HING YIP HOLDINGS LIMITED
興業控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 00132)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

AUDITED CONSOLIDATED ANNUAL RESULTS

The board of directors (the "Directors" or "Board") of Hing Yip Holdings Limited (formerly known as "China Investments Holdings Limited") (the"Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the"Group") for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	**2023** ***HK$'000***	2022 *HK$'000* (Restated)
Continuing operations			
Revenue	*3*	**821,423**	685,331
Cost of sales and services		**(505,326)**	(429,179)
Gross profit		**316,097**	256,152
Other operating income	*5*	**31,094**	51,524
Selling and distribution costs		**(10,923)**	(10,872)
Administrative expenses		**(171,983)**	(175,978)
Share of profit of an associate		**51,400**	4,727
Decrease in fair value of investment properties		**(350)**	–
(Decrease)/increase in fair value of financial assets at fair value through profit or loss		**(86,130)**	39,907
Allowance for expected credit losses on finance lease receivables	*12*	**(49,617)**	(35,669)
Finance costs	*6*	**(65,838)**	(52,484)
Profit before taxation		**13,750**	77,307
Income tax expenses	*7*	**(37,001)**	(37,253)
(Loss)/profit for the year from continuing operations	*9*	**(23,251)**	40,054
Discontinued operations			
Profit for the year from discontinued operations	*8*	**179,187**	2,770
Profit for the year	*9*	**155,936**	42,824

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000 (Restated)
Other comprehensive expense, net of income tax			
Item that will not be reclassified to profit or loss:			
Deficit on revaluation of hotel properties		**(8,221)**	(4,884)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(68,348)**	(187,623)
Share of exchange difference of an associate		**(14,243)**	(43,534)
Other comprehensive expense for the year, net of income tax		**(90,812)**	(236,041)
Total comprehensive income/(expense) for the year		**65,124**	(193,217)
Profit/(loss) for the year attributable to:			
Owners of the Company		**26,930**	(21,535)
Non-controlling interests		**129,006**	64,359
		155,936	42,824
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**(32,999)**	(176,294)
Non-controlling interests		**98,123**	(16,923)
		65,124	(193,217)
Earnings/(loss) per share	11		
From continuing and discontinued operations			
Basic		**HK$1.57 cents**	HK$(1.26) cents
Diluted		**HK$1.57 cents**	HK$(1.26) cents
From continuing operations			
Basic		**HK$(5.59) cents**	HK$(0.80) cents
Diluted		**HK$(5.59) cents**	HK$(0.80) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties		**338,172**	1,066,266
Property, plant and equipment		**524,504**	1,188,457
Intangible assets		**4,103**	–
Goodwill		**125,907**	127,284
Interests in an associate		**519,077**	517,219
Financial assets at fair value through profit or loss		**3,787**	91,875
Finance lease receivables	12	**3,191,960**	2,884,042
Rental deposits		**–**	5,668
Right-of-use assets		**65,855**	906,186
Deferred tax assets		**27,038**	15,132
		4,800,403	6,802,129
Current assets			
Inventories		**6,339**	8,769
Finance lease receivables	12	**1,424,881**	1,067,858
Trade and other receivables	13	**151,899**	166,623
Pledged bank deposits		**7,197**	24,956
Cash and bank balances		**592,181**	999,250
		2,182,497	2,267,456
Assets classified as held for sale	8	**2,772,809**	–
		4,955,306	2,267,456
Current liabilities			
Trade and other payables	14	**211,211**	215,913
Tax payables		**29,404**	27,384
Deposits received from customers		**12,230**	2,715
Lease liabilities		**823**	51,910
Convertible notes		**156,251**	–
Borrowings		**2,092,804**	1,923,318
		2,502,723	2,221,240
Liabilities classified as held for sale	8	**1,807,561**	–
		4,310,284	2,221,240
Net current assets		**645,022**	46,216
Total assets less current liabilities		**5,445,425**	6,848,345

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital		**171,233**	171,233
Reserves		**808,799**	841,798
Equity attributable to owners of the Company		**980,032**	1,013,031
Non-controlling interests		**1,139,265**	1,079,754
		2,119,297	2,092,785
Non-current liabilities			
Borrowings		**3,061,105**	3,167,523
Convertible notes		**–**	143,833
Deferred income	*15*	**15,402**	215,049
Deferred tax liabilities		**52,685**	53,653
Deposits received from customers		**192,736**	164,778
Lease liabilities		**4,200**	1,010,724
		3,326,128	4,755,560
		5,445,425	6,848,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA which are or have become effective for the Group's financial year beginning on 1 January 2023:

HKFRS 17	Insurance Contracts and related Amendments
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

The adoption of the revised HKFRSs has no material effect on the Group's financial performance and positions for the current or prior accounting period. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective. The Directors of the Group anticipate that the application of these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group in the foreseeable future.

HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture[3]
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback[1]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[1]
HKAS 1 (Amendments)	Non-current Liabilities with Covenants[1]
HKAS 7 (Amendments) and HKFRS 7	Supplier Finance Arrangement[1]
HKAS 21 (Amendments)	Lack of Exchangeability[2]

[1] *Effective for annual periods beginning on or after 1 January 2024.*

[2] *Effective for annual periods beginning on or after 1 January 2025.*

[3] *Effective date to be determined.*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date").

Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The directors of the Company anticipate that the abolition of the offsetting mechanism did not have a material impact on the Group's profit or loss for the year ended 31 December 2022 and 2023 and the Group's and the Company's financial position as at 31 December 2022 and 2023. In light of the immaterial impact, the Group did not apply the change in its accounting policy retrospectively.

3. REVENUE

Revenue represents the gross amounts received and receivable for revenue arising on big data business, civil explosives business, hotel business, property investments and wellness elderly care business, goods sold and services rendered by the Group to outside customers less return and allowances and gross rental income, interest income generated from financial leasing and consultancy fee income received from outsiders during the year.

The amount of each significant category of revenue recognised during the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue from contracts with customers recognised at a point in time:		
Construction of platform and operating income from big data business	**16,440**	2,034
Consultancy service income from financial leasing	**87,023**	101,305
Income on explosives engineering from civil explosives business	**61,430**	15,418
Logistics income from civil explosives business	**9,352**	9,552
Operating income from wellness elderly care business *(Note i)*	**70,954**	56,229
Other income from hotel business	**2,361**	2,130
Sales of emulsion explosives	**194,968**	170,168
Sales of properties held for sales	**–**	4,180
	442,528	361,016
Revenue from contracts with customers recognised over time:		
Service income from hotel business	**6,268**	2,804
Service income from wellness elderly care business *(Note ii)*	**86,487**	66,229
Technical service income from big data business	**4,541**	11,014
	97,296	80,047
Revenue from other sources:		
Rental income from hotel properties	**6,369**	4,796
Rental income from investment properties and properties held for sale	**9,617**	10,292
Interest income from financial leasing	**265,613**	229,180
	281,599	244,268
	821,423	685,331

Notes:

i. It includes medical care service income, operating income from elderly care services platform and others.

ii. It includes management service income, nursing care service income and service income from elderly care services platform.

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into six operating divisions – big data business, civil explosives business, financial leasing, hotel business, property investments and wellness elderly care business. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Big data business	–	industrial internet platform construction, smart city construction and big data operation and management
Civil explosives business	–	manufacture and sale of emulsion explosives and explosive engineering
Financial leasing	–	provision of finance lease consulting services and financing services in the PRC
Hotel business	–	hotel ownership, management and leasing of hotel property
Property investments	–	holding investment properties
Wellness elderly care business	–	comprehensive elderly care services

Industrial parks and property development business is classified as a discontinued operation during the year. The segment information reported below does not include any amount for this discontinued operation, which is described in more details in Note 8.

4. SEGMENT INFORMATION (Continued)

Segment information about these continuing operations presented below:

	Segment revenue		Segment result	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Big data business	**20,981**	13,048	**1,092**	7,751
Civil explosives business	**265,750**	195,138	**38,744**	11,882
Financial leasing	**352,636**	330,485	**118,311**	127,447
Hotel business	**14,998**	9,730	**(1,734)**	(7,507)
Property investments	**9,617**	14,472	**(1,557)**	(695)
Wellness elderly care business	**157,441**	122,458	**(10,854)**	(14,631)
Total	**821,423**	685,331	**144,002**	124,247
Bank interest income			**7,822**	8,213
(Decrease)/increase in fair value of financial assets at fair value through profit or loss			**(86,130)**	39,907
Finance costs (excluding interest on lease liabilities)			**(65,729)**	(52,480)
Net central administration cost			**(27,154)**	(36,212)
Net exchange loss			**(2,458)**	(6,296)
Professional fee			**(8,003)**	(4,799)
Share of profit of an associate			**51,400**	4,727
Profit before taxation			**13,750**	77,307
Income tax expense			**(37,001)**	(37,253)
(Loss)/profit for the year from continuing operations			**(23,251)**	40,054

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment sale in the current year (2022: Nil).

Segment result represents the profit generated by each segment without allocation of bank interest income, (decrease)/increase in fair value of financial assets at fair value through profit or loss, finance costs (excluding interest on lease liabilities), net central administration cost, net exchange loss, professional fee and share of profit of an associate. This is the measure reported to the Group's management for the purposes of resources allocation and performance assessment.

Note: Certain reclassification have been made to the prior year's figures to conform with the presentation of the segment result for the current year.

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Continuing operations		
Big data business	**29,813**	25,577
Civil explosives business	**408,567**	417,423
Financial leasing	**4,688,050**	4,002,208
Hotel business	**102,351**	118,965
Property investments	**280,980**	285,596
Wellness elderly care business	**284,124**	113,435
Total segment assets	**5,793,885**	4,963,204
Pledged bank deposits	**7,197**	24,956
Cash and bank balances	**592,181**	753,903
Interests in an associate	**519,077**	517,219
Financial assets at fair value through profit or loss	**3,787**	91,875
Unallocated assets	**66,773**	69,113
	6,982,900	6,420,270
Assets relating to discontinued operations	**2,772,809**	2,649,315
Consolidated assets	**9,755,709**	9,069,585

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Segment liabilities		
Continuing operations		
Big data business	**14,713**	10,285
Civil explosives business	**121,101**	128,282
Financial leasing	**3,887,563**	3,367,952
Hotel business	**3,617**	2,097
Property investments	**225,637**	84,348
Wellness elderly care business	**267,822**	110,682
Total segment liabilities	**4,520,453**	3,703,646
Convertible notes	**156,251**	143,833
Borrowings	**1,095,844**	969,060
Unallocated liabilities	**56,303**	55,771
	5,828,851	4,872,310
Liabilities relating to discontinued operations	**1,807,561**	2,104,490
Consolidated liabilities	**7,636,412**	6,976,800

4. SEGMENT INFORMATION (Continued)

Other segment information

2023

Continuing operations

	Big data business *HK$'000*	Civil explosives business *HK$'000*	Financial leasing *HK$'000*	Hotel business *HK$'000*	Property investment *HK$'000*	Wellness elderly care business *HK$'000*	Total *HK$'000*
Amortisation of intangible assets	**447**	**–**	**–**	**–**	**–**	**–**	**447**
Depreciation of property plant and equipment	**1,170**	**15,576**	**977**	**6,972**	**2,694**	**5,707**	**33,096**
Depreciation of right-of-use assets	**–**	**378**	**–**	**–**	**–**	**1,208**	**1,586**
Additions to property, plant and equipment	**46**	**4,571**	**50**	**39**	**3,229**	**113,356**	**121,291**
Additions to property, plant and equipment upon acquisition of a subsidiary	**21**	**–**	**–**	**–**	**–**	**–**	**21**
Loss on disposal of property, plant and equipment	**–**	**1,619**	**–**	**90**	**–**	**–**	**1,709**
Allowance for expected credit losses on finance lease receivables	**–**	**–**	**49,617**	**–**	**–**	**–**	**49,617**

2022 (Restated)

Continuing operations

	Big data business *HK$'000*	Civil explosives business *HK$'000*	Financial leasing *HK$'000*	Hotel business *HK$'000*	Property investment *HK$'000*	Wellness elderly care business *HK$'000*	Total *HK$'000*
Depreciation of property plant and equipment	1,382	17,117	834	9,289	2,502	2,854	33,978
Depreciation of right-of-use assets	–	67	–	–	–	–	67
Additions to property, plant and equipment	36	9,813	1,113	13	777	80,896	92,648
Loss on disposal of property, plant and equipment	–	2,437	–	37	646	–	3,120
Allowance for expected credit losses on finance lease receivables	–	–	35,669	–	–	–	35,669

4. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's big data business, civil explosives business, financial leasing, hotel business and wellness elderly care business are located in the People's Republic of China (the "PRC"), other than Hong Kong.

Property investments are located in both the PRC and Hong Kong.

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
The PRC	**821,373**	684,813	**779,327**	719,073
Hong Kong	**50**	518	**18,503**	18,504
	821,423	685,331	**797,830**	737,577

* *Non-current assets excluded those relating to discontinued operations, deductible value added tax, deferred tax assets, financial assets at fair value through profit or loss, finance lease receivables, goodwill, intangible assets, interests in an associate, rental deposits, right-of-use assets and other unallocated non-current assets.*

Information about major customers

During the year, HK$192,595,000 out of the Group's revenues from continuing operations of HK$821,423,000 arising from civil explosives business were contributed by a customer. And the customer accounted for approximately 23% of Group's total revenues arising from continuing operations. There were no other customers who contributed more than 5% of the Group's total revenue.

5. OTHER OPERATING INCOME

Other operating income included the following items:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Bank interest income	**7,822**	8,213
Compensation and government subsidies received		
– Direct government grant	**5,684**	18,887
– Recognition of deferred income	**977**	8,958
Dividend income from financial assets at fair value through profit or loss	**710**	580
Income from early repayment on finance leases	**4,371**	3,336
Income from lending of emulsion matrix and industrial detonation cords production capacity	**4,741**	5,499

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Handling fee	**1,317**	–
Interest on *(Note)*:		
– Bank loans	**38,826**	27,851
– Convertible notes	**15,743**	14,514
– Lease liabilities	**109**	4
– Loan from immediate holding company	**4,603**	4,603
– Loan from a non-controlling interest	**1,315**	1,382
– Other loans	**3,925**	4,130
	64,521	52,484
	65,838	52,484

Note:

Interest expenses under finance costs is arrived at after deducting capitalised interest of approximately HK$1,533,000 (2022 (Restated): approximately HK$1,125,000) and cost of borrowings from financial leasing included in costs of sales and services of approximately HK$164,171,000 (2022 (Restated): approximately HK$150,603,000) from total interest expenses recognised in the year of approximately HK$230,225,000 (2022 (Restated): approximately HK$204,212,000).

7. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Tax charges comprise:		
Current tax:		
Provision for PRC Enterprise Income Tax	**(48,256)**	(46,901)
(Under)/over provision in previous year:		
PRC Enterprise Income Tax	**(1,017)**	692
Deferred tax:		
Temporary differences arising in current year	**12,272**	8,956
	(37,001)	(37,253)

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year, except for the first HK$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25% (2022: 8.25%), in accordance with the new two-tiered tax rate regime with effect from the year of assessment 2018/2019.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31 December 2023 (2022: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2022: 25%) for the year ended 31 December 2023.

8. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Profit for the year from discontinued operations

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Profit for the year from:		
Industrial parks and property development business *(Note)*	**179,187**	2,773
T-BOX® business	**–**	(3)
Profit for the year from discontinued operations	**179,187**	2,770

Note:

For the year ended 31 December 2023, the Group's industrial parks and property development business was classified as a discontinued operation, and the assets and liabilities attributable to the industrial parks and property development business were classified as assets and liabilities held for sale, and were presented separately in the consolidated statement of financial position.

8. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

Profit for the year from discontinued operations (Continued)

The financial results of the Group's industrial parks and property development business, which is a discontinued operation included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2023 are set out below.

	2023	2022
	HK$'000	*HK$'000*
Revenue	**95,710**	82,301
Cost of sales and services	**(60,021)**	(48,411)
Gross profit	**35,689**	33,890
Other operating income	**82,671**	97,812
Selling and distribution costs	**(412)**	(860)
Administrative expenses	**(42,258)**	(44,033)
Increase/(decrease) in fair value of investment properties	**209,562**	(711)
Impairment loss on property, plant and equipment	**(31,158)**	–
Finance costs *(Note)*	**(73,541)**	(78,963)
Profit before taxation	**180,553**	7,135
Income tax expense	**(1,366)**	(4,362)
Profit for the year	**179,187**	2,773
Profit/(loss) for the year for discontinued operations attribute to:		
Owners of Company	**122,566**	(7,893)
Non-controlling interests	**56,621**	10,666
	179,187	2,773

Note:

Interest expenses under finance costs is arrived at after deducting capitalised interest of approximately HK$12,634,000 (2022: approximately HK$13,328,000) from total interest expenses recognised in the year of approximately HK$82,226,000 (2022: approximately HK$88,941,000).

8. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

Profit for the year from discontinued operations (Continued)

Profit for the year has been arrived at after (charging)/crediting:

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration	**–**	–
Depreciation of properties, plants and equipment	**(8,197)**	(8,557)
Depreciation of right-of-use assets	**(30,579)**	(32,145)
Net loss on disposal of property, plant and equipment	**(3)**	–
Net exchange gain	**948**	1
Operating lease charges	**(36)**	(9)
Cost of inventories recognised as expense	**(5,457)**	(4,394)
Staff costs	**(7,836)**	(7,644)
Gross rental income from investment properties	**65,271**	63,766
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**(934)**	(694)
Direct operating expenses from investment properties that did not generate rental income during the year	**(130)**	(138)
	64,207	62,934

Cash flows from industrial parks and property development business

	2023	2022
	HK$'000	*HK$'000*
Net cash inflows from operating activities	**30,809**	341,661
Net cash inflows/(outflows) from investing activities	**179,418**	(611,992)
Net cash (outflows)/inflows from financing activities	**(260,233)**	294,388
Net cash (outflows)/inflows	**(50,006)**	24,057

8. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

At 31 December 2023, the assets and liabilities classified as held for sale comprised the following assets and liabilities (after inter-company eliminations):

	2023
	HK$'000
Assets classified as held for sale	
Investment properties	**1,406,887**
Property, plant and equipment	**285,010**
Rental deposits	**5,788**
Right-of-use assets	**850,234**
Inventories	**852**
Trade and other receivables	**34,504**
Cash and bank balances	**189,534**
	2,772,809
Liabilities classified as held for sale	
Trade and other payables	**34,340**
Tax payables	**1,293**
Lease liabilities	**1,047,323**
Borrowings	**564,585**
Deferred income	**160,020**
	1,807,561

9. PROFIT FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Profit for the year has been arrived at after crediting/(charging):		
Auditor's remuneration		
Audit service	**(1,900)**	(1,900)
Non-audit service	**(1,205)**	(100)
Amortisation of intangible assets	**(447)**	–
Depreciation of property, plant and equipment	**(35,589)**	(36,479)
Depreciation of right-of-use assets	**(1,586)**	(67)
Net loss on disposal of property, plant and equipment	**(1,711)**	(3,098)
Net exchange loss	**(2,458)**	(6,296)
Operating lease charges	**(1,633)**	(988)
Allowance for expected credit losses on trade receivables	**(536)**	(276)
Cost of inventories recognised as expense	**(247,472)**	(218,504)
Cost of properties held for sale recognised as expense	**–**	(4,600)
Total staff costs		
Directors' remuneration	**(5,050)**	(9,246)
Other staff cost	**(175,056)**	(175,557)
Retirement benefit scheme contributions for other staffs	**(17,692)**	(11,055)
Termination benefits	**(17)**	(31)
	(197,815)	(195,889)
Gross rental income from investment properties	**9,617**	10,292
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**(292)**	(318)
Direct operating expenses from investment properties that did not generate rental income during the year	**(1,582)**	(2,012)
	7,743	7,962

10. DIVIDENDS

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

11. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share is based on the profit attributable to the owners of the Company of approximately HK$26,930,000 (2022: loss of approximately HK$21,535,000) and on the number of 1,712,329,142 ordinary shares (2022: 1,712,329,142 ordinary shares) in issue during the year.

From continuing operations

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Profit/(loss) for the year attributable to owners of the Company	**26,930**	(21,535)
Less:		
Profit/(loss) for the year from discontinued operations attributable to owners of the Company	**122,566**	(7,893)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(95,636)**	(13,642)

Number of shares

	2023	2022
	HK$'000	*HK$'000*
Number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,712,329**	1,712,329

The denominators used are the same as those detailed above for both the basic and diluted earnings/(loss) per share.

For the year ended 31 December 2023 and 2022, there was no dilutive earnings/(loss) per share as the exercise of the convertible bonds would have an anti-dilutive effect on the basic earnings/(loss) per share.

11. EARNINGS/(LOSS) PER SHARE (Continued)

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK7.16 cents (2022 (Restated): loss per share HK0.46 cents) per share, based on the profit for the year from discontinued operations of HK$122,566,000 (2022 (Restated): loss of HK$7,893,000) and the denominators details above for both basic and diluted earnings/(loss) per share.

	2023	2022
	HK cents	*HK cents*
		(Restated)
Basic loss per share from continuing operations	**(5.59)**	(0.80)
Basic earnings/(loss) per share from discontinued operations	**7.16**	(0.46)
Total basic earnings/(loss) per share attributable to the owners of the Company	**1.57**	(1.26)

12. FINANCE LEASE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Analysed as:		
Current	**1,424,881**	1,067,858
Non-current	**3,191,960**	2,884,042
	4,616,841	3,951,900

Movements of allowance for expected credit losses on finance lease receivables are as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2023	**37,008**	**–**	**23,520**	**60,528**
Movement within stages:				
Move to stage 2	**(5,146)**	**5,146**	**–**	**–**
Move to stage 3 *(Note)*	**(593)**	**–**	**593**	**–**
Charged for the year	**8,478**	**32,221**	**8,918**	**49,617**
Exchange differences	**(1,036)**	**(247)**	**(709)**	**(1,992)**
At 31 December 2023	**38,711**	**37,120**	**32,322**	**108,153**

12. FINANCE LEASE RECEIVABLES (Continued)

Movements of allowance for expected credit losses on finance lease receivables are as follows: (Continued)

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
At 1 January 2022	28,058	–	–	28,058
Movement within stages:				
Move to stage 3 *(Note)*	(337)	–	337	–
Charged for the year	11,464	–	24,205	35,669
Exchange differences	(2,177)	–	(1,022)	(3,199)
At 31 December 2022	37,008	–	23,520	60,528

Note:

This was caused by worsening credit-impaired receivable from the finance lease customers.

All leases are denominated in RMB. The term of finance leases ranged from less than 1 year to 7 years (2022: 1 to 5 years). The effective interest rates of the finance leases ranged from 4.90% to 12.75% per annum (2022: 4.98% to 11.30% per annum).

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

The finance lease receivables are secured by the leased assets, mainly plant and machinery. The Group is not permitted to sell or repledge the collaterals of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

Estimates of fair value of collaterals are made during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is updated by reference to market value such as recent transaction price of the assets.

As at 31 December 2023, the pledged finance lease receivables amounted to approximately HK$3,580,931,000 (2022: HK$2,782,574,000).

12. FINANCE LEASE RECEIVABLES (Continued)

Security deposits received from customers represent finance lease deposits received from customers, which will be repayable at the end of the lease period of the respective finance leases. As at 31 December 2023, deposits of HK$204,966,000 (2022: HK$167,493,000) have been received by the Group, in which deposits of HK$12,230,000 (2022: HK$2,715,000) were classified as current liabilities and the balances were classified as non-current liabilities, based on the final lease installment due date stipulated in the finance lease agreements. All deposits are non-interest bearing.

At the end of the reporting period, eight of the finance lease receivables with the carrying amount of approximately HK$32,322,000 was past due. Such finance lease receivables are categorised in stage 3.

13. TRADE AND OTHER RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 90 days to its customers.

The following is an aging analysis of the Group's trade and other receivables after deducting the impairment loss allowance presented based on invoice dates at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0-60 days	**58,680**	51,634
61-90 days	**4,759**	7,148
91-120 days	**1,611**	5,175
Over 120 days	**21,946**	15,140
Trade receivables	**86,996**	79,097
Other receivables *(Note)*	**64,903**	87,526
	151,899	166,623

Note:

It mainly includes deductible value added tax of HK$593,000 and interest receivables from financial leasing business of HK$43,403,000 (2022: deductible value added tax of HK$24,505,000 and interest receivables from financial leasing business of HK$26,305,000).

The Group does not hold any collateral or other credit enhancements over these balances, except some of the interest receivables from financial leasing business.

At as 31 December 2023, trade receivables over 90 days amounted to HK$23,557,000 (2022: HK$20,315,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

13. TRADE AND OTHER RECEIVABLES (Continued)

An aging analysis of trade receivables that were past due but not impaired:

	2023	2022
	HK$'000	*HK$'000*
91-120 days	**1,611**	5,175
Over 120 days	**21,946**	15,140
	23,557	20,315

The Group's largest trade receivables balance amounted to HK$30,522,000 (2022: HK$20,093,000) at the end of the year. Moreover, the Group's five largest trade receivables balances amounted to HK$49,319,000 (2022: HK$43,049,000) in total at the end of the year.

Movements of allowance for expected credit losses on trade receivables are as follows:

	2023	2022
	HK$'000	*HK$'000*
Balance at the beginning of the year	**971**	762
Allowance for expected credit losses recognised	**536**	276
Exchange difference	**(31)**	(67)
Balance at the end of the year	**1,476**	971

As at 31 December 2022, none of the other receivables was past due. Allowance for expected credit losses on other receivables amounted to HK$2,329,000 was recognised during the year ended 31 December 2022. For the year ended 31 December 2023, such allowance for expected credit losses on other receivables was included in assets classified as held for sale.

As at 31 December 2023, none of the other receivables was past due. No allowance for expected credit losses on other receivables was recognised during the year ended 31 December 2023.

14. TRADE AND OTHER PAYABLES

The credit period granted by the Group's suppliers range from 30 days to 90 days.

The following is an aging analysis of the Group's trade payables based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0-60 days	**19,328**	18,376
61-90 days	**1,318**	935
91-120 days	**896**	389
Over 120 days	**5,500**	13,025
Trade payables	**27,042**	32,725
Other payables	**184,169**	183,188
	211,211	215,913

Other payables included the following items:

	2023	2022
	HK$'000	*HK$'000*
Contract liabilities	**121**	289
Deposits received from customers	**14,934**	26,866
Receipts in advance	**24,872**	22,411
Other tax payable *(Note i)*	**33,626**	35,831
Staff salaries and welfare	**49,269**	50,962
Provision for termination benefits	**6,177**	8,350
Others *(Note ii)*	**55,170**	38,479
	184,169	183,188

Notes:

(i) Other tax payable mainly includes value added tax payables.

(ii) Others include interest payables, accrued expenses and other temporary receipts.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. DEFERRED INCOME

Deferred income represents the government grants received by the subsidiaries incorporated in the PRC in connection with certain constructions and income-generating projects. There are no unfulfilled conditions and other contingencies attaching to these grants.

16. EVENT AFTER REPORTING PERIOD

On 18 January 2024, the resolution proposed at the first special general meeting was passed regarding the proposed disposal of 72% equity interest in a non-wholly owned subsidiary of the Company, Guangdong Sino Rock Tyco Construction Co., Ltd. Further details of the transaction are set out in the circular dated 29 December 2023.

On 23 January 2024, Guangdong Taoyuan Comprehensive Health Operation Co., Ltd.* ("Guangdong Taoyuan"), a wholly owned subsidiary of the Company, entered into the Luso Structured Deposit Product Agreement with Luso International Bank, pursuant to which Guangdong Taoyuan has subscribed for the structured deposit product of RMB50,000,000 (equivalent to approximately HK$54,450,000).

On 25 January 2024, Canton Greengold Financial Leasing Ltd.* ("Greengold Leasing"), a non-wholly owned subsidiary, entered into finance leases with limited liability companies incorporated in the PRC, independent third parties, to obtain the ownership of the assets from these companies at an aggregate consideration of RMB50,000,000 (equivalent to approximately HK$54,700,000), which would be leased back to these companies for their own use and possession for a term of 5 years.

On 31 January 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to obtain the ownership of the assets from this company at a consideration of RMB30,000,000 (equivalent to approximately HK$32,790,000), which would be leased back to this company for its use and possession for a term of 5 years.

On 2 February 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to obtain the ownership of the assets from this company at a consideration of RMB35,000,000 (equivalent to approximately HK$38,290,000), which would be leased back to this company for its use and possession for a term of 6 years.

On 23 February 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to obtain the ownership of the assets from this company at a consideration of RMB30,000,000 (equivalent to approximately HK$32,640,000), which would be leased back to this company for its use and possession for a term of 5 years.

On 6 March 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to obtain the ownership of the assets from this company at a consideration of RMB85,000,000 (equivalent to approximately HK$92,395,000), which would be leased back to this company for its use and possession for a term of 6 years.

16. EVENT AFTER REPORTING PERIOD (Continued)

On 8 March 2024, Greengold Leasing, entered into a finance lease with a limited liability company incorporated in the PRC, an independent third party, to obtain the ownership of the assets from this company at an aggregate consideration of RMB30,000,000 (equivalent to approximately HK$32,610,000), which would be leased back to this company for its use and possession for a term of 5 years.

On 11 March 2024, Guangdong Taoyuan entered into the Luso Structured Deposit Product Agreement with Luso International Bank, pursuant to which Guangdong Taoyuan has subscribed for the structured deposit product of RMB43,000,000 (equivalent to approximately HK$46,741,000).

On 21 March 2024, Greengold Leasing entered into a finance lease with the lessee, to obtain the ownership of the assets from this company at an aggregate consideration of RMB75,000,000 (equivalent to approximately HK$81,525,000), which would be leased back to this company for its use and possession for a term of 5 years.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

RESULTS

BUSINESS REVIEW

With the mission of "a healthy life building Hing Yip Holdings", the Group is dedicated to providing meticulous, caring and humanized healthcare services to the society, in a bid to become a top-tier healthcare solution provider with technology. In line with our strategy planning, operating income of our wellness and elderly care business surged yoy by approximately HK$34,983,000, after we took over several public elderly care institutions sponsored by towns or sub-districts this year. In the meantime, the civil explosives business not only accelerated the expansion of the blasting operation, but also effectively coordinated among stakeholders and procured the strict adoption of a balanced and first-to-neighborhood sales by conglomerates within the province, and opened up the Eastern Guangdong market, resulting in an increase in operating income of approximately HK$70,612,000 compared with the same period last year. In addition, as our financial leasing business continued to develop with a lean and efficient expansion strategy, operating income increased by approximately HK$22,151,000. For the year ended 31 December 2023, taking into account other factors, total income of the Group surged to approximately HK$917,133,000, representing a significant increase of 19.5% over the previous year.

Performance of major segments improved progressively with our dedication and devotion. The operating profit of all continuing operations increased by approximately HK$19,755,000 to approximately HK$144,002,000, an increase of approximately 15.9%. Profit from investments in associates rose by HK$46,673,000. In addition, following the completion and delivery of phase I and II of the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC (the "Danzao Industrial Park"), we recorded a net increase in the fair value of the Group's properties of approximately HK$178,054,000, as fair value of investment properties rose sharply upon evaluation. On another note, while we recorded a special gain of approximately HK$39,907,000 due to an increase in the fair value of financial assets recognised at fair value through profit or loss last year, we had a special loss of approximately HK$88,006,000, as the fair value of buyback contract in relation to the 72% stake in Guangdong Sino Rock Tyco Construction Co., Ltd.* ("Sino Rock Tyco"), a subsidiary of the Company, was affected after the signing of an agreement pursuant to which we disposed of the 72% equity interest in Sino Rock Tyco during the year. Taking into account other factors, the Group recorded a significant increase in profit of HK$113,112,000 and a net profit of approximately HK$155,936,000 for the year.

ELDERLY CARE AND WELLNESS BUSINESS

The Group adheres to the goal of developing a three-tier elderly care system comprising institutions, communities and households in Nanhai District. While securing its position as the largest institutional pension brand in Foshan City, the Group continued to expand and transform in a move to promote high-quality development. As at 31 December 2023, there were a total of 2,708 institutional nursing beds with an occupancy rate of 80%, up by approximately 29.1% and slightly down by 3%, respectively, compared to 31 December 2022. There are 1,200 beds are under construction. With a total of 3,908 beds, it is the enterprise with the largest number of operating beds in Foshan City. In addition, the Group has a total of 300 rehabilitation and nursing beds, with an average usage rate of 94%, up by 10% compared to last year.

While steadily advancing the upgrading and expansion of elderly care facilities, the Group continued to strengthen all aspects of elderly rehabilitation medical services and elderly apartments. With the relocation of the rehabilitation hospital to the medical and care building completed and its operation commenced, we saw an optimized and integrated business model. In addition, we have further improved the quality of our operation and management, promoted cost reduction and higher efficiency, constantly adjusted and optimized the organizational structure and reshaped the Company's corporate culture, improved our capabilities through star rating review work, and raised our brand value through continued efforts in bringing medical and care together. In June 2023, the rehabilitation hospital and Nanhai District People's Hospital established a precedent-setting care services consortium. In November 2023, the rehabilitation hospital was named a "Model Medical and Care Institution in Guangdong Province". With strong brand recognition and the market-oriented mixed ownership reform, we have expanded our presence in community-based and home-based care services to further create values. Furthermore, the Group has established a strategic partnership with leading care training institutions in Hong Kong, laying a solid foundation for the exchange of health care business both at home and abroad.

A substantial increase was recorded in the operating income of wellness and elderly care business. For the year ended 31 December 2023, the segment recorded an operating income of approximately HK$157,441,000, representing a continuous increase of 28.6% over last year. Our elderly care and wellness business is still undergoing reform and upgrading. For the year ended 31 December 2023, we recorded a year-on-year decrease of 25.8% in operating losses to approximately HK$10,854,000. We expect a further improvement in performance in 2024 by enhancing the brand effect of integrating medical and care services, introducing new fee standards for reasonable price adjustments and optimizing organizational structure.

FINANCIAL LEASING BUSINESS

With the strategic goal to become a leading eco-friendly and professional financial leasing company in China, the Group's main target clients are players in environmental sectors such as sewage treatment, waste incineration, new energy power generation, cogeneration, kitchen waste disposal, biogas power generation, solid waste treatment, water supply, hazardous waste, leachate treatment and waste soil, etc. The Group is deeply engaged in the subsectors of the municipal environmental protection industry, mainly targets enterprises that provide municipal environmental services, and plans to focus on developing municipal environmental projects of stateowned enterprises (SOEs) in Foshan and quality SOEs in the Greater Bay Area. The Group vigorously solicits clients through the E20 forum, local environmental associations and other platforms, referrals from existing clients, referrals from banks and business partners in the industry, and the management and business personnel's online marketing. For the year ended 31 December 2023, the Group had transacted with approximately 73 SOEs and other quality enterprises including 29 in the Greater Bay Area and 44 in other areas. Of these 73 enterprises, approximately 55 are in the environmental industry, including about 32 mainly engaged in sewage treatment and 23 involved in multiple sectors such as waste incineration, water supply, cogeneration, hazardous waste treatment, biogas power generation, and sludge and soil treatment. The other 18 enterprises are mainly engaged in other industries such as public utilities, electromechanical equipment and real estate. The segment's operating income for the year increased by approximately 6.7% yoy to approximately HK$352,636,000, 62% of which was contributed by clients in the environmental industry.

In response to internal and external challenges, the Group sought to focus on environmental protection and progress in stability. In the selection of customers, we continued to cultivate sub-segments under our principal business of municipal environmental services in hopes to upsize it in a cost effective manner by selecting the best from the good. In terms of risk control, measures such as the adoption of strict and enhanced risk control review, continued improvements in risk control systems, and establishment of a clean culture were in place. In terms of cost control, a multi-pronged approach was taken to raise and use proceeds, enhance the independent financing ability of entities in a bid to lower cost with increased flexibility. In spite of all these new achievements, the increase of approximately HK$13,948,000 in the allowance for expected credit losses on finance lease receivables compared with last year resulting in the operating profit for the year ended 31 December 2023 decreased by 7.2% to approximately HK$118,311,000.

BIG DATA BUSINESS

Weighed by the government's financial constraints and market volatility, demand for the Group's big data business shrank in general. Nonetheless, with concerted efforts around the Group's strategy and action plan, to stay in the game and identify further opportunities, we have navigated and explored various investment and mergers opportunities for breakthroughs and new development through initiatives such as business structure modification, accelerated market expansion, optimized enterprise management structure and improved management efficiency.

The Group continued to vigorously develop big data business to expand its business coverage and extend its industry chain. During the period, we actively sought mergers and acquisitions with industrial synergistic effects, and improved the industrial Internet segment to achieve full industry chain development, with the aiming of becoming a first-class industrial Internet full-chain service provider in the Greater Bay Area. During the year, we acquired a 51% equity interest in Guangdong XRIS Technology Co., Ltd.（廣東新瑞智安科技有限公司）, which, in combination with the experience in lean management and lean digital consulting services for enterprises, can generate synergies. Despite the overall decline in demand from enterprises due to the current economic downturn and changes in digital transformation policies, the Group remained committed to consolidating the development of its principal business, expanding its business segments and optimizing the structure of its product offering.

Through in-depth research on technology, business and related policies, we have achieved a diversified portfolio of scientific and technological results, and honor and recognition at the corporate level. During the year, there are a total of 2,462 registered enterprises, with the number of identifiers registered and the number of identifier decoding exceeding 8 billion and 1.3 billion, respectively. The Company has submitted a total a 4 invention patent applications, of which 3 has been granted. At the same time, we were recognized and ranked in a number of regional industry awards and annual technology SMEs list such as Foshan Data Services Providers and Foshan High-tech Enterprises. We were also among the grantees of three regional policy subsidies. On another note, we have set up a professional team, which won the national award in the inaugural Industrial Internet Identifier Application Innovation Competition. Leveraging the technical capabilities and practical experience accumulated over the years in the industrial

Internet industry, the Company was listed on the "Top 500 Industrial Internet Enterprises 2023", ranking 132, and was invited to assist the relevant departments in the formulation of district-level industry policies. With our effort in expanding new project business, carrying out mergers and acquisition, optimizing the products and improving management efficiency, operating income for the year has a significant year-on-year growth of 60.8% compared with the previous year to approximately HK$20,981,000. However, due to the significant reduction in project subsidy income and government subsidies, operating profit decreased significantly by 85.9% from last year to approximately HK$1,092,000.

CIVIL EXPLOSIVES BUSINESS

During the year, against the backdrop of the macroeconomic downturn, subdued real estate and infrastructure investment, and lower-than-expected upstream mining activities, we managed to achieve a meaningful growth in production and sales of our civilian explosives business, thanks to the concerted effort both internally and externally. Internally, based on our work plan and theme of the year, we have reinforced our standard of services with a multi-pronged approach and with precision, by setting goals for departments including production, supply, sales and logistics in light of the notion of "service-led sales and innovation-driven growth". Externally, we effectively coordinated among stakeholders and procured the strict adoption of a balanced and first-to-neighborhood sales by conglomerates within the province. For the year ended 31 December 2023, operating income increased substantially by 36.2% to approximately HK$265,750,000, with operating profit increased by 226.1% to approximately HK$38,744,000.

INVESTMENTS IN PROPERTIES AND INDUSTRIAL PARKS

Upon the completion and joint acceptance inspection of the Dan Qing Garden rental housing project, the Danzao New Energy Industrial Park project, together with the first and second phases of the industrial park in operation, covered a total of approximately 398,700 m2. However, the lease market was adversely affected given slower GDP growth, more prudent government expenditure, less subsidies to innovative enterprises, with the average leased area of the first and second phases of the industrial park dropped to approximately 153,800 m2 and 468 m2, respectively (2022: approximately 171,700 m^2 and 58,500 m^2), representing an occupancy rate of approximately 83% and 42%, down by 10% and 11%, respectively. However, it is believed that with the leasing of the Dan Qing Garden commencing in 2024, the overall occupancy rate will rise steadily. For the year ended 31 December 2023, the industrial park and property development segment recorded an increase of approximately 16.3% in operating income to approximately HK$95,710,000 over the same period last year. In spite of a decrease in subsidy income of approximately HK$17,525,000, after the completion and delivery of phase I and II of Danzao Industrial Park, we recorded a significant net increase in the fair value of the relevant properties of approximately HK$178,404,000 rose sharply upon evaluation. For the year ended 31 December 2023, operating profit surged to approximately HK$179,187,000, representing a significant increase of 63.6 times over the previous year.

The Group has entered into a disposal agreement on 6 December 2023 to dispose of the 72% equity interest held by the Group in Sino Rock, which was approved at the first special general meeting on 18 January 2024. Upon completion of the disposal, members of the Sino Rock group has ceased to be subsidiaries of the Company, and the financial results of Sino Rock group will no longer be consolidated into the Group's.

As for other properties, due to the bearish market sentiment, the average rent per square metre fell, with the total rental income decreased by 6.6% compared with last year to approximately HK$9,617,000. Specifically, the occupancy rate of the China Holdings Building decreased slightly from 93.0% to approximately 92.4%. We recorded a rental income of HK$50,000 from properties in Hong Kong after it was leased towards the end of 2023 after non-renewal by the previous tenant upon completion of the term back in November 2022.

HOTEL BUSINESS

The tourism market began to pick up during the year. Guilin Plaza Hotel ("Guilin Plaza") focused on attracting tourists, in order to rapidly increase its reception volume and occupancy rate, hopefully to pre-Covid-19 level. For the nine months ended 30 September 2023, through refined management of internal operations, strict cost control, and successful reduction of costs and expenses, the occupancy rate rebounded substantially from approximately 24.67% last year to approximately 67.2% for the first three quarters this year, while the average room rate for the first three quarters increased by approximately 5.4% compared with that of last year. Commencing from October 2023, we have adopted a different leasing strategy with the hotel leased to a hotel management company as a whole and since obtained a more stable flow of rental income. The segment's operating income soared by 54.1% to approximately HK$14,998,000 compared with that of the same period of last year, and operating loss was narrowed by 76.9% to approximately HK$1,734,000 compared with that of the same period last year.

PROFIT FROM INVESTMENTS IN AN ASSOCIATE

The cost pressure on Nanhai Changhai Power Co., Ltd. was lessened by the lower costs of raw coal and gas as compared to those at the end of last year and during the same period of last year. In addition, the increase in customer demand and sales volume after the epidemic resulted in a significant year-on-year increase in operating results. Accordingly, it recorded an operating profit of approximately HK$172,753,000 and contributed profit of approximately HK$51,400,000, representing a significant year-on-year increase of approximately 9.9 times.

FINANCIAL POSITION AND ANALYSIS

For the year ended 31 December 2023, the Group had total assets of approximately HK$9,755,709,000 (31 December 2022: approximately HK$9,069,585,000), total liabilities of approximately HK$7,636,412,000 (31 December 2022: HK$6,976,800,000), a gearing ratio (being total liabilities divided by total assets) of 78.3% (31 December 2022: 76.9%), net assets of approximately HK$2,119,297,000 (31 December 2022: HK$2,092,785,000), and equity per share attributable to owners of the Company of HK57.23 cents (31 December 2022: approximately HK59.16 cents).

The Group had net current assets of approximately HK$645,022,000 (31 December 2022: net current assets of approximately HK$46,216,000), a current ratio (being current assets divided by current liabilities) of approximately 1.15 (31 December 2022: 1.02). The Group had bank balance and cash of HK$592,181,000 (31 December 2022: approximately HK$999,250,000), sufficient for capital requirements for future operation and new projects or business development of the Group.

PLEDGE OF ASSETS

As at 31 December 2023, properties of the Group for own use and investment, bank deposits, beneficial interest in a subsidiary and 26.794% interest in an associate held by the Group and the carrying value of finance lease receivables amounted to approximately HK$4,548,702,000, with approximately HK$3,580,931,000 of finance lease receivables pledged to banks as the security for bank borrowings granted to the Group (31 December 2022: properties of the Group for own use and investment, bank deposits, beneficial interest in a subsidiary held by the Group and the carrying value of finance lease receivables amounted to approximately HK$3,803,355,000, with approximately HK$2,782,574,000 of finance lease receivables pledged to banks).

FOREIGN EXCHANGE EXPOSURE

The Group's main operating income and costs are denominated in RMB. In the business operation of the Group, foreign exchange fluctuation in income and costs would be mutually offset. However, as the Hong Kong-based Group has injected a substantial amount of current borrowings into domestic wholly-owned subsidiaries in Mainland China and held a huge amount of monetary assets and liabilities denominated in RMB, an exchange gain or loss would arise from the appreciation or depreciation of RMB. It is expected that an increase or a decrease of approximately HK$7,875,000 in the Group's profit for the year would arise if the exchange rate of RMB to HKD appreciates or depreciates by 5%. Over the few past years, RMB constantly showed an upward trend and gradually became stable in the second half of 2008, starting to fluctuate upward and downward repeatedly. Due to the impact of the Sino-US trade war, deteriorating Sino-US relations and fluid epidemic dynamics in recent years, the outbreak of the war between Russia and Ukraine in the previous years led to higher prices in fuel and food, etc. and aggravated inflation across the globe. The United States formally began its rate hike cycle to contain escalating inflation, boosting the appeal and relative strength of USD compared with other currencies. Although the adoption of pegged exchange rate by Hong Kong would alleviate the pressure of exchange loss in respect of HKD against USD, it would increase the risk of exchange loss arising from depreciation of RMB against HKD, resulting in an exchange loss of approximately HK$6,295,000 for last year. Although inflation alleviated to some extend in the first half of the year, the interest rates of HKD and USD remained high. In addition, the recovery of China's economy fell short of expectations, necessitating a cut in the RMB interest rate to stimulate economy growth. This underscored the difference in interest rate policies between China and the US, and detracted from the appeal of RMB. As a result, the depreciation pressure of RMB against USD and HKD persisted, representing an exchange loss of approximately HK$1,510,000. Therefore, the Board believes that RMB will be immensely affected by Sino-US relations, fluid epidemic dynamics, USD rate hike cycle and domestic economic recovery in the short term, the path of which is hard to predict, but in the long run, it is expected that RMB will remain stable and will not expose the Group to significant and long term adverse foreign exchange risk. Accordingly, it is not necessary for the Group to hedge against foreign exchange risk at the moment.

OUTLOOK

The global economy remains unstable, and economic growth remains slow, while rate hikes dampened consumer spending and corporate investment, and threatened the stability of the financial system. With more economic uncertainties as a result of the war in Ukraine and Israeli-Gaza area, the insufficient total demand in China, swamped Chinese real estate issuers, slower economic restructuring and upgrading, subdued consumer confidence and consumption, and the unsatisfactory operation of enterprises in various industries, the Group is still committed to its strategic orientation, striving to become a first-class technology-based health care services provider in the Greater Bay Area, building a "1+X" ecosystem, taking the wellness and elderly care business as the principal direction, and technology, financial leasing, civil explosives business as the strategic support, and firmly establishing the standpoint of the Group as a whole.

For our wellness and elderly care business, Guangdong Taoyuan Comprehensive Health Operation Company Limited ("Taoyuan Comprehensive Health") will continue to consolidate its elderly care business and strengthen its principal business. The Group will continue to expand the construction of elderly care facilities, increase the number of institutional nursing beds, improve the quality of services, and strengthen the standard operation and branding of its elderly care business, asset-light trustee operation, rehabilitation hospital qualification and facilities upgrade. In addition, the Company will accelerate to replicate the successful experience and model to other regions, expand asset-light trustee operations, and march into the Greater Bay Area from Nanhai to become the first echelon in the Guangdong-Hong Kong-Macao Greater Bay Area. At the same time, the Group is anticipating to promote high-end business, deepen business cooperation at home and abroad, and extend the development of high-end elderly care and high-quality projects related to aging population, medical care, biomedicine and other areas. The Group is committed to serving the community while enabling our elderly care and wellness business to continue to grow and become an important contributor to the Company's profitability by further improving management, reducing costs, increasing efficiency, enhancing the quality and strengthening service quality.

For our big data business, the Group will continue to meet the needs arising from the latest development of the industry, continue its efforts to expand its market scale and accelerate the implementation of investments and acquisitions, provide guidance to local enterprises in the application of industrial Internet technologies such as identification analysis for digital transformation, form a cluster of digital economy at the industry level, and comprehensively promote the high-quality development of local manufacturing industry. Our goal remains to accelerate the establishment of a quality service system for manufacturing enterprises, and strive to become a first-class full-chain industrial Internet platform service provider in the Guangdong-Hong Kong-Macao Greater Bay Area.

For our financial leasing business, with the philosophy of "marketization, specialization and differentiation" in mind, we are committed to turning ourselves into a leading domestic environmental professional financial leasing company, focusing on municipal environmental protection. We aim to establish a standardized evaluation system for industrial projects and launch off-the-shelf products in each segment with precise marketing and sales strategy. We are also looking to promote the high-quality development of environmental protection industry with a green finance focus on the domestic environmental protection industry, to provide professional, efficient, high-quality financial leasing products and services, in order to win quality customers as our objective. In terms of enhanced fund management, we will deepen cooperation with credit granting banks to improve our credit worthiness and optimize financing conditions, to meet the requirements of large and private enterprise projects from outside the province. In addition, we will exploit bank facilities with lower cost by introducing bank bidding and building a closer tie with banks to optimize the cost of capital; complete the rating of entities and strive to attain an AA rating after the completion of industrial and commercial changes. The Group will further strengthen its risk control management, financial and integrated management to mitigate the risk of doubtful debts and strive to attain an A rating for the annual classified supervisory rating.

For our civil explosives business, the Group will further pursue key reforms, actively carry out the technological transformation of clean energy to achieve energy conservation, emission reduction and cost reduction, and carry out reforms in operation and human resources management to continuously enhance the vitality of the Group's development. The Group has made every effort to complete creating conditions for the release of mixed assembly capacity and to establish cooperation in the operation of mixed assembly capacity, so as to substantially improve its future performance and contribute steady revenue streams to the Group in the future.

In addition, the Group will aggressively explore opportunities to carry out investment and merger and acquisition of biopharmaceutical and high-tech enterprises or projects to seek leapfrog development of the business of the Company, thereby delivering good returns to the shareholders of the Company.

EMPLOYEES

The total number of employees of the Group is approximately 1,302 (31 December 2022: 1,189). The remuneration of the employees of the Group is determined on the basis of performance and responsibility of the employees. The Group provides education allowances to the employees.

DIVIDEND

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

PROPOSED SHARE PREMIUM CANCELLATION AND PAYMENT OF SPECIAL DIVIDEND

The Board resolved to seek approval of the shareholders at the forthcoming annual general meeting of the Company on the proposed cancellation of the entire amount standing to the credit of the share premium account and transfer of such amount, after elimination of all the accumulated losses, to the contributed surplus account of the Company and payment of special dividend to be made out of the contributed surplus account.

Details of the proposed share premium cancellation and payment of special dividend are set out in an announcement of the Company dated 27 March 2024.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company puts great emphasis on corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the code provisions under the Corporate Governance Code ("the Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. For the year ended 31 December 2023, the Company has complied with all the code provisions that were in force under the Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("the Model Code") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. On specific enquiry made, all Directors have confirmed that, in respect of the year ended 31 December 2023, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprising the three independent non-executive Directors has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including a general review of the audited consolidated financial statements for the year ended 31 December 2023.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on this announcement.

By Order of the Board of
Hing Yip Holdings Limited
He Xiangming
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the Board consists of six executive Directors, namely Mr. HE Xiangming (Chairman), Mr. FU Weiqiang (President), Mr. YOU Guang Wu (Director), one non-executive Director, namely Mr. SHI Xuguang and three independent non-executive Directors, namely Mr. CHAN Kwok Wai, Mr. PENG Xinyu and Ms. LIN Janxian.

* *For identification purpose only*