	(9,102)	(2,172)	(11,274)
Total other comprehensive income	-	-	-	(9,102)	-	-	(9,102)	(2,172)	(11,274)
Total comprehensive income for the year	-	-	-	(9,102)	-	7,625	(1,477)	36,909	35,432
Transactions with owners, recorded directly in equity									
Disposal of subsidiaries	-	-	-	-	-	-	-	(66,277)	(66,277)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(81,000)	(81,000)
Total transactions with owners	-	-	-	-	-	-	-	(147,277)	(147,277)
Transfer from retained earnings to statutory reserves	-	-	-	-	(45)	45	-	-	-
At 31 December 2022	359,700	(59,669)	(550)	(30,286)	134,136	943,686	1,347,017	485,659	1,832,676

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
(Loss)/profit before taxation		(47,648)	57,386
Adjustments for:			
Amortisation of intangible assets	29	247	405
Depreciation of property, plant and equipment	29	7,944	11,707
Derecognition of right-of-use asset	6	(34)	118
Gain on disposal of property, plant and equipment	27	(594)	(400)
Gain on disposal of other investments	27	-	(33)
Share of loss from joint venture	9	111	219
Gain on disposal of subsidiaries	27	(281)	(9,126)
Finance costs	23	28,402	31,252
Interest income	28	(8,284)	(7,078)
Allowance for impairment loss made on development properties and prepaid costs	29	50,545	-
Allowance for impairment loss made on trade and other receivables, net	29	18,794	7,345
Allowance for impairment loss made/(reversed) on contract assets	29	212	(991)
Property, plant and equipment written off	29	46	1,126
		49,460	91,930
Changes in:			
Inventories		6,451	314
Development properties and prepaid costs		1,291,740	564,676
Contract costs		46,328	22,084
Trade and other receivables		(33,848)	(677,251)
Contract assets		(1)	441,310
Trade and other payables		(170,138)	375,914
Contract liabilities		(1,473,689)	(760,395)
Cash (used in)/generated from operating activities		(283,697)	58,582
Income taxes paid		(5,859)	(23,483)
Net cash (used in)/generated from operating activities		(289,556)	35,099

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Acquisition of intangible assets	5	–	(48)
Interest received		2,054	30,473
Net cash inflow from disposal of subsidiaries	33	2,758	195,505
Amounts due from non-controlling interests (non-trade)		1,284	(29,729)
Proceeds from disposal of property, plant and equipment		1,002	656
Proceeds from disposal of other investments		2,434	3,233
Purchase of property, plant and equipment		(1,731)	(10,403)
Purchase of other investments		(112)	(1,934)
Net cash from investing activities		7,689	187,753
Cash flows from financing activities			
Dividends paid to the non-controlling interests		(6,000)	(81,000)
Decrease in restricted cash		294,502	166,808
Interest paid		(28,402)	(41,894)
Repayment of principal portion of the lease liabilities		(3,043)	(5,449)
Repayment of loans and borrowings		(489,839)	(834,825)
Proceeds from loans and borrowings		461,510	230,181
Net cash generated from/(used in) financing activities		228,728	(566,179)
Net decrease in cash and cash equivalents		(53,139)	(343,327)
Cash and cash equivalents at 1 January		93,419	434,141
Effect of exchange rate fluctuations on cash held		1,143	2,605
Cash and cash equivalents at 31 December	19	41,423	93,419

Non-cash transaction:

During the year ended 31 December 2023, the Group acquired right-of-use assets and plant and equipment with an aggregate cost of RMB5,548,000 (2022: RMB12,618,000) of which Nil (2022: Nil) was acquired under finance leases and RMB3,817,000 (2022: RMB211,000) was addition under leasing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

These notes form an integral part of the consolidated financial statements.

These consolidated financial statements were authorised for issue by the Board of Directors on 27 March 2024.

1. DOMICILE AND ACTIVITIES

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 financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interests in joint ventures and an associate.

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, 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 International Financial Reporting Standards ("IFRSs") and disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements included 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 on the historical cost basis except for investment properties and other investments, which are measured at fair values as explained in the accounting policies set out below.

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 loan from a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. BASIS OF PREPARATION (CONTINUED)

2.3 Going Concern Basis (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. BASIS OF PREPARATION (CONTINUED)

2.5 Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 38.

Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values (if applicable), and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers between the levels for the years ended 31 December 2023 and 31 December 2022.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 – Investment properties; and
- Note 37 – Fair value of financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of Consolidation

Business Combinations

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of Consolidation (continued)

Business Combinations (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members the Group are eliminated in full on consolidation.

The Group's interests in equity-accounted investees comprise interests in joint venture.

Interests in Joint Venture (Equity Accounted Investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with its joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the Separate Financial Statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign Operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to RMB at exchange rates at the end of the reporting date. The income and expenses of foreign operations are translated to RMB at exchange rates approximating the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial Instruments

(i) *Recognition and Initial Measurement*

Non-derivative Financial Assets and Financial Liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and Subsequent Measurement*

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial Instruments (continued)

(ii) *Classification and Subsequent Measurement (continued)*

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial Instruments (continued)

(ii) Classification and Subsequent Measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial Instruments (continued)

(ii) *Classification and Subsequent Measurement (continued)*

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss.

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents also includes bank overdrafts and excludes any pledged deposits. In the consolidated statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

(vi) *Share Capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial Instruments (continued)

(vii) *Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(viii) *Intra-group Financial Guarantees in the Separate Financial Statements*

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.4 Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land is measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of property changes from owner occupied to investment property, the property is also remeasured to fair value prior to the reclassification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Property, Plant and Equipment (continued)

Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold building	50 years
Leasehold building	20 to 34 years (or lease term, if shorter)
Properties	50 years
Factory equipment	5 to 20 years
Building and factory improvements	5 years
Plant and machinery	5 to 12 years
Motor vehicles	5 to 10 years
Furniture and fittings and office equipment	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible Assets

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the assets. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Intangible Assets (continued)

Other Intangible Assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of Intangible Assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Software	–	3 years
Development costs	–	3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as investment properties, its fair value at the date of transfer becomes its cost for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.7 Inventories, Development Properties and Prepaid Costs and Contract Costs

(i) *Inventories – Equipment Manufacturing*

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Inventories, Development Properties and Prepaid Costs and Contract Costs (continued)

(ii) *Development Properties and Prepaid Costs*

Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

In accordance with IAS 23 Borrowing costs, the borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

Completed property held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the company, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(iii) *Contract Costs*

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventories, property and plant and equipment or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventories, property, plant and equipment or intangible assets, are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Inventories, Development Properties and Prepaid Costs and Contract Costs (continued)

(iii) Contract Costs (continued)

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the company expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 3.11.

3.8 Contract Assets and Contract Liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECLs") in accordance with the policy set out in Note 3.9 and are reclassified to receivables when the right to the consideration has become unconditional. Contract assets is transferred to trade receivables when the entitlement to payment becomes unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

Contract assets and contract liabilities are classified on the consolidated statement of financial position on a contract by contract basis.

3.9 Impairment

(i) Non-derivative Financial Assets and Contract Assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets (as defined in IFRS 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Impairment (continued)

(i) *Non-derivative Financial Assets and Contract Assets (continued)*

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic, and industry conditions.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Impairment (continued)

(i) *Non-derivative Financial Assets and Contract Assets (continued)*

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default (as defined above);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) *Joint Venture*

An impairment loss in respect of joint ventures are measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) *Non-financial Assets*

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Impairment (continued)

(iii) *Non-financial Assets (continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.10 Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.11 Revenue

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group applies the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is 12 months or less.

Further details of the Group's revenue recognition policies are as follows:

Development Properties for Sale

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

When the advance payments are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of legal assignment. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23 (see Note 3.7(ii)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.11 Revenue (continued)

Sale of Goods and Services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or completing a service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the PO if it relates specifically to those PO.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.12 Other Income

Rental Income from Operating Leases

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Commission Income

Commission income is recognised upon completion of the rendering of services.

3.13 Government Grants

Grant income is received from the local government in the PRC at a discretionary amount as determined by the government. It is recognised initially as deferred income at fair value where there is reasonable assurance that the grant will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as "other income" on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14 Leasing

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use Asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use assets relating to operating leases and prepaid lease payments in respect of the land use right in PRC is currently recognised as right-of-use assets upon application of IFRS 16 and are included in the same line item as property, plant and equipment as that within which the corresponding assets.

Right-of-use assets related to interests in leasehold land where the interest in the land is held as properties under development and properties held for sale are included in the same item as properties under development and properties held for sale as that within the corresponding assets.

Lease Liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., 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 lease payments or a change in assessment to purchase the underlying asset.

Accounting as a Lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14 Leasing (continued)

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leased Assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.15 Finance Income and Finance Costs

Finance income comprising interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on loans and borrowings and interest expenses on lease liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16 Tax (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interests may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Land Appreciation Tax ("LAT")

The Group is subject to LAT in the PRC. 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 may have an impact on the LAT expenses and the related provision in the period in which the difference realises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents excludes restricted bank balances and bank overdraft.

3.20 New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Freehold building RMB'000	Leasehold building RMB'000	Properties RMB'000	Factory equipment RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fittings and office equipment RMB'000	Building and factory improvements RMB'000	Total RMB'000
Cost										
At 1 January 2022	5,494	25,976	13,305	18,420	2,617	24,147	21,809	5,373	9,251	126,392
Additions	-	7,769	-	-	46	2,003	383	125	2,282	12,608
Transferred from development properties and prepaid cost	-	115,458	-	-	-	-	-	-	-	115,458
Disposals	-	-	-	-	-	(1,248)	(783)	(197)	(2,096)	(4,324)
Disposal of subsidiaries	-	-	-	-	-	(1,563)	(1,740)	(599)	(2,702)	(6,604)
Derecognised upon termination of lease	-	-	-	(14,194)	-	(2,480)	(39)	-	-	(16,713)
Written off	-	-	-	-	(10)	(1,601)	(162)	(366)	-	(2,139)
Effects of movements in exchange rates	181	430	-	10	59	328	177	105	212	1,502
At 31 December 2022	5,675	149,633	13,305	4,236	2,712	19,586	19,645	4,441	6,947	226,180
At 1 January 2023	5,675	149,633	13,305	4,236	2,712	19,586	19,645	4,441	6,947	226,180
Additions	-	-	-	1,590	41	2,399	1,054	464	-	5,548
Disposals	-	-	-	-	(26)	(5,678)	(3,005)	(217)	-	(8,926)
Derecognised upon termination of lease	-	-	-	(574)	-	-	-	-	-	(574)
Written off	-	-	-	-	(194)	(220)	-	(392)	(32)	(838)
Effects of movements in exchange rates	(110)	51	-	-	(24)	(217)	19	3	19	(259)
At 31 December 2023	5,565	149,684	13,305	5,252	2,509	15,870	17,713	4,299	6,934	221,131
Accumulated depreciation										
At 1 January 2022	-	4,789	3,160	10,651	2,406	13,369	19,788	3,487	5,129	62,779
Depreciation charge	-	380	632	3,128	37	2,667	626	861	3,376	11,707
Disposals	-	-	-	-	-	(1,187)	(604)	(181)	(2,096)	(4,068)
Disposal of a subsidiary	-	-	-	-	-	(1,279)	(1,496)	(348)	(1,747)	(4,870)
Derecognised upon termination of lease	-	-	-	(10,651)	-	-	-	-	-	(10,651)
Written off	-	-	-	-	(7)	(581)	(177)	(248)	-	(1,013)
Effects of movements in exchange rates	-	157	-	-	48	258	128	81	112	784
At 31 December 2022	-	5,326	3,792	3,128	2,484	13,247	18,265	3,652	4,774	54,668
At 1 January 2023	-	5,326	3,792	3,128	2,484	13,247	18,265	3,652	4,774	54,668
Depreciation charge	-	2,803	632	1,078	37	2,132	616	415	231	7,944
Disposals	-	-	-	-	(2)	(5,678)	(2,648)	(190)	-	(8,518)
Derecognised upon termination of lease	-	-	-	(415)	-	-	-	-	-	(415)
Written off	-	-	-	-	(180)	(206)	-	(389)	(17)	(792)
Effects of movements in exchange rates	-	(81)	-	-	(26)	(160)	(3)	3	(20)	(287)
At 31 December 2023	-	8,048	4,424	3,791	2,313	9,335	16,230	3,491	4,968	52,600
Carrying amounts										
At 31 December 2022	5,675	144,307	9,513	1,108	228	6,339	1,380	789	2,173	171,512
At 31 December 2023	5,565	141,636	8,881	1,461	196	6,535	1,483	808	1,966	168,531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use Assets

As at 31 December 2023, right-of-use assets of RMB 12,943,000 (2022: RMB12,764,000) (see Note 6) were included in the carrying amount of property, plant and equipment.

Included within additions in 2023 are additions under leasing arrangements amounting to RMB3,817,000 (2022: RMB211,000) as disclosed in Note 6 to the consolidated financial statement.

Security

As at 31 December 2023, the Group's property, plant and equipment with a total carrying value of RMB22,959,000 (2022:RMB22,442,000), are subject to a legal charge to secure a subsidiary's bank borrowings with a bank (see Note 23).

5. INTANGIBLE ASSETS

	Software RMB'000	Development costs RMB'000	Total RMB'000
Cost			
At 1 January 2022	1,944	6,409	8,353
Additions	48	–	48
Disposal of a subsidiary	(22)	–	(22)
Written off	–	(4,999)	(4,999)
Effects of movements in exchange rates	82	52	134
At 31 December 2022 and 1 January 2023	2,052	1,462	3,514
Effects of movements in exchange rates	41	59	100
At 31 December 2023	2,093	1,521	3,614
Accumulated amortisation			
At 1 January 2022	959	6,409	7,368
Amortisation charge	405	–	405
Disposal of a subsidiary	(12)	–	(12)
Written off	–	(4,999)	(4,999)
Effects of movements in exchange rates	32	52	84
At 31 December 2022 and 1 January 2023	1,384	1,462	2,846
Amortisation charge	247	–	247
Effects of movements in exchange rates	26	59	85
At 31 December 2023	1,657	1,521	3,178
Carrying amounts			
At 31 December 2022	668	–	668
At 31 December 2023	436	–	436

Intangible assets comprise software purchased from vendors and development costs. Development costs relate to expenditures capitalised in relation to the development of new products by a subsidiary. The amortisation of intangible assets is included in administrative expenses in the profit or loss.

No impairment loss was recognised by the Group for the year ended 31 December 2023 (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. LEASES

Nature of Leasing Activities (in the capacity as lessee)

The Group entered into various lease agreements for office premises and employees' accommodation and finance lease of plant and machinery and motor vehicles. In 2023, these leases have remaining non-cancellable lease terms of between 1 to 9 years (2022: 1 to 4 years). All leases held by the Group comprise fixed payments over the lease term.

Right-Of-Use Assets

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	31 December		31 December	
	2023		2022	
	RMB'000		RMB'000	
Properties leased for own use, carried at depreciated cost		1,461		1,108
Leasehold building, carried at depreciated cost		8,881		9,513
Plant and machinery, carried at depreciated cost		2,363		1,858
Motor vehicles, carried at depreciated cost		238		285
	Properties	Leasehold	Plant and	Motor
	RMB'000	building	machinery	vehicles
		RMB'000	RMB'000	RMB'000
At 1 January 2022	7,769	10,145	6,068	313
Additions	–	–	–	211
Derecognised upon termination of lease	(3,543)	–	(2,480)	(39)
Depreciation	(3,128)	(632)	(1,755)	(211)
Effects of movements in exchange rates	10	–	25	11
At 31 December 2022 and 1 January 2023	1,108	9,513	1,858	285
Additions	1,590	–	2,076	151
Derecognised upon termination of lease	(159)	–	–	–
Depreciation	(1,078)	(632)	(1,552)	(203)
Effects of movements in exchange rates	–	–	(19)	5
At 31 December 2023	1,461	8,881	2,363	238

The Group elected to include the right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. LEASES (CONTINUED)

Lease Liabilities

	Properties RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000
At 1 January 2022	7,653	4,330	318
Additions	–	–	211
Derecognised upon termination of lease	(3,314)	(597)	(39)
Interest expenses	298	210	19
Lease payments	(3,511)	(2,238)	(227)
Effects of movements in exchange rates	50	1	11
At 31 December 2022 and 1 January 2023	1,176	1,706	293
Additions	1,579	1,868	135
Derecognised upon termination of lease	(193)	–	–
Interest expenses	30	102	11
Lease payments	(1,148)	(1,834)	(204)
Effects of movements in exchange rates	–	(25)	5
At 31 December 2023	1,444	1,817	240

Future lease payments are due as follows:

	Minimum lease payments 31 December 2023 RMB'000	Interest 31 December 2023 RMB'000	Present value 31 December 2023 RMB'000
Not later than one year	1,753	136	1,617
Later than one year and not later than two years	703	95	608
Later than two years and not later than five years	1,319	100	1,219
Later than 5 years	62	5	57
	3,837	336	3,501
	Minimum lease payments 31 December 2022 RMB'000	Interest 31 December 2022 RMB'000	Present value 31 December 2022 RMB'000
Not later than one year	2,847	70	2,777
Later than one year and not later than two years	366	7	359
Later than two years and not later than five years	39	–	39
	3,252	77	3,175

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For the year ended 31 December 2023

6. LEASES (CONTINUED)

Lease Liabilities (continued)

The present value of future lease payments are analysed as:

	2023	2022
	RMB'000	RMB'000
Current liabilities	1,617	2,777
Non-current liabilities	1,884	398
	3,501	3,175

Operating Leases – Lessor

The Group leases out its investment properties (see Note 7). The future minimum lease payments under non-cancellable leases were receivable as follows:

	2023	2022
	RMB'000	RMB'000
Not later than one year	6,036	6,204
Later than one year and not later than five years	10,336	25,708
Later than five years	25,612	18,267
	41,984	50,179

During the current year, rental income from investment properties of RMB6,785,000 (2022: RMB5,291,000) was included in 'other income'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
At 1 January	478,000	478,000
Changes in fair value	-	-
At 31 December	478,000	478,000

Determination of Fair Value

Investment properties are stated at fair value based on valuations as at 31 December 2023 by Cushman & Wakefield International Properties Advisers (Guangzhou) Co., Ltd., an independent professional valuer, who has the appropriate recognised professional qualification and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties.

In determining the fair value, the valuers have used valuation methods which involve estimates. Management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

The independent professional valuers have considered valuation techniques including direct comparison method, and/or capitalisation approach in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rates, estimated unit selling price and expected rental rates.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using capitalisation rates.

Changes in fair value are recognised as net (loss)/gain in profit or loss and included in "Other operating expenses/other income" as applicable. All net gain are unrealised.

Fair Value Hierarchy

The fair values for investment properties of RMB478,000,000 (2022: RMB478,000,000) which are based on highest and best use and in line with current use, have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. INVESTMENT PROPERTIES (CONTINUED)

Determination of Fair Value (continued)

Valuation Technique and Significant Unobservable Inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties as well as the significant unobservable inputs used.

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach	<ul style="list-style-type: none"> – Expected rental of RMB10 per square metre ("psm") to RMB75 psm (2022: RMB10 psm to RMB80 psm) – Capitalisation rates for the year ended 31 December 2023 was from 4.5% to 5.25% (2022: 4.0% to 5.3%) 	A significant increase/(decrease) in expected rental rates and a significant decrease/(increase) in capitalisation rate would result in a higher/(lower) fair value measurement.
Direct comparison method	<ul style="list-style-type: none"> – Expected unit selling price of RMB10,600 psm to RMB26,700 psm (2022: RMB12,400 psm to RMB26,400 psm) 	A significant increase/(decrease) in expected unit price would result in a higher/(lower) fair value measurement.

Security

At 31 December 2023, investment properties with carrying values of RMB156,000,000 (2022: RMB156,000,000) have been mortgaged as security for loan facilities granted by financial institutions to the Group (see Note 23).

8. SUBSIDIARIES

	Company	
	2023	2022
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,811,329	1,676,437
Less: Allowance for impairment loss	(361,031)	(361,031)
	1,450,298	1,315,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. SUBSIDIARIES (CONTINUED)

Details of the significant subsidiaries at the end of the financial year are as follows:

	Name	Date of incorporation	Country of incorporation/ form of business structure	Registered capital/issued and fully paid up share capital	Principal activities	Equity interest	
						2023 %	2022 %
+	Great Spirit Management Limited 精誠管理有限公司	24 April 2009	British Virgin Islands/ Limited liability company	USD27,950,000	Investment holding	100	100
+&	Weiye (Singapore) Investment Management Pte. Ltd 偉業(新加坡)投資管理私人有限公司	5 April 2019	Singapore/Limited liability company	SGD2,000,000	Investment Holding	100	100
*	Eindec Corporation Limited 英德集團有限公司	2 April 2015	Singapore/Limited liability company	SGD14,917,262	Investment holding	66.8**	66.8**
Held through Eindec Corporation Limited							
*	Eindec Holdings Pte. Ltd. 英德控股私人有限公司	13 May 2015	Singapore/Limited liability company	SGD9,300,001	Investment holding	100	100
Held through Eindec Holdings Pte. Ltd.							
*	Eindec Singapore Pte. Ltd. 英德新加坡私人有限公司	19 May 2015	Singapore/Limited liability company	SGD2,930,001	Manufacturers and traders in air-conditioning, air purification and clean room equipment	100	100
▲	Eindec Technology (Malaysia) Sdn. Bhd.	21 August 1989	Malaysia/Limited liability company	RM1,000,000	Manufacturers and traders in air-conditioning and clean room equipment	100	100
▲&2	Eindec (Shanghai) Co., Ltd. 優多商貿(上海)有限公司	23 November 2005	PRC/Wholly-owned foreign enterprise with limited liability	USD 300,000	Clean room equipment and ventilation equipment wholesale, agency, import and export of industrial products and related supporting businesses	100	100
▲&2	Eindec (Shenzhen) Environment Technology Co., Ltd. 英德(深圳)保科技有限公司	9 July 2015	PRC/Wholly-owned foreign enterprise with limited liability	RMB20,000,000/ RMB8,000,000	Industrial clean room equipment, air purification filter equipment and its part and components, the transfer of technology of its own research and development, technology consultation, technology services and after-sales service	100	100

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For the year ended 31 December 2023

8. SUBSIDIARIES (CONTINUED)

Name	Date of incorporation	Country of incorporation/ form of business structure	Registered capital/issued and fully paid up share capital	Principal activities	Equity interest	
					2023 %	2022 %
Held through Eindec (Shanghai) Co., Ltd.						
^A &1 Henan Yunzhi Security Technology Co., Ltd ("Henan Yunzhi") 河南雲智安防科技有限公司	9 December 2016	PRC/Limited liability company	RMB20,000,000	Smart home equipment provider with integrated security system implementation services, trading and distribution of cleanroom equipment, heating, ventilation and air conditioning equipment, marine dampers, air purification and filtration system and equipment and related supporting businesses including technical consultation, research and development technology services and after sales	-	35 ^A
Held through Great Spirit Management Limited						
+& Weiye Holdings (Hong Kong) Limited 偉業控股(香港)有限公司	17 September 2009	Hong Kong/Limited liability company	HKD197,658,000	Investment holding	100	100
+& Zhaowei Investment (Hong Kong) Company Limited 棹偉投資(香港)有限公司	19 May 2020	Hong Kong/Limited liability company	HKD10,000	Investment holding	100	100
Held through Weiye Holdings (Hong Kong) Limited						
+&2 Jinwei (Henan) Trading Limited 金偉(河南)商貿有限公司	6 January 2012	PRC/Taiwan, Hong Kong and Macau Corporation-owned enterprise with limited liability	RMB120,000,000 (2022: RMB300,000,000)	Trader in building construction materials	100	100
+&2 Hongji Weiye (Shenzhen) Trading Company Limited 宏基偉業(深圳)商貿物流有限公司	15 October 2014	PRC/Taiwan, Hong Kong and Macau Corporation-owned enterprise with limited liability	RMB300,000,000/ RMB50,000,000	Trading of construction material and logistics management	100	100
+&2 Hainan Hongji Weiye Property Development Co., Ltd. 海南宏基偉業房地產開發有限公司	12 February 2004	PRC/Taiwan, Hong Kong and Macau Corporation-owned enterprise with limited liability	RMB10,000,000	Investment holding	100	100

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8. SUBSIDIARIES (CONTINUED)

	Name	Date of incorporation	Country of incorporation/ form of business structure	Registered capital/issued and fully paid up share capital	Principal activities	Equity interest	
						2023 %	2022 %
Held through Hongji Weiye (Shenzhen) Trading Company Limited							
+&1	Zhongleng Lian Industrial Co., Ltd ("Zhongleng Lian") 中冷聯實業有限公司	22 June 2020	PRC/Limited liability company	RMB100,000,000	Investment holding	51	51
Held through Hainan Hongji Weiye Property Development Co., Ltd.							
+&1	Hongji Weiye (Hainan) Non Movable Property Management Group Co., Ltd 宏基偉業(海南)不動產管理集團有限公司	28 April 2010	PRC/Limited liability company	RMB500,000,000/ RMB30,000,000	Investment holding	100	100
Held through Hongji Weiye (Hainan) Non Movable Property Management Group Co., Ltd							
+&1	Henan Weiye Construction Development Group Co., Ltd. 河南偉業建設開發集團有限公司	30 October 1999	PRC/Limited liability company	RMB200,000,000	Property development and management and ancillary services	100	100
+&1	Weiye Holdings Group (Hainan) Co., Ltd 偉業控股集團(海南)有限公司	16 December 2008	PRC/Limited liability company	RMB50,000,000	Investment holding	100	100
+&1	Huzhou Ganghong Zhiye Co., Ltd ("Huzhou Ganghong") 湖州港宏置業有限公司	19 October 2017	PRC/Limited liability company	RMB20,000,000	Property development	40 [^]	40 [^]
+&1	Guangdong Weiye Property Development Co., Ltd. 廣東偉業地產發展有限公司	25 April 2021	PRC/Limited liability company	RMB10,000,000	Consultation of property development	100	100
+&1	Shanghai Yuebo Industrial Group Co., Ltd. 上海悅博實業集團有限公司	20 April 2018	PRC/Limited liability company	RMB100,000,000	Property development	100	100
+&1	Henan Tiandao Assets Management Co., Ltd. ("Henan Tiandao") 河南天道資產管理有限公司	19 March 2010	PRC/Limited liability company	RMB10,000,000	Property development	51	51
+&1	Wanning Yingde Property Co., Ltd 萬寧英德置業有限公司	17 November 2009	PRC/Limited liability company	RMB20,000,000	Property development	100	-

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For the year ended 31 December 2023

8. SUBSIDIARIES (CONTINUED)

	Name	Date of incorporation	Country of incorporation/ form of business structure	Registered capital/issued and fully paid up share capital	Principal activities	Equity interest	
						2023 %	2022 %
Held through Shanghai Yuebo Industrial Group Co., Ltd							
+&1	Yizheng Hongrui Property Development Co., Ltd. ("Yizheng Hongrui") 儀征鴻瑞房地產開發有限公司	13 September 2018	PRC/Limited liability company	RMB40,000,000	Property development	30 [^]	30 [^]
+&1	Yizheng Honglin Property Co., Ltd. ("Yizheng Honglin") 儀征弘麟置業有限公司	13 September 2018	PRC/Limited liability company	RMB40,000,000	Property development	30 [^]	30 [^]
+&1	Hangzhou Junwei Real Estate Co., Ltd. 杭州雋偉置業有限公司	26 December 2019	PRC/Limited liability company	RMB20,000,000	Property development	80	80
+&1	Jiangsu Junwei Construction Co., Ltd. 江蘇隽偉建設有限公司	15 August 2019	PRC/Limited liability company	RMB50,000,000	Property development	100	100
Held through Henan Weiye Construction Development Group Co., Ltd							
+&1	Henan Xingwei Property Co., Ltd. 河南興偉置業有限公司	15 November 2012	PRC/Limited liability company	RMB390,000,000	Property development	100	100
+&1	Henan Weizhu Industrial Co., Ltd. 河南偉築實業有限公司	10 July 2020	PRC/Limited liability company	RMB50,000,000	Property development	70	70
Held through Henan Xingwei Property Co., Ltd.							
+&1	Henan Xingwei Zhuolian Property Co., Ltd 河南興偉卓聯置業有限公司	2 January 2019	PRC/Limited liability company	RMB10,000,000	Property development	100	100
Held through Weiye Holdings Group (Hainan) Co., Ltd							
+&1	Wanning Yingde Property Co., Ltd 萬寧英德置業有限公司	17 November 2009	PRC/Limited liability company	RMB20,000,000	Property development	-	100
+&1	Hainan Zhongfang Investment Holdings Co., Ltd. 海南中方投資有限公司	22 June 2009	PRC/Limited liability company	RMB10,000,000	Property development	100	100
+&1	Wenchang Maoyuan Tourism Co., Ltd. 文昌市茂源旅業有限公司	5 June 1995	PRC/Limited liability company	RMB10,000,000	Property development	100	100

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8. SUBSIDIARIES (CONTINUED)

Name	Date of incorporation	Country of incorporation/ form of business structure	Registered capital/issued and fully paid up share capital	Principal activities	Equity interest	
					2023 %	2022 %
Held through Guangdong Weiye Property Development Co., Ltd.						
+&1 Huizhou Dayawan Pengrun Industrial Development Co., Ltd. 惠州大亞灣鵬潤實業發展有限公司	15 April 2005	PRC/Limited liability company	RMB50,000,000	Property development	100	100
+&1 Hangzhou Junwei Real Estate Co., Ltd. 杭州雋偉置業有限公司	26 December 2019	PRC/Limited liability company	RMB20,000,000	Property development	20	20
* Audited by Moore Stephens LLP.						
▲ Audited by member firm of Moore Global Network Limited.						
+ Audited for the purpose of group consolidation by BDO Limited.						
& Audited by other firms of certified public accountants for statutory purposes.						
1 Registered in a form of local enterprise under the PRC laws.						
2 Registered in a form of wholly-owned foreign enterprise under the PRC laws.						
3 There is a change in holding company from Henan Weiye Construction Development Group Co., Ltd to Hongji Weiye (Hainan) Non Movable Property Management Group Co., Ltd on 13 September 2023.						
** On 16 January 2016, the Group successfully completed the listing of Eindex Corporation Limited ("Eindex Corporation") on the Catalist of the SGX-ST. As part of the listing exercise, Eindex Corporation issued 35.8 million new ordinary shares to third party subscribers. As a result of the new ordinary shares issued, the Group's equity interest in Eindex Corporation was diluted from 100% to 66.8%.						
^ Although the Group holds effective interest of less than 50% in Huzhou Ganghong, Yizheng Hongrui, Yizheng Honglin and Henan Yunzhi, it is exposed to and has rights to variable returns from its involvement with Huzhou Ganghong, Yizheng Hongrui, Yizheng Honglin and Henan Yunzhi and has the ability to affect those returns through its power over Huzhou Ganghong, Yizheng Hongrui, Yizheng Honglin and Henan Yunzhi. Consequently, Huzhou Ganghong, Yizheng Hongrui, Yizheng Honglin and Henan Yunzhi have been consolidated as subsidiaries of the Group.						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. JOINT VENTURES

(a) Investments in Joint Ventures

	2023 RMB'000	2022 RMB'000
Investment in joint ventures	112,253	112,364

Details of the joint venture are as follows:

Name of entity	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2023 %	2022 %
Henan Hanfang Yaoye Co., Ltd ("Hanfang Yaoye") 河南漢方藥業有限責任公司	Property development	PRC	51	51
Hubei Nonggu Zhonglenglian Investment Co., Ltd ("Nonggu zhonglenglian") 湖北農谷中冷聯投資有限公司	Trading of food, storage service, investment holding, technical consultation research and development technology	PRC	50	50

The unaudited financial information of the joint ventures, based on its financial statements prepared in accordance with IFRS, modified for differences in the Group's accounting policies:

	2023			2022		
	Hanfang Yaoye RMB'000	Nonggu Zhonglenglian RMB'000	Total RMB'000	Hanfang Yaoye RMB'000	Nonggu Zhonglenglian RMB'000	Total RMB'000
Revenue for the year	-	-	-	-	-	-
Group's interest in net assets of investees						
At 1 January	110,000	2,364	112,364	110,000	2,583	112,583
Addition	-	-	-	-	-	-
Share of loss of joint ventures	-	(111)	(111)	-	(219)	(219)
At 31 December	110,000	2,253	112,253	110,000	2,364	112,364

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For the year ended 31 December 2023

9. JOINT VENTURES (CONTINUED)

(a) Investments in Joint Ventures (continued)

Hanfang Yaoye

In prior year, Henan Weiye entered into a collaboration agreement (the “Collaboration Agreement”) with the equity owners of Hanfang Yaoye, Feng Chaoling (馮朝嶺), an Independent Third Party, in connection with the development of the land use rights in respect of a land parcel located in Zhengzhou City, Henan Province held by Hanfang Yaoye. Pursuant to the Collaboration Agreement, Henan Weiye shall acquire 51% equity interests in Hanfang Yaoye. The ownership of such equity interests serves as security for the transfer of the land use rights to another company for the purpose of joint development of the land by the parties.

In prior year, the Group sued Feng Chaoling for breach of collaboration agreement. The Group won the court case and appealed from Feng Chaoling in final judgement in Zhengzhou Intermediate People’s Court, Henan Province. The final judgement in this case is the monetary claims against the shareholder at the amount of approximately RMB160,000,000 to buy back the 51% shareholding of Hanfang from the Group.

Nonggu Zhonglenglian

In 2021, the Group set up and hold 50% equity interest in Nonggu Zhonglenglian for a consideration of RMB2.89 million. The Group’s economic interest in Nonggu Zhonglenglian is according to the shareholding ratio. When Nonggu Zhonglenglian achieve distributive profit, the Group can yield profit corresponding to the shareholding ratio.

10. OTHER INVESTMENTS

	2023	2022
	RMB’000	RMB’000
Debt investments – at FVTPL	1,612	3,934

In 2023, debt investments at FVTPL have variable returns of 1.6% to 2.1% (2022: 2.0% to 3.7%) per annum.

The Group’s exposures to credit and market risks related to the other investments and fair value information related to other investments are disclosed in Note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. TRADE AND OTHER RECEIVABLES

	Note	2023 RMB'000	2022 RMB'000
Non-current			
Amounts due from non-controlling interests (non-trade)	12	99,160	99,160
Current			
Trade receivables	13	44,691	66,790
Less: Allowance for ECLs		(3,108)	(2,253)
		41,583	64,537
Amounts due from non-controlling interests (non-trade)	12	209,987	211,271
Other receivables and deposits		440,566	416,823
Less: Allowance for ECLs		(25,097)	(7,158)
	14	415,469	409,665
Trade and other receivables, current		667,039	685,473
Prepaid VAT		13,764	8,611
Prepayments	15	62,699	42,617
		743,502	736,701
Total trade and other receivables		842,662	835,861

The Group's exposure to credit and currency risks for trade and other receivables are disclosed in Note 37.

12. AMOUNTS DUE FROM NON-CONTROLLING INTERESTS (NON-TRADE)

In the non-current portion, the balance included the amounts due from non-controlling interests of RMB99,160,000 (2022: RMB99,160,000), representing purchase consideration paid by the Group on behalf of non-controlling shareholders of a subsidiary, Henan Tiandao, in connection with the acquisition of 49% equity interest in the subsidiary and an advance of RMB93,000,000 granted to a non-controlling shareholder of a subsidiary. These amounts are unsecured and interest free.

In the current portion, the balance included amounts due from non-controlling interests of RMB31,527,000 (2022: RMB36,889,000) representing loan advances to non-controlling interests which is secured, bears interest at 6% (2022: 6%) per annum and repayable within 90 days. The shares held by the non-controlling interest were pledged to the Group as collateral of the loan.

The remaining balances of amounts due from non-controlling interests of RMB178,460,000 (2022: RMB174,382,000) are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. TRADE RECEIVABLES

Trade receivables of the Group are non-interest bearing and are normally settled between 30 and 180 days.

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

	2023 RMB'000	2022 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

14. OTHER RECEIVABLES AND DEPOSITS

	2023 RMB'000	2022 RMB'000
Advances to contractors	6,189	10,359
Deposits paid for acquisition of property development projects	950	1,081
Other deposits	60,401	49,931
Other receivables	302,829	312,829
Others	45,100	35,465
	415,469	409,665

Included in other receivables and deposits of the Group is allowance for ECLs on other receivables of RMB25,097,000 (2022: RMB7,158,000).

Advances to Contractors

The advances to contractors are unsecured, interest-free, and are expected to be utilised against future purchase.

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For the year ended 31 December 2023

14. OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

Deposits Paid for Acquisition of Property Development Projects

As at 31 December 2023, the deposit of RMB950,000 (2022: RMB1,081,000) relate to deposits paid to Danzhou Zhongfang Property Development Co., Ltd (儋州中方房地產開發有限公司) as a security deposit for acquisition of land use rights.

Other Deposits

Included in other deposits as at 31 December 2023 is:

- (i) As at 31 December 2023, RMB20,000,000 (2022: RMB20,000,000) paid to Zhengzhou Jinshui Science and Education Zone Management Committee (鄭州金水科教園區管理委員會) represents 5% of the construction sum that are retained by Zhengzhou Jinshui Science and Education Zone Management Committee and is refundable to the Group after the completion of the resettlement house project.

Other receivables

Included in other receivables as at 31 December 2023 is:

- (i) During the year ended 31 December 2023 and 2022, upon the issuance of project completion certificates of several projects held by the Group, maintenance funds of approximately RMB2,383,000 (2022: RMB2,298,000) was paid and kept by respective local government authorities. Maintenance funds are calculated based on a percentage of the actual saleable area and kept by the government authorities for any further maintenance on properties sold. The amount would be repaid by the property owners during the handover of properties.

15. PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Construction costs and construction material costs	36,525	17,396
Prepayment for resettlement housing projects	4,458	4,458
Others	21,716	20,763
	62,699	42,617

Construction Costs and Construction Material Costs

Included in construction costs and construction material costs is an amount of RMB36,525,000 (2022: RMB17,396,000) for the purchase of construction materials which have not been delivered to the Group as at 31 December 2023.

Prepayment for Resettlement Housing Projects

Included in prepayment for resettlement housing projects as at 31 December 2023 is an amount of RMB4,458,000 (2022: RMB4,458,000) held in trust by a local government agency in relation to a resettlement housing project (see Note 23). The amount will be accrued in development properties and prepaid costs progressively when the Group obtain lists of payment to villagers from the local government agency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. DEFERRED TAXATION

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following temporary differences:

	2023 RMB'000	2022 RMB'000
Tax losses	387,975	322,862

Tax Losses Carried Forward

The Group's tax losses carried forward mainly comprise tax losses arising from its operations in Singapore and the PRC. Under the applicable PRC tax legislation, tax losses as at 31 December 2023 and 2022 with expiry dates are as follows:

	2023 RMB'000	2022 RMB'000
Expiry dates:		
– Within 1 to 5 years	320,398	298,520

The remaining tax losses of RMB67,577,000 (2022: RMB24,342,000) mainly relating to tax losses arising from the Group's Singapore operations are not expected to expire under the current applicable tax legislation subject to continuity of shareholders.

Deferred tax assets have not been recognised in respect of these items because of the uncertainties over the availability of future taxable profits against which the subsidiaries can utilise the tax benefits.

Movements in temporary differences during the year are as follows:

	Balance as at 1 January 2022 RMB'000	Disposal of subsidiaries (Note 33) RMB'000	Recognised in profit or loss (Note 30) RMB'000	Balance as at 31 December 2022 and 1 January 2023 RMB'000	Recognised in profit or loss (Note 30) RMB'000	Balance as at 31 December 2023 RMB'000
Deferred tax liabilities						
Property, plant and equipment	954	-	(152)	802	202	1,004
Investment properties	66,701	-	-	66,701	-	66,701
Development properties and contract assets	121,758	(79,957)	(27)	41,774	(2,662)	39,112
Contract costs	17,232	-	-	17,232	(14,738)	2,494
Withholding tax on the profits of the Group's PRC subsidiaries	171,752	-	-	171,752	(1,136)	170,616
	378,397	(79,957)	(179)	298,261	(18,334)	279,927
Deferred tax assets						
Deferred tax assets recognised (tax loss)	61,181	(29,496)	(3,887)	27,798	(7,716)	20,082
Land appreciation tax	4,357	-	(766)	3,591	211	3,802
Accrued interest on financing component	1,558	-	-	1,558	(1,558)	-
	67,096	(29,496)	(4,653)	32,947	(9,063)	23,884

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVENTORIES

	2023 RMB'000	2022 RMB'000
Finished goods	7,655	10,062
Work in progress	1,107	4,288
Raw materials	12,630	13,715
	21,392	28,065

During the current year, inventories of RMB60,315,000(2022: RMB95,365,000) were recognised as an expense and included in 'cost of sales'.

As at 31 December 2023, the Group had provision for stock obsolescence of RMB1,518,000. (2022: RMB1,650,000).

18. DEVELOPMENT PROPERTIES AND PREPAID COSTS

	2023 RMB'000	2022 RMB'000
<i>Properties under development:</i>		
Land costs	179,220	1,070,262
Development costs incurred to-date	1,131,185	1,690,450
	1,310,405	2,760,712
<i>Completed properties held for sale</i>	557,247	449,225
	1,867,652	3,209,937

Properties under development of the Group are all located in the PRC. The relevant lands are on leases of 31 to 69 years.

During the current year, development properties sold and recognised in cost of sales amounted to RMB1,403,389,000 (2022: RMB1,024,864,000). Due to downturn of property market in the PRC, impairment loss of approximately RMB50,545,000 was recognised in other operating expenses in the consolidated statement of profit or loss.

During the current year, borrowing costs of RMB4,402,000 (2022: RMB10,642,000) arising from loans and borrowings obtained specifically for the development properties were capitalised. Borrowing costs have been capitalised at rates ranging from 7.5% to 8.5% (2022: 9% to 10%) per annum.

Certain development properties with carrying amounts of RMB291,744,000 (2022: RMB142,983,000) have been mortgaged to banks and trust finance company as securities for borrowings granted to the Group, the details of which are set out in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Fixed deposits with financial institutions	–	186,379
Cash at bank and on hand	61,553	221,592
Cash and bank balances	61,553	407,971
Less: restricted cash	(17,586)	(312,088)
Less: bank overdraft	(2,544)	(2,464)
Total cash and cash equivalents in consolidated statement of cash flows	41,423	93,419

The Group's effective interest rate relating to fixed deposits with financial institutions, at reporting date is 1.9% per annum for the year ended 31 December 2022.

Included in cash and cash equivalents are cash and bank balances of Group entities that are denominated in RMB, SGD and MYR. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC Government.

Certain subsidiaries are required to set aside approximately 5% of the customers' bank loan amounts as restricted cash. The restricted cash held in the designated bank accounts of the Group are pledged to the banks until the customers' building ownership certificate of the respective properties have been obtained and transferred to the banks. The restricted cash earns interest at floating rates based on the prevailing monthly bank deposit rates.

20. SHARE CAPITAL

	Group			
	2023 No. of shares '000	RMB'000	2022 No. of shares '000	RMB'000
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	196,133	359,700	196,133	359,700

	Company			
	2023 No. of shares '000	RMB'000	2022 No. of shares '000	RMB'000
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	196,133	1,737,554	196,133	1,737,554

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.

At 31 December 2023, there were no share options issued by the Company (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	2023 RMB'000	2022 RMB'000
Assets			
Non-current asset			
Subsidiaries	8	1,450,298	1,315,406
Current assets			
Trade and other receivables		12,082	78,278
Cash and cash equivalents		175	314
		12,257	78,592
Total assets		1,462,555	1,393,998
Equity attributable to owners of the Company			
Share capital	20	1,737,554	1,737,554
Reserves	22	(372,209)	(499,769)
Total equity		1,365,345	1,237,785
Liabilities			
Non-current liabilities			
Loans and borrowings		-	-
Current liabilities			
Trade and other payables		97,210	9,337
Loans and borrowings		-	146,876
		97,210	156,213
Total liabilities		97,210	156,213
Total equity and liabilities		1,462,555	1,393,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. RESERVES

	Company	
	2023	2022
	RMB'000	RMB'000
Foreign currency translation reserve	130,943	(739)
Employee share option reserve	582	582
Accumulated losses	(503,734)	(499,612)
	(372,209)	(499,769)

The following describes the nature and purpose of each reserve within owners' equity.

Statutory Reserves

In accordance with the Foreign Enterprise Law applicable to entities in the PRC, the Company's PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the profit after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the PRC entity's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity. The SRF is not available for dividend distribution to shareholders.

Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Merger Reserve

This represents the difference between the consideration paid and the paid-in capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method.

Capital Reserve

This represents the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid that is recognised directly in equity and attributed to the parent as a result of changes in the Company's ownership interest in a subsidiary. Such changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Employee Share Option Reserve

This represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options in past years. The share option scheme had expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risks, see Note 37.

	Note	2023 RMB'000	2022 RMB'000
Current liabilities			
Secured bank loans		107,586	286,805
Secured loans from trust finance company		374,486	440,760
Lease liabilities	6	1,617	2,777
Bank overdraft	19	2,544	2,464
Other loans		15,000	40,314
		501,233	773,120
Non-current liabilities			
Secured bank loans		257,070	63,900
Secured loans from trust finance company		–	850
Lease liabilities	6	1,884	398
Other loans		50,000	–
		308,954	65,148
Total loans and borrowings		810,187	838,268
		2023 RMB'000	2022 RMB'000

Carrying amount of loans and borrowings analysed between:

– within one year	501,233	773,120
– more than one year but not exceeding two years	94,445	34,816
– more than two years but no exceeding five years	214,509	30,332
	810,187	838,268

The Group has interest bearing bank loans, loans from trust finance company, other loans and lease liabilities which carry interest ranging from 2.54% to 15.0% (2022: 2.54% to 15.0%).

The currencies of the Group's loans and borrowings are set out below:

	2023 RMB'000	2022 RMB'000
RMB	793,114	674,715
MYR	10,216	10,401
SGD	6,857	6,276
USD	–	146,876
	810,187	838,268

The secured loans for the Group are served by a pledge of property, plant and equipment, investment properties and development properties of certain Group's entities (see Notes 4, 7 and 18) and guarantees provided by third parties and group companies (see Note 37).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. LOANS AND BORROWINGS (CONTINUED)

On 29 January 2016, Henan Xingwei Property Co., Ltd (“Henan Xingwei”), an indirect wholly owned subsidiary of the Group, entered into an arrangement with various Independent Third Parties, including a management committee in Jinshui District, Zhengzhou City, pursuant to which Henan Xingwei obtained a loan in the principal amount of RMB815,796,600 in aggregated from a trust finance company. As specified under such arrangement, the source of repayment shall be the costs for demolition of existing buildings and resettlement of the existing residents of the land parcel of Xinzhuang Village, Jinshuiyangjin Industry Park District in Zhengzhou City, Henan Province and the construction costs for the resettlement housing and ancillary public facilities to be refunded to Henan Xingwei upon the full settlement of the land premium of the relevant development areas.

During the year ended 31 December 2022, management committee directly settled RMB441,310,000 in aggregated to the trust finance company on behalf of the Group.

Secured loans from a trust finance company are used to fund a resettlement housing project performed for the local government. The trust finance company is held by a local government agency who is responsible for the Group funding of works on the resettlement housing project (see Note 15). As at 31 December 2023, secured loan of RMB360,810,000 (2022: RMB360,810,000) from the trust finance company.

In respect of secured loans from a trust finance company with carrying amounts of approximately RMB360,810,000 as at 31 December 2023, the Group defaulted in the repayments of bank borrowings according to repayment schedules as per loans agreements. The Group commenced the renegotiations of the terms of borrowings with the relevant lender. As at 31 December 2023 and up to the date of approval for issuance of the consolidated financial statements, those negotiations are still in progress and had not been concluded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. LOANS AND BORROWINGS (CONTINUED)

Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

	Asset		Liabilities					Equity		Total RMB'000
	Restricted cash RMB'000 (Note 19)	Secured loans RMB'000 (Note 23)	Bank overdraft RMB'000 (Note 23)	Other loans RMB'000 (Note 23)	Contract liabilities RMB'000 (Note 26)	Lease liabilities RMB'000 (Note 6)	Interest payables RMB'000 (Note 24)	Amounts due to non- controlling interests RMB'000 (Note 24)	Non- controlling interests RMB'000 (Note 25)	
Balance at 1 January 2023	(312,088)	792,315	2,464	40,314	1,596,812	3,175	154,501	-	485,659	2,763,152
Changes from financing cash flows										
Decrease in restricted cash	294,502	-	-	-	-	-	-	-	-	294,502
Repayment of loans and borrowings	-	(434,518)	-	(55,321)	-	-	-	-	-	(489,839)
Proceeds from loans and borrowings	-	381,510	-	80,000	-	-	-	-	-	461,510
Repayment of principal portion of lease liabilities	-	-	-	-	-	(3,043)	-	-	-	(3,043)
Interest paid	-	-	-	-	-	(143)	(32,661)	-	-	(32,804)
Dividends paid to the non-controlling interests	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Total changes from financing cash flows	294,502	(53,008)	-	24,679	-	(3,186)	(32,661)	-	(6,000)	224,326
The effect of change in foreign exchange rates	-	(165)	-	7	-	(20)	-	-	1,939	1,761
Liability-related other changes										
Increase in bank overdraft	-	-	80	-	-	-	-	-	-	80
Finance costs capitalised in development properties	-	-	-	-	-	-	4,402	-	-	4,402
Finance expenses	-	-	-	-	-	143	28,259	-	-	28,402
Changes from operating activities	-	-	-	-	(1,479,919)	3,389	-	-	-	(1,476,530)
Total liability-related other changes	-	-	80	-	(1,479,919)	3,532	32,661	-	-	(1,443,646)
Total equity-related other changes	-	-	-	-	-	-	-	-	(42,989)	(42,989)
Balance at 31 December 2023	(17,586)	739,142	2,544	65,000	116,893	3,501	154,501	-	438,609	(1,502,604)

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23. LOANS AND BORROWINGS (CONTINUED)

Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities (continued)

	Asset		Liabilities					Equity		Total
	Restricted cash	Secured loans	Bank overdraft	Other loans	Contract liabilities	Lease liabilities	Interest payables	Amounts due to non-controlling interests	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 19)	(Note 23)	(Note 23)	(Note 23)	(Note 26)	(Note 6)	(Note 24)	(Note 24)	(Note 25)	
Balance at 1 January 2022	(478,896)	1,427,520	3,909	85,512	2,546,213	12,301	154,501	16,220	596,027	4,363,307
Changes from financing cash flows										
Decrease in restricted cash	166,808	-	-	-	-	-	-	-	-	166,808
Repayment of loans and borrowings	-	(754,588)	-	(80,237)	-	-	-	-	-	(834,825)
Proceeds from loans and borrowings	-	195,181	-	35,000	-	-	-	-	-	230,181
Repayment of principal portion of lease liabilities	-	-	-	-	-	(5,449)	-	-	-	(5,449)
Interest paid	-	-	-	-	-	(527)	(41,367)	-	-	(41,894)
Dividends paid to the non-controlling interests	-	-	-	-	-	-	-	-	(81,000)	(81,000)
Total changes from financing cash flows	166,808	(559,407)	-	(45,237)	-	(5,976)	(41,367)	-	(81,000)	(566,179)
The effect of change in foreign exchange rates	-	14,518	-	39	-	61	-	-	(2,172)	12,446
Liability-related other changes										
Disposal of subsidiaries (Note 33)	-	(90,316)	-	-	(189,006)	-	-	(16,220)	(66,277)	(361,819)
Decrease in bank overdraft	-	-	(1,445)	-	-	-	-	-	-	(1,445)
Finance costs capitalised in development properties	-	-	-	-	-	-	10,642	-	-	10,642
Finance expenses	-	-	-	-	-	527	30,725	-	-	31,252
Changes from operating activities	-	-	-	-	(760,395)	(3,738)	-	-	-	(764,133)
Total liability-related other changes	-	(90,316)	(1,445)	-	(949,401)	(3,211)	41,367	(16,220)	(66,277)	(1,085,503)
Total equity-related other changes	-	-	-	-	-	-	-	-	39,081	39,081
Balance at 31 December 2022	(312,088)	792,315	2,464	40,314	1,596,812	3,175	154,501	-	485,659	2,763,152

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24. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	296,287	383,022
Accrued operating expenses	5,737	5,108
Interest payables	154,501	154,501
Retention deposits payable to contractors	21,779	43,260
Other payables	207,884	287,592
	686,188	873,483

The Group's exposure to currency and liquidity risk related to trade and other payables are disclosed in Note 37.

Ageing Profile

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

	2023 RMB'000	2022 RMB'000
Current	278,222	354,133
1–30 days	1,140	936
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

Retention Deposits Payable to Contractors

The retention deposits payable to contractors are ranging from 3% to 6% of the construction sum that are retained by the Group and are payable to the contractors in one year after the completion of the development projects.

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25. NON-CONTROLLING INTERESTS

The following summarises the financial information the Group's subsidiaries with material non-controlling interests ("NCI"), based on the subsidiaries' financial statements prepared in accordance with IFRS.

	Henan Tiandao	
	2023	2022
	RMB'000	RMB'000
Percentage of ownership of NCI	49%	49%
Revenue	14,120	3,103
Profit/(loss) for the year	1,276	(5,222)
Other comprehensive income	-	-
Total comprehensive income/(loss)	1,276	(5,222)
Attributable to NCI:		
– Profit/(loss) for the year	625	(2,558)
– Other comprehensive income	-	-
– Total comprehensive income/(loss)	625	(2,558)
Non-current assets	12,727	13,172
Current assets	451,833	475,512
Non-current liabilities	(1,068)	(1,068)
Current liabilities	(107,767)	(133,167)
Net assets	355,725	354,449
Net assets attributable to NCI	174,305	173,681
Cash flows generated from/(used in) operating activities	23,132	(35,490)
Cash flows used in investing activities	-	(50)
Cash flows (used in)/generated from financing activities (dividends to NCI: 2023: Nil; 2022: Nil)	(20,000)	35,000
Net increase/(decrease) in cash and cash equivalents	3,132	(540)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. NON-CONTROLLING INTERESTS (CONTINUED)

	Eindec Corporation	
	2023	2022
	RMB'000	RMB'000
Percentage of ownership of NCI	33.2%	33.2%
Revenue	84,027	126,829
Profit for the year	1,131	7,923
Other comprehensive income/(loss)	5,840	(6,542)
Total comprehensive income	6,971	1,381
Attributable to NCI:		
– Profit for the year	375	2,630
– Other comprehensive income/(loss)	1,939	(2,172)
– Total comprehensive income	2,314	458
Non-current assets	30,958	30,949
Current assets	59,623	79,088
Non-current liabilities	(10,640)	(9,050)
Current liabilities	(42,758)	(59,187)
Net assets	37,183	41,800
Net assets attributable to NCI	12,345	13,878
Cash flows generated from operating activities	14,224	6,441
Cash flows used in investing activities	(1,397)	(7,077)
Cash flows (used in)/generated from financing activities (dividends to NCI: 2023: Nil; 2022: Nil)	(7,282)	3,130
Net increase in cash and cash equivalents	5,545	2,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. NON-CONTROLLING INTERESTS (CONTINUED)

	Huzhou Ganghong	
	2023	2022
	RMB'000	RMB'000
Percentage of ownership of NCI	60%	60%
Revenue	114	5,149
Profit for the year	341	19,762
Other comprehensive income	-	-
Total comprehensive income	341	19,762
Attributable to NCI:		
– Profit for the year	205	11,857
– Other comprehensive income	-	-
– Total comprehensive income	205	11,857
Non-current assets	4	22
Current assets	73,379	91,327
Non-current liabilities	-	-
Current liabilities	(31,247)	(39,555)
Net assets	42,136	51,794
Net assets attributable to NCI	25,282	31,076
Cash flows (used in)/generated from operating activities	(6,641)	171,089
Cash flows generated from investing activities	-	-
Cash flows used in financing activities (dividends to NCI: 2023: RMB6,000,000; 2022: RMB81,000,000)	(10,000)	(135,000)
Net (decrease)/increase in cash and cash equivalents	(16,641)	36,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. NON-CONTROLLING INTERESTS (CONTINUED)

	Yizheng Hongrui	
	2023	2022
	RMB'000	RMB'000
Percentage of ownership of NCI	70%	70%
Revenue	12,126	535,278
(Loss)/Profit for the year	(60,673)	61,402
Other comprehensive income	-	-
Total comprehensive (loss)/income	(60,673)	61,402
Attributable to NCI:		
– (Loss)/profit for the year	(42,471)	42,981
– Other comprehensive income	-	-
– Total comprehensive (loss)/income	(42,471)	42,981
Non-current assets	4	13,735
Current assets	279,710	324,552
Non-current liabilities	-	-
Current liabilities	(128,206)	(137,081)
Net assets	151,508	201,206
Net assets attributable to NCI	106,056	140,844
Cash flows used in operating activities	(35,101)	(93,502)
Cash flows used in investing activities	-	-
Cash flows used in financing activities (dividends to NCI: 2023: Nil; 2022: Nil)	-	(239)
Net decrease in cash and cash equivalents	(35,101)	(93,741)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. NON-CONTROLLING INTERESTS (CONTINUED)

	Yizheng Honglin	
	2023	2022
	RMB'000	RMB'000
Percentage of ownership of NCI	70%	70%
Revenue	(2,896)	133,155
Loss for the year	(2,375)	(21,188)
Other comprehensive income	-	-
Total comprehensive loss	(2,375)	(21,188)
Attributable to NCI:		
– Loss for the year	(1,663)	(14,832)
– Other comprehensive income	-	-
– Total comprehensive loss	(1,663)	(14,832)
Non-current assets	113,416	120,984
Current assets	162,499	170,520
Non-current liabilities	-	-
Current liabilities	(108,383)	(116,123)
Net assets	167,532	175,381
Net assets attributable to NCI	117,272	122,767
Cash flows (used in)/generated from operating Activities	(12,769)	60,523
Cash flows used in investing activities	-	(115,458)
Cash flows generated from financing activities (dividends to NCI: 2023: Nil; 2022: Nil)	-	-
Net decrease in cash and cash equivalents	(12,769)	(54,935)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. NON-CONTROLLING INTERESTS (CONTINUED)

	Zhongleng Lian	
	2023	2022
	RMB'000	RMB'000
Percentage of ownership of NCI	49%	49%
Revenue	-	-
Loss for the year	(129)	(6)
Other comprehensive income	-	-
Total comprehensive loss	(129)	(6)
Attributable to NCI:		
– Loss for the year	(63)	(3)
– Other comprehensive income	-	-
– Total comprehensive loss	(63)	(3)
Non-current assets	2,254	2,367
Current assets	4,909	4,932
Non-current liabilities	-	-
Current liabilities	(900)	(906)
Net assets	6,263	6,393
Net assets attributable to NCI	3,069	3,133
Cash flows generated from/(used in) operating activities	154	(169)
Cash flows generated from investing activities	-	219
Cash flows generated from financing activities (dividends to NCI:2023: Nil; 2022: Nil)	-	-
Net increase in cash and cash equivalents	154	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. NON-CONTROLLING INTERESTS (CONTINUED)

	Henan Weizhu	
	2023 RMB'000	2022 RMB'000
Percentage of ownership of NCI	30%	30%
Revenue	-	-
Loss for the year	-*	-*
Other comprehensive income	-	-
Total comprehensive loss	-*	-*
Attributable to NCI:		
– Loss for the year	-*	-*
– Other comprehensive income	-	-
– Total comprehensive loss	-*	-*
Non-current assets	-	-
Current assets	934	935
Non-current liabilities	-	-
Current liabilities	-	-
Net assets	934	935
Net assets attributable to NCI	280	281
Cash flows used in operating activities	-*	-*
Cash flows from investing activities	-	-
Cash flows from financing activities (dividends to NCI: 2023: Nil; 2022: Nil)	-*	-*
Net increase in cash and cash equivalents	-*	-*

* Represent the amount lower than RMB1,000

26. REVENUE

	2023 RMB'000	2022 RMB'000
Sales of development properties	1,528,212	1,201,127
Sales of goods and installation services	84,027	125,338
	1,612,239	1,326,465

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. REVENUE (CONTINUED)

The following table provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sales of Development Properties

Nature of development properties	The Group develops residential and commercial properties for sale to end customers in the PRC.
When revenue is recognised	<p>Revenue is recognised at a point in time being when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property (i.e. when control of the property has been transferred to the customer).</p> <p>The transfer of control is typically evidenced at the earlier of: (i) the transfer of legal title or (ii) equitable interest in the property transfers to the buyer upon signing the property handover notice. Deposits, instalments or advances received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under 'Contract liabilities'.</p>
Significant payment terms	Payment is typically made in advance. In certain instances, payment is agreed based on an instalment schedule at the point of sale.
Obligations for warranties	The Group does not provide any form of warranty to end customers.

Sales of Goods and Installation Services

Nature of goods or services	The Group manufactures clean air environmental technology solutions equipment and clean room equipment based on the customer's specification. There is no significant customisation of the clean room equipment. In addition, the Group also installs certain equipment for their customers at the delivery of the equipment.
When revenue is recognised	<p>For sales of goods, revenue is recognised at a point in time when goods are delivered to the customer and criteria for acceptance have been satisfied.</p> <p>For installation service, revenue is recognised at the completion of the installation service. The installation service is typically completed shortly after delivery of goods. The lead time between the delivery of goods and installation of the delivered goods is insignificant.</p>
Significant payment terms	<p>Invoices are issued upon delivery of goods or the completion of service and are payable within 30–60 days.</p> <p>In cases where, the Group received cash paid in advance of goods delivered and to the extent that they remain undelivered at balance sheet date, the Group defers recognition of revenue and recognise such amounts in the consolidated statement of financial position as 'Contract liabilities'.</p>
Obligations for warranties	<p>In certain cases, sales of equipment includes a standard warranty of one year, under which customers are able to return and replace any defective products. The standard warranty is consistent with market practice.</p> <p>There is no right to return the goods. There are no variable considerations such as volume discounts or sales rebates provided to customers.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. REVENUE (CONTINUED)

Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 36).

	Reportable segment					
	Property development		Equipment manufacturing		Total	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Primary geographical markets						
PRC	1,528,212	1,201,127	17,921	50,558	1,546,133	1,251,685
Singapore	–	–	59,938	47,480	59,938	47,480
Others	–	–	6,168	27,300	6,168	27,300
	1,528,212	1,201,127	84,027	125,338	1,612,239	1,326,465
Major products/service lines						
Sales of development properties	1,528,212	1,201,127	–	–	1,528,212	1,201,127
Sales of goods and installation services	–	–	84,027	125,338	84,027	125,338
	1,528,212	1,201,127	84,027	125,338	1,612,239	1,326,465
Timing of revenue recognition						
At a point in time	1,528,212	1,201,127	84,027	125,338	1,612,239	1,326,465

Contract Balances

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

	Note	2023	2022
		RMB'000	RMB'000
Trade receivables	11	41,583	64,537
Contract costs		268	46,596
Contract assets		216,734	216,945
Contract liabilities		(116,893)	(1,596,812)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. REVENUE (CONTINUED)

Contract Balances (continued)

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 relate to the Group's rights to consideration for work completed or goods delivered but not billed at the reporting date.

Contract liabilities primarily relate to advances from customer for sales of development properties and sales of equipments 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 adoption of IFRS 15, the Group capitalises these incremental costs as contract costs.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets		Contract liabilities	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	-	-	1,503,847	1,199,460
Increases due to cash received, excluding amounts recognised as revenue during the year	-	-	(30,158)	(439,065)
Decrease due to disposal of a subsidiaries	-	-	-	189,006
Accrued interest on financing component	-	-	(6,230)	-
Decrease due to work billed	-	(441,310)	-	-
Impairment loss (made)/reversal on contract assets	(212)	991	-	-

Judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of engineering department 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 PO if the PO is part of a contract that has an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

27. OTHER INCOME

	Note	2023 RMB'000	2022 RMB'000
Gain on disposal of property, plant and equipment		594	400
Gain on disposal of other investments		–	33
Gain on disposal of subsidiaries	33	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

28. NET FINANCE COSTS

	2023 RMB'000	2022 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)

29. (LOSS)/PROFIT BEFORE TAXATION

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

	Note	2023 RMB'000	2022 RMB'000
Audit fees paid/payable		2,618	2,364
Amortisation of intangible assets	5	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	26	212	(991)
Allowance for impairment loss made on development properties and prepaid costs		50,545	–
Depreciation of property, plant and equipment	4	7,944	11,707
Gain on disposal of other investments		–	(33)
Gain on disposal of subsidiaries	33	(281)	(9,126)
Raw materials, changes in finished goods and work-in-progress recognised	17	60,315	95,365
Property, plant and equipment written off		46	1,126
		2023 RMB'000	2022 RMB'000

Employee benefits expenses

Directors' fees	660	660
Salaries, bonuses and other costs	34,021	62,703
PRC statutory welfare fund	190	295
Contributions to defined contribution plan	3,757	7,183
	38,628	70,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

Directors' Remuneration

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
2023					
Chairman and executive director					
Chen Zhiyong	-	977	-	119	1,096
Independent non-executive directors					
Dong Xincheng	200	-	-	-	200
Lam Ying Hung Andy	200	-	-	-	200
Liu Ning	260	-	-	-	260
	660	977	-	119	1,756

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
2022					
Chairman and executive director					
Zhang Wei*	-	2,294	-	141	2,435
Chen Zhiyong [#]	-	996	-	114	1,110
Independent non-executive directors					
Dong Xincheng	200	-	-	-	200
Lam Ying Hung Andy	200	-	-	-	200
Liu Ning	260	-	-	-	260
	660	3,290	-	255	4,205

* Zhang Wei has resigned as an executive director and chairman with effect from 15 November 2022.

[#] Chen Zhiyong has been appointed as the chairman with effect from 15 November 2022.

No directors of the Company waived or agreed to waive any remuneration during the current and previous financial years. During the current and previous financial years, there were also no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out below as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 December 2023

29. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

Directors' Remuneration (continued)

Individuals with Highest Emoluments

Of the five (2022: five) individuals with the highest emoluments, there are one director (2022: two directors) of the Group for the year ended 31 December 2023, whose emoluments are reflected in the analysis presented above. The aggregate of the emoluments paid and/or payable to the remaining four (2022: three) individuals are as follows:

	2023	2022
	RMB'000	RMB'000
Salaries and other emoluments	3,055	3,835
Retirement scheme contributions	209	163
	3,264	3,998

The emoluments of remaining individuals with the highest emoluments are within the following bands:

	2023	2022
	Number of	Number of
	person	person
Less than HKD1,000,000	3	–
HKD1,000,001 – HKD1,500,000	1	2
HKD1,500,001 – HKD2,000,000	–	1
HKD2,000,001 – HKD2,500,000	–	–
	4	3

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For the year ended 31 December 2023

30. INCOME TAX EXPENSE

	2023 RMB'000	2022 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/(credit)		
LAT	39,781	(31,411)
Total tax expense	47,973	10,680
Reconciliation of effective tax rate		
(Loss)/profit before taxation	(47,648)	57,386
Tax using PRC tax rate of 25% (2022: 25%)	(11,912)	14,346
Tax effects of:		
– difference in tax rate in different jurisdictions	648	(827)
– expenses not deductible for tax purposes	7,184	6,619
– deferred tax asset not recognised	23,353	14,086
– withholding tax	(1,136)	–
– LAT	39,781	(31,411)
– effect of tax deduction for LAT	(9,945)	7,853
– others	–	14
	47,973	10,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

30. INCOME TAX EXPENSE (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 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.

31. (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. CAPITAL COMMITMENTS

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

	2023 RMB'000	2022 RMB'000
Development expenditures authorised and contracted for	159,408	341,454

33. DISPOSAL OF SUBSIDIARIES

- (a) On 22 April, 2022, the Group disposed its entire interests in Guangdong Leiding Property Development Co., Ltd. ("Guangdong Leiding") at a cash consideration of RMB112,000,000. Guangdong Leiding was engaged in the property development in the PRC. The net assets of Guangdong Leiding at the date of disposal was approximately RMB110,611,000. A gain of approximately RMB1,389,000 was resulted from the disposal of Guangdong Leiding.
- (b) On 11 May, 2022, the Group disposed its entire interests in Zhongwei Wisdom Cold Chain Logistics Co., Ltd. ("Zhongwei Wisdom Cold Chain") at a cash consideration of RMB5,150,000. Zhongwei Wisdom Cold Chain was engaged in the cold chain logistics in the PRC. The net assets of Zhongwei Wisdom Cold Chain at the date of disposal was approximately RMB2,647,000. A gain of approximately RMB2,502,000 was resulted from the disposal of Zhongwei Wisdom Cold Chain.
- (c) On 31 August 2022, the Group disposed its entire interests in Weiye Holdings (Shenzhen) Group Co., Ltd. ("Weiye Holdings (Shenzhen)") at a cash consideration of RMB81,000,000. Weiye Holdings (Shenzhen) was engaged in the property development in the PRC. The net assets of Weiye Holdings (Shenzhen) at the date of disposal was approximately RMB80,200,000. A gain of approximately RMB555,000 was resulted from the disposal of Weiye Holdings (Shenzhen).
- (d) On 21 September 2022, the Group disposed its entire interests in Hunan Jingke Property Co., Ltd. ("Hunan Jingke") at a cash consideration of RMB39,112,380 to an independent third party company incorporated in the PRC. The consideration was based on an arm's length negotiation. A gain on disposal of subsidiary was recorded in the book of the Group for approximately RMB4,679,000.
- (e) On 20 December 2023, the Group disposed its entire 35% interests in Henan Yunzhi Security Technology Co., Ltd. ("Henan Yunzhi") at a cash consideration of RMB2,760,000. Henan Yunzhi was engaged in the business of providing smart home equipment with integrated security system solution and related supporting businesses. The net assets of Henan Yunzhi at the date of disposal was approximately RMB2,479,000. A gain of approximately RMB281,000 was resulted from the disposal of Henan Yunzhi.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

34. CONTINGENT LIABILITIES

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

	2023 RMB'000	2022 RMB'000
Guarantees granted to financial institutions on behalf of purchasers of property units	187,067	1,106,273

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 (see Note 19). 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.

35. RELATED PARTIES

Key management personnel compensation comprises:

	2023 RMB'000	2022 RMB'000
Directors' fees paid to directors of the Company	660	660
Salaries paid to key management personnel	2,620	4,646
PRC statutory welfare fund	129	145
Contributions to defined contribution plans	71	136
	3,480	5,587

	2023 RMB'000	2022 RMB'000
Comprises amounts paid/payable to:		
– directors of the Company	1,756	4,205
– other key management personnel	1,724	1,382
	3,480	5,587

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

Sale and Purchase of Goods and Services

A number of key management personnel, or their related parties, hold positions and/or interests in other entities that result in them having control or significant influence over the financial or operating decisions of those entities.

The Group transacted with these entities in prior years. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be available, or similar to third party entities and were on an arm's length basis. There is no such transactions with these entities in current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. BUSINESS AND GEOGRAPHICAL SEGMENTS

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. 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Reconciliations of Reportable Revenue, Profit or Loss, Assets and Liabilities

	Property development		Equipment manufacturing		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

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 RMB'000	Singapore RMB'000	Other countries RMB'000	Total 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and contract assets from customers.

The carrying amount of financial assets and contract assets represent the Group's maximum exposure to credit risk, before taking into account any collateral held. The Group does not require any collateral in respect of their financial assets.

ECLs on financial assets and contract assets recognised in profit or loss were as follows:

	2023	2022
	RMB'000	RMB'000
Allowance for ECLs made/(reversed) on:		
Trade receivables	855	1,897
Other receivables	17,939	5,448
Contract assets arising from contact with customers	212	(991)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Trade Receivables and Other Receivables and Contract Assets

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is kept to the minimal.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk.

As at 31 December 2023, the Group held amounts due from its non-controlling interests of RMB309,147,000, which represents 37% of trade and other receivables. As at 31 December 2022, the Group held amounts due from its non-controlling interests of RMB310,431,000, which represents 37% of trade and other receivables.

Except for these amounts, there were no other concentrations of credit risk at the Group level.

In addition, the Group is exposed to credit risk in connection with financial guarantees that it has issued. The credit risk represents the loss that would be recognised upon a default by the party for which the guarantee was issued on behalf of the subsidiaries. At the reporting date, the Group does not consider it is probable that a claim will be made against the Group entities.

A summary of the Group's exposure to credit risk for trade and other receivables (excluding prepayments) and contract assets is as follows:

	2023		2022	
	Non credit- impaired RMB'000	Credit- impaired RMB'000	Non credit- impaired RMB'000	Credit- impaired RMB'000
Trade receivables and contract assets within:				
– two or more years trading history with the Group*	222,063	–	259,851	455
– less than two years trading history with the Group*	39,080	1,133	24,524	–
Other receivables and deposits	749,713	–	727,254	–
Total gross carrying amount	1,010,856	1,133	1,011,629	455
Allowance for ECLs	(27,923)	(1,133)	(9,596)	(455)
	982,933	–	1,002,033	–

* Excluding 'other receivables'

Expected Credit Loss Assessment

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different geographic region.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Expected Credit Loss Assessment (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 December 2023 and 31 December 2022:

2023	Weighted average loss rate %	Gross carrying amount RMB'000	Allowance for ECLs RMB'000	Credit impaired
Property development segment				
Current (not past due)	0.00	575	–	No
1 – 30 days past due	0.00	–	–	No
31 – 60 days past due	0.00	–	–	No
61 – 90 days past due	0.00	–	–	No
More than 91 days past due	7.35	25,636	(1,884)	No
		<u>26,211</u>	<u>(1,884)</u>	
Equipment manufacturing segment				
	Weighted average loss rate %	Gross carrying amount RMB'000	Allowance for ECLs RMB'000	Credit impaired
Current (not past due)	0.52	12,812	(66)	No
1 – 30 days past due	0.48	3,712	(18)	No
31 – 60 days past due	0.72	555	(4)	No
61 – 90 days past due	0.93	107	(1)	No
More than 90 days past due	1.24	161	(2)	No
More than 90 days past due	100.00	1,133	(1,133)	YES
		<u>18,480</u>	<u>(1,224)</u>	
2022				
Property development segment				
	Weighted average loss rate %	Gross carrying amount RMB'000	Allowance for ECLs RMB'000	Credit impaired
Current (not past due)	0.00	301	–	No
1 – 30 days past due	0.00	–	–	No
31 – 60 days past due	0.00	1,637	–	No
61 – 90 days past due	0.00	4,241	–	No
More than 91 days past due	7.32	22,092	(1,617)	No
		<u>28,271</u>	<u>(1,617)</u>	

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For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Expected Credit Loss Assessment (continued)

Equipment manufacturing segment	Weighted average loss rate %	Gross carrying amount RMB'000	Allowance for ECLs RMB'000	Credit impaired
Current (not past due)	0.43	30,411	(130)	No
1 – 30 days past due	0.42	4,718	(20)	No
31 – 60 days past due	0.60	2,010	(12)	No
61 – 90 days past due	0.94	320	(3)	No
More than 90 days past due	2.64	605	(16)	No
More than 90 days past due	100.00	455	(455)	YES
		38,519	(636)	

Loss rates are based on actual credit loss experience over the past two years. In calculating the ECL rates, the Group considers historical loss of their customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables over the expected life of the receivables.

Impairment losses of RMB851,000 (2022: RMB639,000) and RMB25,097,000 (2022: RMB7,158,000) was recognised for contract assets and other receivables, respectively. Loss rates for contract assets and other receivables are calculated based on the probability of default and recovery rate of comparable PRC companies from Bloomberg.

Trade Receivables That Are Past Due

As at 31 December 2023, the Group had trade receivables amounting to RMB28,262,000 (2022: RMB33,955,000) that are past due. Included in these trade receivables are amounts of RMB4,510,000 and RMB23,752,000 (2022: RMB7,602,000 and RMB26,353,000) attributed primarily to the clean room and air diffusion products operations, and property development operations, respectively.

Movements in Allowance For ECLs in Respect of Trade and Other Receivables (Excluding Prepayments) and Contract Assets

The movement in the allowance for ECLs in respect of trade and other receivables (excluding prepayments) and contract assets during the year were as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Total RMB'000
At 1 January 2022	1,710	1,995	3,705
Provision of ECLs	5,448	906	6,354
At 31 December 2022 and 1 January 2023	7,158	2,901	10,059
Provision of ECLs	17,939	1,067	19,006
At 31 December 2023	25,097	3,968	29,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Non-trade Amounts Due from Non-Controlling Interests

Amounts due from NCI are assumed to have low credit risk. The Group has considered qualitative and quantitative factors that are indicative of the risk of default. This includes factors such as the progress and expected performance of the development projects in the relevant subsidiaries and the financial ability of relevant subsidiaries.

Cash and Cash Equivalents

The Group held cash and cash equivalents of RMB61,553,000 as at 31 December 2023 (2022: RMB407,971,000). The cash and cash equivalents are held with bank and financial institution counter parties with sound credit ratings.

Impairment on cash and cash equivalents have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. The amount of the allowance on cash and cash equivalents is negligible.

Guarantees

The Group's policy is to provide financial guarantees only to liabilities arising from wholly-owned subsidiaries.

The maximum exposure of the Group in respect of the intra-group financial guarantee at the reporting date is if the bank facility is drawn down by the subsidiaries in the total amounts of RMB225,655,000 (2022: RMB237,105,000). At the reporting date, the Group does not consider it probable that a claim will be made against the Group entity under the intra-group financial guarantee.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. Approximately 77% (2022: 76%) of the Group's loans and borrowings will mature in less than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Cash flows			
	Carrying amount RMB'000	Contractual undiscounted cash flows RMB'000	Within 1 year RMB'000	Between 2 to 5 years RMB'000
31 December 2023				
Non-derivative financial liabilities				
Trade and other payables	(629,230)	(629,230)	(629,230)	-
Loans and borrowings	(810,187)	(989,906)	(760,277)	(229,629)
	(1,439,417)	(1,619,136)	(1,389,507)	(229,629)
31 December 2022				
Non-derivative financial liabilities				
Trade and other payables	(748,952)	(748,952)	(748,952)	-
Loans and borrowings	(838,268)	(953,957)	(877,533)	(76,424)
	(1,587,220)	(1,702,909)	(1,626,485)	(76,424)

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign Currency Risk

Foreign currency risk of the Group arises from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. The Group is also exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenue and expenses. The Group is mainly exposed to the United States Dollar ("US Dollar"), and Malaysian Ringgit ("MYR").

The Group does not hedge its exposures to these foreign currency risks but the management considers that a natural hedge exists between the assets and liabilities in each of its subsidiaries.

The Group manages its transactional exposure by a policy of matching, as far as possible, receipts and payments in each individual currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign Currency Risk (continued)

Exposure to Currency Risk

The summary of quantitative data about the Group's exposure to foreign currency risk as provided to the management of the Group based on its risk management policy is as follows:

	2023 RMB'000	2022 RMB'000
US Dollar		
Cash and cash equivalents	19	174
Trade and other receivables	392	–
Loans and borrowings	–	(146,876)
	411	(146,702)
MYR		
Cash and bank balances	5	5
Trade and other payables	(3,885)	(731)
Loans and borrowings	(10,216)	(10,401)
	(14,096)	(11,127)

Sensitivity Analysis for Foreign Currency Risk

A strengthening of the RMB, as indicated below, against the US dollar and MYR at the reporting date would have decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022, as indicated below:

	Profit or loss RMB'000
2023	
US dollar (5%)	21
MYR (5%)	(705)
2022	
US dollar (5%)	(7,335)
MYR (5%)	(556)

A 5% weakening of the RMB against the US dollar would have had an equal but opposite effect on the US dollar to the amounts shown above, on the basis that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing loans and receivables, and loans and borrowings. The Group's policy is to obtain the most favourable interest rates available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (continued)

Exposure to Interest Rate Risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Carrying amount	
	2023 RMB'000	2022 RMB'000
Fixed rate instruments		
Amount due from non-controlling interest	31,527	36,889
Fixed deposits	–	186,379
Lease liabilities	(3,501)	(3,175)
Bank overdraft	(2,544)	(2,464)
Other loan	(65,000)	(40,314)
	(39,518)	177,315
Variable rate instruments		
Secured loans	(739,142)	(792,315)

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased)/increased profit or loss by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2022.

	Profit or loss	
	100 bp increase RMB'000	100 bp decrease RMB'000
31 December 2023		
Variable rate instruments	(7,391)	7,391
31 December 2022		
Variable rate instruments	(7,923)	7,923

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital Management (continued)

The Company's PRC subsidiaries are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund for which the utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2023 and 2022.

The Group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt (loans and borrowings less cash and cash equivalents) divided by total equity.

	Note	2023 RMB'000	2022 RMB'000
Loans and borrowings	23	810,187	838,268
Less: Cash and cash equivalents	19	(61,553)	(407,971)
Net debt		748,634	430,297
Total equity		1,727,940	1,832,676
Gearing ratio		43%	23%

Accounting Classifications and Fair Values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

	Note	Carrying amount				Fair value				
		Debt investment at amortised cost RMB'000	Debt investments at FVTPL RMB'000	Amortised cost RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2023										
Financial assets measured at fair value										
Other investments	10	-	1,612	-	-	1,612	-	1,612	-	1,612
Financial assets not measured at fair value										
Trade and other receivables*	11	-	-	760,010	-	760,010	-	-	-	760,010
Cash and cash equivalents	19	-	-	61,553	-	61,553	-	-	-	61,553
		-	-	821,563	-	821,563	-	-	-	821,563
Financial liabilities not measured at fair value										
Loans and borrowings	23	-	-	-	(810,187)	(810,187)	-	-	-	(810,187)
Trade and other payables	24	-	-	-	(629,230)	(629,230)	-	-	-	(629,230)
		-	-	-	(1,439,417)	(1,439,417)	-	-	-	(1,439,417)

* Excludes prepayment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting Classifications and Fair Values (continued)

Note	Carrying amount				Fair value					
	Debt investment at amortised cost RMB'000	Debt investments at FVTPL RMB'000	Amortised cost RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000	
31 December 2022										
Financial assets measured at fair value										
Other investments	10	-	3,934	-	-	3,934	-	3,934	-	3,934
Financial assets not measured at fair value										
Trade and other receivables*	11	-	-	774,274	-	774,274	-	-	-	774,274
Cash and cash equivalents	19	-	-	407,971	-	407,971	-	-	-	407,971
		-	-	1,182,245	-	1,182,245	-	-	-	1,182,245
Financial liabilities not measured at fair value										
Loans and borrowings	23	-	-	-	(838,268)	(838,268)	-	-	-	(838,268)
Trade and other payables	24	-	-	-	(748,952)	(748,952)	-	-	-	(748,952)
		-	-	-	(1,587,220)	(1,587,220)	-	-	-	(1,587,220)

* Excludes prepayment

Measurement of Fair Values

(i) Valuation Techniques and Significant Unobservable Inputs

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Debt investment	The fair value is determined with reference to other debt instruments' trading prices of similar terms and similar credit risks that are observable in the market.	Not applicable	Not applicable

There were no transfers between Level 1 and 2 in 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Measurement of Fair Values (continued)

(i) Valuation Techniques and Significant Unobservable Inputs (continued)

Financial instruments not measured at fair value (continued)

Type	Valuation technique
Other financial liabilities*	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

* Other financial liabilities relate to loans and borrowings and certain other payables.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including debt investment at amortised cost, trade and other receivables, cash and cash equivalents, and certain trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

38. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involve significant judgements and estimates used in the preparation of the consolidated financial statements.

Key sources of Estimation Uncertainty

Valuation of Development Properties

The Group evaluates whether there is any objective evidence that the net realisable value of the development properties fall short of their carrying values. The Group estimates the net realisable value based on the Group's expectation of future selling prices, through valuation reports obtained from reputable independent third party valuers or recent market transactions involving comparable properties and the estimated total project costs for each project.

The net realisable value could change significantly as a result of changes in market conditions or government property control measures. The carrying amount of these development properties are disclosed in Note 18.

Valuation of Investment Properties

The fair values of investment properties are estimated based on valuations carried out by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining fair value, the valuer used the direct comparison income and capitalisation approaches, all of which involve the use of estimates. Management examined its judgment of the valuation methods adopted and the estimates used which included their assessment of the reasonableness of the estimation used taking into account the market conditions at the time. The key assumptions used to estimate the fair value of investment properties include market corroborated capitalisation rates, estimated unit selling price and expected rental rates. The carrying amount of investment properties are disclosed in Note 7.

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For the year ended 31 December 2023

38. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of Estimation Uncertainty (continued)

Income Taxes

Significant judgement is required in determining the tax allowances, taxability of certain income and deductibility of certain expenses during the estimate of the provision of taxes and deferred taxes.

The Group exercises significant judgement to determine the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The Group also exercises significant judgement to determine the land appreciation tax rates to be applied to the different types of properties sold and the deductibility of expenditures due to differences in the implementation of the legislation across the respective provincial government. The carrying amount of income tax payable is disclosed in the statements of financial position.

Going concern basis

As stated in Note 2.3, the directors have prepared the consolidated financial statements for the year ended 31 December 2023 based on a going concern basis. The assessment of the going concern assumptions involves making judgement by the directors, about the future outcome of events or conditions which are uncertain. The Group's management formulated plans and measures to improve the financial position of the Group and concluded that, taking into account these plans and measures, there will be sufficient funds to finance its future operations to maintain the Group as a going concern. Accordingly, the directors consider that the Group has the capability to continue as a going concern.

Critical Judgments Made in Applying Accounting Policies

Classification of Investments in Subsidiaries and Joint Ventures

The Group assessed the terms and conditions of relevant shareholder's agreement, collaboration agreement or other cooperative agreement entered into for its investment in subsidiaries and joint ventures. The Group made critical judgments over its ability to exercise control or joint control over its investees. The Group's judgment included consideration of control or joint control exercised at the board of the respective investees, and their rights and obligations arising from board resolved matters as agreed with other shareholders.

In the Group's assessment of its ability of control over its investee companies, management considered the:

- (a) ability to exercise power over its investees;
- (b) exposure or rights to variable returns for its investments with those investees; and
- (c) ability to use its power to affect those returns.

The Group's judgement included considerations of their power exercised at the board of the respective investees and rights and obligations arising from board reserve matters as agreed with the other shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

39. 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.

No 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective:

		Effective for annual periods beginning on or after
Amendments to IAS 1	Non- current liabilities with covenants	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the financial statements in the foreseeable future.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 "Financial Instruments: Presentation".

Specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to the Group's annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for the Group's annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 March 2023 and 31 December 2023, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group's liabilities.

ADDITIONAL INFORMATION

Year ended 31 December 2023

LIST OF PROPERTY DEVELOPMENT PROJECTS

Completed Projects

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Completed Gross Floor Area (sq.m.)	Site area (sq.m.)	Percentage of completion	Completion Date
Zhengzhou	Weiye Ru Guo Ai	Shang Cheng East Road, North, Shang Mao Road West, Zhengzhou City, Henan Province, the PRC	Henan Weiye Construction Development Group Co., Ltd	100	High-rise apartments and commercial centre	57,908	17,922	100%	December 2008
Zhengzhou	Weiye Tiandao Tianheshuian	West of Yangqiao Road, north of Ruifeng Road, Zhongmu County, Zhengzhou, Henan Province, the PRC	Henan Tiandao Assets Management Co., Ltd.	51	High-rise apartments and small commercial centre	69,248	21,671	100%	December 2014
Zhengzhou	Weiye Tiandao International	West of Yangqiao Road, north of Ruifeng Road, Zhongmu County, Zhengzhou, Henan Province, the PRC	Henan Tiandao Assets Management Co., Ltd.	51	Offices and retail shops	110,353	20,996	100%	December 2015
Wanning	Weiye Costa Rhine	Taiyanghe Hotspring Resorts, Xinglong District, Wanning, Hainan Province, the PRC	Wanning Yingde Property Co., Ltd.	100	Apartment hotel and retail shops	32,054	49,454	100%	December 2011
Danzhou	Weiye West International Plaza	East of Lanyangbei Road, Northern District, Nada District, Danzhou, Hainan Province, the PRC	Hainan Zhongfang Investment Holdings Company Limited	100	High-rise apartments and small commercial centre	58,586	20,003	100%	December 2011
Haikou	Weiye Yehai Shangcheng	West area of Haikou City, Hainan Province, the PRC	Weiye Holdings Group (Hainan) Co., Ltd.	100	High-rise apartments and commercial centre	73,531	23,711	100%	December 2018
Zhengzhou	Weiye Shangcheng Yihaoyuan	Intersection between Xin Zhuang Road East and Jing Yi Road South, Zhengzhou City, Henan Province, the PRC	Henan Xingwei Property Co., Ltd	100	High-rise apartments	195,119	55,353	100%	June 2017

ADDITIONAL INFORMATION

Year ended 31 December 2023

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Completed Gross Floor Area (sq.m.)	Site area (sq.m.)	Percentage of completion	Completion Date
	Weiyi Shangcheng Erhaoyuan	Intersection between Xin Zhuang Road East and Jing Yi Road South, Zhengzhou City, Henan Province, the PRC	Henan Xingwei Property Co., Ltd	100	High-rise apartments	80,363	23,060	100%	November 2018
Huzhou	Taihu Tiancui	Binhanan unit, Taihu Resort, Huzhou City, Zhejiang province, the PRC	Huzhou Ganghong Zhiye Co., Ltd	40	High-rise apartments and villa	137,995	57,734	100%	November 2020
Yangzhou	Yuediwan 1-18 haolou	Binjiang Xincheng, Yizheng City, Yangzhou, Jiangsu Province, the PRC	Yizheng Hongrui Property Development Co., Ltd.	30	High-rise residential buildings and bungalow	183,328	69,788	100%	December 2021
Yangzhou	Yuejiangwan 1-13 haolou	Binjiang Xincheng, Yizheng City, Yangzhou, Jiangsu Province, the PRC	Yizheng Honglin Property Co., Ltd.	30	High-rise residential buildings and bungalow	170,562	66,358	100%	December 2021
Zhengzhou	Weiyi Shangcheng Sanhaoyuan	Intersection between Xin Zhuang Road East and Jing Yi Road North, Zhengzhou City, Henan Province, the PRC	Henan Xingwei Zhuolian Property Co., Ltd	100	High-rise apartments	67,887	20,107	100%	April 2022
Huizhou	Weiyi Lanting Bay	Autou Yaqian, Huizhou City, Guangdong province, the PRC	Huizhou Dayawan Pengrun Industrial Development Co., Ltd	100	High-rise apartments and commercial centre	56,644	11,000	100%	Jan 2023
Hangzhou	Sunlight Mansion	Yuhang Tangqi intelligent manufacturing center, the cultural belt of the Grand Canal, Linping City, Zhejiang Province, the PRC	Hangzhou Junwei Real Estate Co., Ltd	100	High-rise residential buildings	108,128	34,868	100%	June 2023

ADDITIONAL INFORMATION

Year ended 31 December 2023

Properties Under Development

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Completed Gross Floor Area (sq.m.)	Site area (sq.m.)	Percentage of completion	Completion Date
Wanning	Yuequan Wan Phase I	Puzhai Pou West Road, Du Guan District, Chang Feng Zhen, Haiyu East Road, Wanning City, Hainan Province, the PRC	Wanning Yingde Property Co., Ltd.	100	High-rise residential	30,130	21,588	75%	October 2024

Properties Held for Future Development

Location (City)	Projects Name	Location (Address)	Name of ownership	% owned	Proposed development	Planned Gross Floor Area (sq.m.)	Site area (sq.m.)	Percentage of completion	Completion Date
Wanning	Yuequan Wan Phase II	Puzhai Po West Road, Du Guan District, Chang Feng Zhen, Haiyu East Road, Wanning City, Hainan Province, the PRC	Wanning Yingde Property Co., Ltd.	100	High-end residential	62,916	45,079	N/A	December 2024

ADDITIONAL INFORMATION

Year ended 31 December 2023

LIST OF INVESTMENT PROPERTIES

Projects Name	Location (Address)	Property Type	Gross Floor Area held for investment (sq.m.)	% owned	Expiry date of land used rights
Weiye International Square	North of Shangdu Road, east of Xinyi Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC	Retail units and office units	12,591	100	9 October 2050
Weiye Ruguo Ai	No. 50 Yingxie Road, Jinshui District, Zhengzhou, Henan Province, the PRC	Retail units	2,384	100	27 August 2074
Weiye Costa Rhine	Taiyanghe Hotspring Resorts, Xinglong District, Wanning, Hainan Province, the PRC	Apartment units and retail units	8,345	100	31 December 2063
Weiye Rhine Coast	Fengjia Bay, Huiwen Town, Wenchang, Hainan Province, the PRC	Apartment hotel	15,824	100	8 September 2064



WEIYE HOLDINGS LIMITED
偉業控股有限公司*