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HING YIP HOLDINGS LIMITED
興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00132)

INTERIM RESULTS FOR YEAR 2024

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Directors”) of Hing Yip Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative unaudited figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited) (restated)
Continuing operations			
Revenue	3	411,025	366,229
Cost of sales and services		<u>(232,254)</u>	<u>(231,877)</u>
Gross profit		178,771	134,352
Other operating income	5	12,755	14,591
Selling and distribution costs		(6,580)	(6,033)
Administrative expenses		(87,180)	(79,688)
Share of profit of an associate		26,520	27,261
Gain on disposal of subsidiaries	16	49,028	–
Finance costs	6	<u>(39,240)</u>	<u>(28,961)</u>
Profit before taxation		134,074	61,522
Income tax expenses	7	<u>(19,278)</u>	<u>(19,984)</u>
Profit for the period from continuing operations	9	114,796	41,538
Discontinued operation			
(Loss)/profit for the period from discontinued operations	8	<u>(7,663)</u>	<u>9,699</u>
Profit for the period		<u><u>107,133</u></u>	<u><u>51,237</u></u>

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

For the six months ended 30 June 2024

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(restated)
Other comprehensive expenses, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(50,349)	(111,527)
Share of exchange difference of an associate		(12,522)	(24,725)
		<u>(62,871)</u>	<u>(136,252)</u>
Other comprehensive expenses for the period, net of income tax		(62,871)	(136,252)
		<u>(62,871)</u>	<u>(136,252)</u>
Total comprehensive income/(expenses) for the period		<u>44,262</u>	<u>(85,015)</u>
Profit for the period attributable to:			
Owners of the Company		62,942	8,893
Non-controlling interests		44,191	42,344
		<u>107,133</u>	<u>51,237</u>
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		21,971	(76,370)
Non-controlling interests		22,291	(8,645)
		<u>44,262</u>	<u>(85,015)</u>
Earnings per share			
	<i>11</i>		
From continuing and discontinued operations			
Basic		<u>HK3.68 cents</u>	<u>HK0.52 cents</u>
Diluted		<u>HK3.68 cents</u>	<u>HK0.52 cents</u>
From continuing operations			
Basic		<u>HK4.07 cents</u>	<u>HK0.17 cents</u>
Diluted		<u>HK4.07 cents</u>	<u>HK0.17 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Investment properties		332,973	338,172
Property, plant and equipment		558,493	524,504
Intangible assets		3,635	4,103
Goodwill		122,932	125,907
Interests in an associate		533,075	519,077
Financial assets at fair value through profit or loss		3,697	3,787
Finance lease receivables	12	3,303,118	3,191,960
Right-of-use assets		63,004	65,855
Deferred tax assets		27,986	27,038
		<u>4,948,913</u>	<u>4,800,403</u>
Current assets			
Inventories		6,690	6,339
Finance lease receivables	12	1,526,509	1,424,881
Trade and other receivables	13	156,921	151,899
Pledged bank deposits		7,416	7,197
Cash and bank balances		1,102,877	592,181
		<u>2,800,413</u>	<u>2,182,497</u>
Assets classified as held for sale		–	2,772,809
		<u>2,800,413</u>	<u>4,955,306</u>
Current liabilities			
Trade and other payables	14	163,404	211,211
Tax payables		19,570	29,404
Deposits received from customers		20,160	12,230
Lease liabilities		1,134	823
Convertible notes		–	156,251
Borrowings		2,479,117	2,092,804
		<u>2,683,385</u>	<u>2,502,723</u>
Liabilities classified as held for sale		–	1,807,561
		<u>2,683,385</u>	<u>4,310,284</u>
Net current assets		<u>117,028</u>	645,022
Total assets less current liabilities		<u><u>5,065,941</u></u>	<u><u>5,445,425</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

	30 June	31 December
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Capital and reserves		
Share capital	171,233	171,233
Reserves	<u>889,089</u>	<u>808,799</u>
Equity attributable to owners of the Company	1,060,322	980,032
Non-controlling interests	<u>762,304</u>	<u>1,139,265</u>
Total equity	<u>1,822,626</u>	<u>2,119,297</u>
Non-current liabilities		
Borrowings	2,810,192	3,061,105
Convertible notes	164,542	–
Deferred income	15,038	15,402
Deferred tax liabilities	53,151	52,685
Deposits received from customers	196,621	192,736
Lease liabilities	<u>3,771</u>	<u>4,200</u>
	<u>3,243,315</u>	<u>3,326,128</u>
	<u>5,065,941</u>	<u>5,445,425</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 (formerly known as Appendix 16) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“the Listing Rules”) and with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim condensed consolidated financial statements have not been audited by the Company’s auditor but have been reviewed by the Company’s audit committee.

The interim condensed consolidated financial statements have been prepared on the historical costs basis except for certain properties and financial instruments, which are measured at fair value, revalued amounts and amortised cost as appropriate.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Except for the adoption of the revised HKFRSs stated below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 (Amendments) and HKFRS 7	Supplier Finance Arrangement

The adoption of the revised HKFRSs has had 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 new or revised HKFRSs that have been issued but are not yet effective.

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 period.

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited) (restated)
Continuing operations		
Revenue from contracts with customers recognised at a point in time:		
Construction of platform and operating income from big data business	2,878	3,005
Consultancy service income from financial leasing	39,599	41,627
Income on explosives engineering from civil explosives business	24,515	19,510
Logistics income from civil explosives business	1,684	4,094
Operating income from wellness elderly care business (<i>Note i</i>)	46,521	29,604
Other income from hotel business	1,897	1,105
Sales of emulsion explosives	85,521	78,632
	<u>202,615</u>	<u>177,577</u>
Revenue from contracts with customers recognised over time:		
Service income from hotel business	–	3,723
Service income from wellness elderly care business (<i>Note ii</i>)	50,376	44,091
Technical service income from big data business	204	1,904
	<u>50,580</u>	<u>49,718</u>
Revenue from other sources:		
Rental income from hotel property	4,713	2,564
Rental income from investment properties	3,633	4,966
Interest income from financial leasing	149,484	131,404
	<u>157,830</u>	<u>138,934</u>
	<u><u>411,025</u></u>	<u><u>366,229</u></u>

Notes:

- (i) It includes medical care service income, operating income from elderly care services platform and others.
- (ii) It includes 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 project 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 was classified as a discontinued operation during the last 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 operations is presented below:

	Segment Revenue		Segment Result	
	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Financial leasing	189,083	173,031	87,609	70,925
Civil explosives business	111,720	102,236	21,992	10,627
Wellness elderly care business	96,897	73,695	7,677	(4,682)
Hotel business	6,610	7,392	2,572	(1,479)
Property investments	3,633	4,966	(3,154)	1,723
Big data business	3,082	4,909	(5,297)	(308)
Total	<u>411,025</u>	<u>366,229</u>	111,399	76,806
Bank interest income			6,851	4,184
Finance costs (excluding interest on lease liabilities)			(39,120)	(28,939)
Gain on disposal of a subsidiary			49,028	–
Interest income from wealth management product			126	–
Net central administration cost			(11,242)	(11,109)
Net exchange loss			(4,915)	(4,639)
Professional fee			(4,573)	(2,042)
Share of profit of an associate			26,520	27,261
Profit before taxation			134,074	61,522
Income tax expenses			(19,278)	(19,984)
Profit for the period			<u>114,796</u>	<u>41,538</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (six months ended 30 June 2023: Nil).

Segment result represents the profit generated by each segment without allocation of bank interest income, finance costs (excluding interest on lease liabilities), gain on disposal of a subsidiary, interest income from wealth management product, 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.

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Segment assets		
Continuing operations		
Big data business	22,918	29,813
Civil explosives business	377,253	408,567
Financial leasing	4,924,230	4,688,050
Hotel business	101,505	102,351
Property investments	272,800	280,980
Wellness elderly care business	335,525	284,124
	<hr/>	<hr/>
Total segment assets	6,034,231	5,793,885
Pledged bank deposits	7,416	7,197
Cash and bank balances	1,102,877	592,181
Interests in an associate	533,075	519,077
Financial assets at fair value through profit or loss	3,697	3,787
Other unallocated assets	68,030	66,773
	<hr/>	<hr/>
	7,749,326	6,982,900
Assets relating to discontinued operation	<hr/> –	<hr/> 2,772,809
	<hr/>	<hr/>
Consolidated assets	7,749,326	9,755,709
	<hr/> <hr/>	<hr/> <hr/>
Segment Liabilities		
Continuing operations		
Big data business	6,801	14,713
Civil explosives business	59,795	121,101
Financial leasing	4,096,736	3,887,563
Hotel business	2,355	3,617
Property investments	220,175	225,637
Wellness elderly care business	305,269	267,822
	<hr/>	<hr/>
Total segment liabilities	4,691,131	4,520,453
Convertible notes	164,542	156,251
Borrowings	1,013,089	1,095,844
Other unallocated liabilities	57,938	56,303
	<hr/>	<hr/>
	5,926,700	5,828,851
Liabilities relating to discontinued operation	<hr/> –	<hr/> 1,807,561
	<hr/>	<hr/>
Consolidated liabilities	5,926,700	7,636,412
	<hr/> <hr/>	<hr/> <hr/>

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 30 June 2024

Continuing operations

	Big data business HK\$'000 (unaudited)	Civil explosives business HK\$'000 (unaudited)	Financial leasing HK\$'000 (unaudited)	Hotel business HK\$'000 (unaudited)	Property investments HK\$'000 (unaudited)	Wellness elderly care business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Amortisation of intangible assets	375	-	-	-	-	-	375
Depreciation of property plant and equipment	233	7,678	226	726	1,540	4,282	14,685
Depreciation of right-of-use assets	-	135	-	-	-	1,173	1,308
Additions to property, plant and equipment	-	7,653	138	-	794	53,126	61,711
Loss on disposal of property, plant and equipment	-	912	-	14	3	62	991
Allowance for expected credit losses on finance lease receivables	-	-	6,492	-	-	-	6,492

For the six months ended 30 June 2023 (Restated)

Continuing operations

	Big data business HK\$'000 (unaudited)	Civil explosives business HK\$'000 (unaudited)	Financial leasing HK\$'000 (unaudited)	Hotel business HK\$'000 (unaudited)	Property investments HK\$'000 (unaudited)	Wellness elderly care business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Amortisation of intangible assets	65	-	-	-	-	-	65
Depreciation of property, plant and equipment	659	7,948	521	4,047	1,310	2,235	16,720
Depreciation of right-of-use assets	-	227	-	-	-	140	367
Additions to property, plant and equipment	49	277	34	40	1,969	40,041	42,410
Additions to property, plant and equipment upon acquisition of a subsidiary	21	-	-	-	-	-	21
Loss on disposal of property, plant and equipment	-	11	-	83	-	-	94
Allowance for expected credit losses on finance lease receivables	-	-	6,354	-	-	-	6,354

4. SEGMENT INFORMATION (Continued)

Geographic Segments

The Group's big data business, civil explosive 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 customer		Non-current assets*	
	Six months ended 30 June		30 June	31 December
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
		(restated)		
The PRC	410,725	366,229	809,096	779,327
Hong Kong	300	–	18,150	18,503
	411,025	366,229	827,246	797,830

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

5. OTHER OPERATING INCOME

Other operating income included the following items:

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited) (restated)
Continuing operations		
Bank interest income	6,851	4,184
Compensation and government subsidies received		
– Direct government grant	1,402	1,386
– Recognition of deferred income	–	999
Dividend income from financial assets at fair value through profit or loss	618	726
Interest income from wealth management product	126	–
Income from lending of emulsion matrix and industrial detonation cords production capacity	<u>2,322</u>	<u>2,424</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited) (restated)
Continuing operations		
Handling fee	2,081	–
Interest on <i>(Note)</i> :		
– Bank loans	25,232	16,404
– Convertible notes	8,291	7,590
– Lease liabilities	120	22
– Loan from an immediate holding company	2,293	2,283
– Loan from non-controlling interests	607	672
– Loan from a related company	580	–
– Other loans	<u>36</u>	<u>1,990</u>
	<u>37,159</u>	<u>28,961</u>
	<u>39,240</u>	<u>28,961</u>

Note:

Interest on borrowings under finance costs is arrived at after deducting capitalised interest of approximately HK\$1,648,000 (six months ended 30 June 2023 (restated): approximately HK\$566,000) and cost of borrowings from financial leasing included in costs of sales and services of approximately HK\$79,403,000 (six months ended 30 June 2023 (restated): approximately HK\$86,604,000) from total interest expenses recognised in the period of approximately HK\$118,210,000 (six months ended 30 June 2023 (restated): approximately HK\$116,131,000).

7. INCOME TAX EXPENSES

Six months ended 30 June

2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)
	(restated)

Continuing operations

Tax charges comprise:

Current tax:

Provision for PRC Enterprise Income Tax	20,713	21,806
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Over provision in previous year:

PRC Enterprise Income Tax	(1,559)	(2,293)
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Deferred tax:

Temporary differences arising in current period	124	471
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19,278	19,984
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Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits for the six months ended 30 June 2024, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 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 six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

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

(Loss)/profit for the period from discontinued operations

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
<i>(Loss)/profit for the period from:</i>		
Industrial parks and property development business (<i>Note</i>)	(7,663)	9,628
T-BOX® business	—	71
	<u> </u>	<u> </u>
(Loss)/profit for the period from discontinued operations	<u><u>(7,663)</u></u>	<u><u>9,699</u></u>

Note:

On 6 December 2023, CIH Finance Investments Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company (the “Vendor”) and Guangdong Nanhai Holding Group Co., Ltd.* (廣東南海控股集團有限公司), a company established in the PRC with limited liability and the controlling shareholder of the Company (the “Purchaser”) entered into the disposal agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 72% equity interest in Guangdong Sino Rock Tyco Construction Co., Ltd. (“Sino Rock”) at a consideration of RMB972,000,000 (equivalent to approximately HK\$1,063,000,000).

The disposal of 72% equity interest in Sino Rock was completed on 1 March 2024 (“Completion Date”). Upon completion, Sino Rock and its subsidiaries (collectively, the “Sino Rock Group”) would cease to be subsidiaries of the Company and the financial results of the Sino Rock Group would no longer be consolidated into the financial statements of the Group. Accordingly, the Group would cease to engage in the business of the Sino Rock Group, representing the entirety of the Group’s industrial parks and property development business, upon completion. For the details of the disposal of 72% equity interest in Sino Rock, please refer to Note 16.

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 as at 31 December 2023 were classified as assets and liabilities held for sale, which were presented separately in the consolidated statement of financial position.

* *For identification purposes only*

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

Note: (Continued)

The financial results for the period from 1 January 2024 to the Completion Date of the Group's industrial parks and property development business, which was a discontinued operation, included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the six months ended 30 June 2024 are set out below.

The comparative figures in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows have been restated to present the Group's industrial parks and property development business as a discontinued operation.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Revenue	16,060	48,047
Cost of sales	(8,163)	(24,627)
Gross profit	7,897	23,420
Other operating income	3,925	48,192
Selling and distribution costs	(187)	(234)
Administrative expenses	(6,747)	(21,560)
Finance costs (<i>Remark</i>)	(12,005)	(40,124)
(Loss)/profit before taxation	(7,117)	9,694
Income tax expenses	(546)	(66)
(Loss)/profit for the period for industrial parks and property development business	(7,663)	9,628
(Loss)/profit for the period for industrial parks and property development business attributable to:		
Owners of Company	(6,772)	5,901
Non-controlling interests	(891)	3,727
	(7,663)	9,628

Remark:

Interest expenses under finance costs is arrived at after deducting capitalised interest of HK\$391,000 (six months ended 30 June 2023: approximately HK\$7,008,000) from total interest expenses recognised in the period of approximately HK\$12,396,000 (six months ended 30 June 2023: approximately HK\$45,199,000).

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

Note: (Continued)

(Loss)/profit for the period from industrial parks and property development business has been arrived at after crediting/
(charging):

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Auditor's remuneration	–	–
Allowance for expected credit losses on trade receivables	–	(1,321)
Depreciation of property, plant and equipment	(1,635)	(4,154)
Effective interest income from rental deposits	48	142
Depreciation of right-of-use assets	(4,933)	(15,636)
Net exchange gain	310	1,548
Operating lease charges	(1)	(4)
Cost of inventories recognised as expenses	(803)	(2,685)
Staff costs	(1,129)	(3,140)
Gross rental income from investment properties	10,988	34,586
<i>Less:</i> Direct operating expenses from investment properties that generated rental income during the period	(178)	(140)
Direct operating expenses from investment properties that did not generate rental income during the period	(21)	(66)
	10,789	34,380

Cash flows from industrial parks and property development business

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(restated)
Net cash inflow/(outflow) from operating activities	3,733	(8,049)
Net cash (outflow)/inflow from investing activities	(78,980)	230,942
Net cash inflow/(outflow) from financing activities	28,317	(3,837)
Net cash (outflow)/inflow	(46,930)	219,056

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

Note: (Continued)

Considering that the fair value of the assets and liabilities attributable to the Group's industrial parks and property development business less costs to sell as at 31 December 2023 assessed by the Directors of the Company were higher than its carrying amount, the assets and liabilities classified as held for sale were measured at their carrying amounts. At 31 December 2023, the assets and liabilities classified as held for sale comprised the following assets and liabilities after intercompany eliminations:

	31 December 2023 <i>HK\$'000</i>
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	<u>189,534</u>
	<u><u>2,772,809</u></u>
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	<u>160,020</u>
	<u><u>1,807,561</u></u>

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Profit for the period has been arrived at after crediting/(charging):		
Auditor's remuneration		
Audit service	(600)	(800)
Non-audit service	(200)	(200)
Amortisation of intangible assets	(375)	(65)
Depreciation of property, plant and equipment	(15,921)	(17,967)
Depreciation of right-of-use assets	(1,308)	(367)
Net loss on disposal of property, plant and equipment	(984)	(96)
Net exchange loss	(4,915)	(4,639)
Operating lease charges	(1,374)	(108)
Allowance for expected credit losses on finance lease receivables	(6,492)	(6,354)
Allowance for expected credit losses on trade receivables	(473)	(215)
Cost of borrowings from financial leasing included in costs of sales and services	(79,403)	(86,604)
Cost of inventories recognised as expense	(114,458)	(102,412)
Total staff costs		
Director's emoluments	(1,104)	(2,477)
Other staff costs	(79,805)	(79,730)
Retirement benefit schemes contributions for other staffs	(8,069)	(6,114)
	<u>(88,978)</u>	<u>(88,321)</u>
Gross rental income from investment properties	8,346	4,966
Less: Direct operating expenses from investment properties that generated rental income during the period	(485)	(72)
Direct operating expenses from investment properties that did not generate rental income during the period	(339)	(387)
	<u>7,522</u>	<u>4,507</u>

10. DIVIDEND

Dividend attributable to the financial year 2023, approved during the interim period:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Special dividend in respect of the financial year 2023, approved during the interim period, of HK0.42 cents per share on 1,712,329,142 shares	<u>7,192</u>	<u>–</u>

The Board does not declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to the owners of the Company of approximately HK\$62,942,000 (six months ended 30 June 2023: profit of HK\$8,893,000) and on the number of 1,712,329,142 ordinary shares (six months ended 30 June 2023: 1,712,329,142 ordinary shares) in issue during the period.

For the six months ended 30 June 2024 and 2023, no diluted earnings per share have been presented as the exercise of the convertible notes would have an anti-dilutive effect on the basic earnings per share.

12. FINANCE LEASE RECEIVABLES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Analysed as:		
Current	1,526,509	1,424,881
Non-current	3,303,118	3,191,960
	4,829,627	4,616,841

	Minimum lease receivables		Present value of minimum lease receivables	
	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Finance lease receivables comprise:				
Within one year	1,822,451	1,703,104	1,529,924	1,426,869
Over one year but less than two years	1,534,701	1,433,020	1,351,370	1,261,409
Over two years but less than five years	2,080,423	2,038,844	1,906,358	1,873,626
Over five years	164,701	174,681	154,002	163,090
	5,602,276	5,349,649	4,941,654	4,724,994
Less: unearned finance income	(660,622)	(624,655)	N/A	N/A
Present value of minimum lease payment receivables	4,941,654	4,724,994	4,941,654	4,724,994
Less: allowance for expected credit losses	(112,027)	(108,153)	(112,027)	(108,153)
	4,829,627	4,616,841	4,829,627	4,616,841

12. FINANCE LEASE RECEIVABLES (Continued)

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

Allowance for expected credit losses	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2024	38,711	37,120	32,322	108,153
Charged/(recovered) for the period	5,152	2,073	(733)	6,492
Exchange difference	(963)	(897)	(758)	(2,618)
	<u>42,900</u>	<u>38,296</u>	<u>30,831</u>	<u>112,027</u>
At 30 June 2024				
Allowance for expected credit losses	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total 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 (<i>Note</i>)	(593)	–	593	–
Charged for the year	8,478	32,221	8,918	49,617
Exchange difference	(1,036)	(247)	(709)	(1,992)
	<u>38,711</u>	<u>37,120</u>	<u>32,322</u>	<u>108,153</u>
At 31 December 2023				

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

All leases are denominated in RMB. The terms of the finance leases range from less than 1 year to 8 years (31 December 2023: less than 1 year to 7 years). The effective interest rate of the finance leases ranges from 4.98% to 12.75% per annum (31 December 2023: 4.90% to 12.75% 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.

12. FINANCE LEASE RECEIVABLES (Continued)

As at 30 June 2024, the pledged finance lease receivables amounted to approximately HK\$3,864,346,000 (31 December 2023: HK\$3,580,931,000).

Security deposits received from customers represent finance lease deposits received from customers, which will be repayable by end of the lease period of the respective finance leases. As at 30 June 2024, deposits of HK\$216,781,000 (31 December 2023: HK\$204,966,000) have been received by the Group, in which deposits of HK\$20,160,000 (31 December 2023: HK\$12,230,000) 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 (31 December 2023: eight) of the finance lease receivables with the carrying amount of approximately HK\$61,569,000 (31 December 2023: approximately HK\$64,650,000) 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:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0-60 days	43,784	58,680
61-90 days	2,146	4,759
91-120 days	2,105	1,611
Over 120 days	<u>18,462</u>	<u>21,946</u>
Trade receivables	66,497	86,996
Other receivables (<i>Note</i>)	<u>90,424</u>	<u>64,903</u>
	<u>156,921</u>	<u>151,899</u>

Note: It mainly includes (i) deductible value added tax of HK\$615,000, (ii) interest receivables from financial leasing business of HK\$65,540,000 and (iii) prepayment for plant and machinery of HK\$5,909,000 (31 December 2023: (i) deductible value added tax of HK\$593,000, (ii) interest receivables from financial leasing business of HK\$43,403,000 and (iii) prepayment of plant and machinery of HK\$437,000).

The Group does not hold any collateral or other credit enhancements over these balances except interest receivable from financial leasing customers.

14. TRADE AND OTHER PAYABLES

The credit period granted by the Group's suppliers ranges 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:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0-60 days	9,116	19,328
61-90 days	341	1,318
91-120 days	42	896
Over 120 days	<u>3,298</u>	<u>5,500</u>
Trade payables	12,797	27,042
Other payables	<u>150,607</u>	<u>184,169</u>
	<u>163,404</u>	<u>211,211</u>

Other payables included the following items:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Contract liabilities (<i>Note iii</i>)	97	121
Dividend payable	7,192	–
Rental deposits received from customers	7,348	14,934
Receipts in advance from financial leasing	31,405	24,872
Other tax payable (<i>Note i</i>)	24,729	33,626
Staff salaries and welfare	29,233	49,269
Provision for termination benefits	–	6,177
Others (<i>Note ii</i>)	<u>50,603</u>	<u>55,170</u>
	<u>150,607</u>	<u>184,169</u>

Notes:

- (i) Other tax payable mainly includes value added tax payables.
- (ii) Others include interest payables, accrued expenses and other temporary receipts.

14. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(iii) Movements of contract liabilities are as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
At the beginning of the period/year	121	289
Decrease in contract liabilities as a result of recognising revenue during the period/year that was included in the contract liabilities at the beginning of the period/year	(131)	(441)
Increase in contract liabilities during the period/year	113	279
Exchange difference	(6)	(6)
	<u> </u>	<u> </u>
At the end of the period/year	<u>97</u>	<u>121</u>

Typical payment terms which impact the amount of contract liabilities recognised are as follows:

The Group receives advances from certain customers in connection with the service income from wellness elderly care business. These advances are recognised as contract liabilities until the performance obligations are completed.

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.

16. DISPOSAL OF SUBSIDIARIES

As referred to in Note 8, on 6 December 2023, the Vendor and the Purchaser entered into the disposal agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 72% equity interest in Sino Rock. The disposal of 72% equity interest in Sino Rock was completed on the Completion Date. The final consideration was adjusted to approximately HK\$1,057,533,000 at the Completion Date. Upon completion, the Sino Rock Group ceased to be subsidiaries of the Company and the financial results of the Sino Rock Group were no longer consolidated into the financial statements of the Group. Accordingly, the Group ceased to engage in the business of the Sino Rock Group, representing the entirety of the Group's industrial parks and property development business, upon completion.

The net assets of the Sino Rock Group disposed of at the Completion Date were as follows:

	Completion Date HK\$'000
Investment properties	1,409,437
Property, plant and equipment	341,358
Rental deposits	5,772
Right-of-use assets	835,975
Inventories	952
Trade and other receivables	46,062
Amounts due from fellow subsidiaries	322,362
Cash and bank balances	140,851
Trade and other payables	(43,415)
Tax payables	(1,823)
Lease liabilities	(1,008,088)
Borrowings	(622,684)
Deferred income	(158,279)
Amount due to a fellow subsidiary	(70)
	<hr/>
Net assets disposed of	1,268,410
	<hr/> <hr/>
Gain on disposal of subsidiaries	
	HK\$'000
Cash consideration	1,057,533
Costs and expenses upon the disposal	(29,729)
	<hr/>
Net proceeds received from the disposal	1,027,804
Net assets disposed of	(1,268,410)
Exclusion of non-controlling interests	355,145
Reclassification of exchange reserve to profit or loss upon disposal	(74,438)
Reclassification of other reserve to profit or loss upon disposal	8,927
	<hr/>
Gain on disposal of subsidiaries	49,028
	<hr/> <hr/>

16. DISPOSAL OF SUBSIDIARIES (Continued)

Net cash inflow arising from the disposal of subsidiaries

HK\$'000

Cash consideration	1,057,533
Costs and expenses upon the disposal	<u>(29,729)</u>
Net proceeds received from the disposal	1,027,804
Less:	
Cash and bank balances disposed of	<u>(140,851)</u>
Cash inflow arising from the disposal	886,953
Less:	
Repayment of amount due to the fellow subsidiaries upon the disposal	<u>(322,362)</u>
Net cash inflow arising from the disposal	<u><u>564,591</u></u>

17. EVENT AFTER REPORTING PERIOD

On 3 July 2024, Canton Greengold Financial Leasing Ltd.* (“Greengold Leasing”), a non-wholly-own subsidiary, entered into a finance lease with a limited liability company incorporated in the PRC which is principally engaged in heat generation and supply, an independent third party, to obtain the ownership of the heating supply equipment and facilities from this company at a consideration of RMB35,000,000 (equivalent to approximately HK\$37,590,000), which would be leased back to this company for its use and possession for a term of 54 months. Further details of the finance lease are set out in the Group’s announcement dated 3 July 2024.

On 5 July 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC which is principally engaged in sewage treatment and recycling, an independent third party, to obtain the ownership of the sewage treatment equipment and facilities from this company at a consideration of RMB40,000,000 (equivalent to approximately HK\$42,960,000), which would be leased back to this company for its use and possession for a term of 5 years. Further details of the finance lease are set out in the Group’s announcement dated 5 July 2024.

On 17 July 2024, Greengold Leasing entered into finance leases with a limited liability company incorporated in the PRC which is principally engaged in heat supply, an independent third party, to obtain the ownership of the heat supply equipment and facilities from this company at an aggregate consideration of RMB160,000,000 (equivalent to approximately HK\$171,840,000), which would be leased back to this company for its use and possession for a term of 7 years. Further details of the finance leases are set out in the Group’s announcement dated 17 July 2024.

On 18 July 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC which is principally engaged in catering waste treatment, an independent third party, to obtain the ownership of the kitchen waste treatment equipment and facilities from this company at a consideration of RMB15,000,000 (equivalent to approximately HK\$16,140,000), which would be leased back to this company for its use and possession for a term of 5 years. Further details of the finance lease are set out in the Group’s announcement dated 18 July 2024.

* For identification purposes only

17. EVENT AFTER REPORTING PERIOD (Continued)

On 31 July 2024, in order to settle the debt obligations of Foshan City Kaineng Property Development Co., Ltd. (佛山市凱能房地產開發有限公司) (“Lessee A”) and Foshan City Jianbo Property Co., Ltd. (佛山市鑒博置業有限公司), Foshan City Jiyun Property Co., Ltd. (佛山市集韻置業有限公司) and Foshan City Jinhe Property Development Co., Ltd. (佛山市晉合房地產開發有限公司) (collectively, “Lessees B”), Greengold Leasing entered into the debt disposal framework agreement (the “Agreement”) with Lessee A and Lessees B and their respective guarantors. Under this Agreement, Greengold Leasing would take over all the assets pledged as collaterals for the leasing agreements entered by Lessee A and Lessees B on 27 September and 8 October 2022, and on 12 December 2022 respectively. These agreements to set off the amounts of principal and interests outstanding in the amount of approximately RMB362,085,000. As of the date of this report, Greengold Leasing is in the process of executing the Agreement and transferring the titles of these assets to the Company.

On 5 August 2024, Greengold Leasing entered into finance leases with a limited liability company incorporated in the PRC which is principally engaged in sewage treatment and recycling, an independent third party, to obtain the ownership of the sewage treatment equipment and facilities from this company at an aggregate consideration of RMB50,000,000 (equivalent to approximately HK\$54,400,000), which would be leased back to this company for its use and possession for a term of 8 years. Further details of the finance leases are set out in the Group’s announcement dated 5 August 2024.

On 7 August 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC which is principally engaged in tap water production and supply, an independent third party, to obtain the ownership of the tap water supply equipment and facilities from this company at a consideration of RMB20,000,000 (equivalent to approximately HK\$21,720,000), which would be leased back to this company for its use and possession for a term of 5 years. Further details of the finance lease are set out in the Group’s announcement dated 7 August 2024.

On 22 August 2024, Greengold Leasing entered into a finance lease with a limited liability company incorporated in the PRC which is principally engaged in sewage treatment and recycling, an independent third party, to obtain the ownership of the sewage treatment equipment and facilities from this company at a consideration of RMB20,000,000 (equivalent to approximately HK\$21,840,000), which would be leased back to this company for its use and possession for a term of 5 years. Further details of the finance lease are set out in the Group’s announcement dated 22 August 2024.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation.

RESULTS

BUSINESS REVIEW

The Group adheres to the strategy leadership of the nurture and grow continuously to launch new initiatives to shape the new momentum and new advantages of development, showing a firm determination to promote the accelerated development of new quality productivity, adhering to the mission of “a healthy life building Hing Yip Holdings”, and is committed to becoming a first-class technological recreational and healthcare service provider in the Greater Bay Area, and focusing on the establishment of “1+X” industrial system, with the wellness and elderly care business as our main direction, and the science and technology, finance and leasing, and civil explosives business as the strategic support. In line with our strategy planning, operating income of our wellness and elderly care business continued to grow significantly, representing an period over period increase of approximately HK\$23,202,000; at the same time, the civil explosives business continued to intensify its efforts to develop key regional markets and optimize the deployment of production capacity to fully release its production capacity, which drove the Company’s performance to grow slightly, with an increase in operating income of approximately HK\$9,484,000 as compared to the same period last year; in addition, as our financial leasing business continued to deepen its penetration into the leading environmental protection business and municipal environmental protection industry segments in China, the operating income was able to rise by approximately HK\$16,052,000; for the six months ended 30 June 2024, together with other factors, the Group’s total revenue recorded a significant increase to approximately HK\$411,025,000, representing an increase of 12.2% over last year.

Performance of major segments improved progressively under our operation, consolidated operating profit from each of the continuing operations increased by a total of approximately HK\$34,593,000 to approximately HK\$111,399,000, representing an increase of approximately 45%; together with the exceptional gain of approximately HK\$49,028,000 on the disposal of 72% equity interest in a subsidiary of the Company, Guangdong Sino Rock Tyco Construction Co., Ltd.* (“Sino Rock Tyco”). Excluding the decrease in profit contribution from Sino Rock Tyco of approximately HK\$17,291,000 after the disposal, the combination of other factors resulted in a significant increase in profit for the year of HK\$55,896,000, resulting in a net profit of approximately HK\$107,133,000.

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, steadily maintains the largest institutional elderly care brand in Foshan City to promote the high-quality development of the business. As at June 30, 2024, there were a total of 2,708 institutional nursing beds up by approximately 23% compared to the same period of last year. The occupancy rate increased to 88%. In addition, 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. Moreover, the Group has a total of 461 rehabilitation and nursing beds up by 54%. The occupancy rate increased to 72%.

The Company continued to construct elderly services and facilities, continued to expand and renovate apartments for the elderly and carried out all-round renovation and upgrading to promote high quality standardization of the business and advanced planetary level construction; deepened the integration of healthcare and nursing care and accelerated the construction of healthcare and nursing care facilities and equipment in each of the branch institutions; and carried out the upgrading of information technology in rehabilitation hospitals, promoted the expansion of the hospitals' operational rooms and accelerated the construction of hospital beds and projects. The elderly care and wellness business were able to achieve significant growth in operating revenue, recording an operating income of approximately HK\$96,897,000 for the six months ended 30 June 2024, representing a sustained increase of 31.5% over the same period last year. In addition to improving occupancy rates, price adjustments were also made, resulting in a turnaround of loss and an operating profit of HK\$7,677,000 for the six months ended 30 June 2024, representing an increase of 264% over the same period last year.

FINANCIAL LEASING BUSINESS

This year, the financial leasing industry has entered the era of strong regulation, accompanied by the escalation of industry competition, macroeconomic downturn, and the overall market competition has entered a more intense period. The Company focuses on environmental protection, strives for progress amidst stability, closely focuses on the strategic objective of developing into a leading environmental protection specialized financial leasing company in China, and is deeply engaged in the subsectors of the municipal environmental protection industry, focuses on the main business, and expands its business with high efficiency and excellence; strictly examines and promotes the investment, and grasps the risk management and control to safeguard the revenue and take various measures to raise and apply the funds, and enhances the ability to independently raise funds, and the various work in the first half of the year has achieved certain results, and the profit for the year ended 30 June 2024 increased by 23.5% to approximately HK\$87,609,000.

BIG DATA BUSINESS

The Group's big data business faced the unsatisfactory economic situation of the traditional manufacturing industry in the Mainland, the poorer environment of the manufacturing services market and the further intensification of market competition, coupled with the fact that the government's financial constraints have not eased and the progress of enterprises obtaining subsidies has been delayed, the Company has clarified its development ideas and development strategies to deeply cultivate the industrial Internet industry, build a productized and operation-oriented business system, and to gradually cultivate and expand the healthcare technology industry, at the same time, the Company further explored the resources of government-enterprise cooperation projects to build an operation-oriented business system.

The Group continued to consolidate its established principal business projects and promote the exploration of new businesses. The cumulative number of identifier enterprises registered in respect of industrial Internet identifiers reached 2,535, with the number of identifier registrations exceeding 9.1 billion and the number of identifier decoding exceeding 1.5 billion times. The Company actively focuses on the development direction of industrial Internet and the Group's industrial empowerment, expands business segments, strengthens the government-enterprise cooperation business, obtained the Foshan SME digital evaluation project, and explores more business opportunities and strives for more business cooperation by visiting manufacturing enterprises. At the same time, we provide diversified enterprise counseling, consulting business and information technology service business, optimize product service functions, promote the transformation of scientific and technological achievements, and strive to undertake more industrial information technology service business and improve product reliability, so as to provide reliable technical support and innovative development power for the Group's development.

During the period, operating revenue decreased by 37.2% to approximately HK\$3,082,000 as compared to the same period last year. However, due to the delay in the progress of enterprises obtaining awards and subsidies as the government's financial constraints have not eased, operating loss increased significantly by 16.2 times to approximately HK\$5,297,000 as compared to the same period last year.

CIVIL EXPLOSIVES BUSINESS

During the period, the domestic economy remained under pressure, with no improvement in real estate and infrastructure investment. The Company continued to intensify its efforts to develop key regional markets and flexibly adjusted its sales strategies to increase its market share; at the same time, it kept up its technological innovations and continued to promote the optimization of its process formulas and revamped its clean energy heating system, so as to enable the Company to effectively achieve cleaner production, while at the same time save energy, reduce consumption and increase efficiency. For the six months ended 30 June 2024, operating revenue increased by 9.3% to approximately HK\$111,720,000 and operating profit increased by 106.9% to approximately HK\$21,992,000.

INVESTMENTS IN PROPERTIES AND INDUSTRIAL PARKS

The Group entered into a disposal agreement on 6 December 2023 to dispose of all the Group's 72% equity interest in Sino Rock Tyco, which was approved by the shareholders at the extraordinary general meeting held on 18 January 2024, and the disposal has been completed, members of the Sino Rock Tyco group will cease to be subsidiaries of the Company, the pre-disposal business of estate and property development has been categorized as a discontinued operation and the profit contribution has decreased by approximately HK\$17,291,000 as compared to the same period of last year, however, the disposal of equity interest in Sino Rock resulted in an exceptional gain of approximately HK\$49,028,000.

As for other properties, due to the bearish market sentiment, some tenants of China Holdings Building did not renew their leases upon expiry, and the average rent per square meter of area for new tenants was lower than that of expired old tenants, total rental income dropped by 26.8% compared with last year and recorded approximately HK\$3,633,000. In particular, the occupancy rate of China Holdings Building was adjusted downward from 93.0% to approximately 81.9%; and the Hong Kong property was only successfully leased out since the end of 2023, generating a rental income of HK\$300,000 during the period.

HOTEL BUSINESS

Starting from October 2023, the hotel's operation mode was restructured by leasing the entire hotel to a hotel management company and the hotel subsequently received stable rental income. However, under this leasing mode, the turnover would shrink, representing a decrease of approximately 10.6%, or approximately HK\$782,000, when compared to the same period of last year, whereas the profit for the period turned from a loss to a gain, increasing by 273.9% to HK\$2,572,000.

PROFIT FROM INVESTMENTS IN AN ASSOCIATE

As a result of the increase in the proportion of cleaner fuels during the year, which led to a corresponding increase in the cost of sales and a decrease in the gross profit margin, coupled with a decrease in unit sales price but an increase in the volume of electricity sales, the operating result was comparable to that of the same period last year, recording a profit of approximately HK\$88,479,000, which contributed approximately HK\$26,520,000 to the Group's profit, representing a slight decrease of 2.7% as compared to that of the same period last year.

FINANCIAL POSITION AND ANALYSIS

For the six months ended 30 June 2024, the Group had total assets of approximately HK\$7,749,326,000 (31 December 2023: approximately HK\$9,755,709,000) and the total liabilities of approximately HK\$5,926,700,000 (31 December 2023: HK\$7,636,412,000), a gearing ratio (being total liabilities divided by total assets) of 76.5% (31 December 2023: 78.3%), net assets of approximately HK\$1,822,626,000 (31 December 2023: HK\$2,119,297,000) and equity per share attributable to the owners of the Company of approximately HK\$61.92 cents (31 December 2023: approximately HK\$57.23 cents).

The Group had net current assets of approximately HK\$117,028,000 (31 December 2023: approximately HK\$645,022,000), a current ratio (being current assets divided by current liabilities) of approximately 1.04 (31 December 2023: 1.15). The Group has secured sufficient banking facilities and is in the process of increasing its access to more financing channels. In addition, the Group entered into the extension deed to extend the maturity date of the outstanding convertible bond in the principal amount of HK\$166,232,000 by 3 years (i.e. from 13 October 2024 to 13 October 2027). The Group has obtained sufficient credit facilities from banks and is in the process of increasing more sources of financing, which are sufficient to maintain its current and future liquidity. The Group had bank balance and cash of approximately HK\$1,102,877,000 (31 December 2023: approximately HK\$592,181,000), sufficient for capital requirements for future operation and new projects or business development of the Group.

PLEDGE OF ASSETS

As at 30 June 2024, properties of the Group for own use and investment, bank deposits and 26.794% interest in an associate held by the Group and the carrying value of finance lease receivables amounted to approximately HK\$4,390,565,000, with approximately HK\$3,864,346,000 of finance lease receivables pledged to banks as the security for bank borrowings granted to the Group (31 December 2023: 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\$4,548,702,000, with approximately HK\$3,580,931,000 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\$12,944,000 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 has 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\$3,091,000 for the same period of last year. Although inflation alleviated to some extent in the first half of the year, the interest rates of HKD and USD remained high. However, the market generally believes that the US will reduce interest rates. In addition, the recovery of China's economy fell short of expectations, necessitating a low RMB interest rate to stimulate economy growth. The difference in interest rates between China and the US would persist in the short term, which would affect the appeal of RMB. As a result, the depreciation pressure of RMB against USD and HKD persisted, representing an exchange loss of approximately HK\$4,605,000. Therefore, the Board believes that RMB will be immensely affected by Sino-US relations, USD interest rate 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 is still in a “state of instability” due to trade fragmentation and prolonged high interest rates, the economy will continue to grow slowly, geopolitical tensions have created more economic uncertainties, China’s spending and investment are still conservative, and total demand is still insufficient, coupled with the slow progress of economic transformation and upgrading in the face of the storm in the real estate sector, the operations of enterprises in various industries are not satisfactory, the Group is committed to its strategic orientation, continues its efforts to become a first-class technology-based health care services provider in the Greater Bay Area, strives to deepen its “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, and its elderly care apartment project has entered the finalization stage, and has basically completed the completion of its construction and preparations for acceptance, and it will make preparations for the opening of its facilities in an orderly manner. In addition, we will actively negotiate with a number of potential projects in other regions of the province, as well as outside of the province, in order to lay the foundation for the realization of 5,000 beds by the end of the “14th Five-Year Plan” period. At the same time, we would actively follow up and invest in Hong Kong institutional elderly care business, and seek opportunities to expand the elderly care business for Hong Kong and Macao elderly people at the north of the border. At present, a preliminary cooperation method and plan have been reached, and service plans, renovation plans and brainstorming plans are being formulated.

For our big data business, the Group will continue to strengthen its technology sub-strategy research, focusing on the two directions of industrial Internet and big health technology to carry out the exploration of industrial development to identify investment and M&A targets, with a view to completing the M&A of high-quality projects as the goal; in addition, we will strengthen the post-investment management of the XRIS project to implement the planning objectives to tap into the expansion of the business that is synergistic with the principal business; upgrade the businesses of industrial Internet and the digital and intelligent manufacturing industry, continue to promote the industrial internet identifier business by tapping into the demand in conjunction with the demands of government affairs, CAII and alliances.

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, continue to optimize the environmental protection leasing pass products, deeply cultivate the municipal environmental protection finance leasing business, formulate the medical equipment finance leasing business plan, seize the opportunity of the large-scale medical equipment renewal business, and make use of the channels of the E20 Forum, the environmental protection associations and the banks to focus on, monitor and benchmark against segmented peers, develop high-quality municipal environmental protection customers, and digging deeper into the upstream and downstream of established customers and partners and high-end intelligent equipment manufacturing marketing within the province. In addition, we will continue to optimize the financing situation, strive for better ratings, achieve increase of credit lines and better financing terms, and strengthen communication with banks to increase low-cost credit lines. Improve the risk management system and strengthen the control of non-performing assets to reduce the non-performing rate.

For our civil explosives business, we will enhance the expansion of the blasting business, realize the external conditions for the landing of mixed capacity, independently release the mixed capacity, achieve the concurrent production of packaged explosives and mixed explosives and sales; and we will complete the technological transformation of comprehensive utilization of clean energy thermal energy for heating supply, achieve energy saving and emission reduction, cost reduction and efficiency enhancement; and promote the transformation of the transport business to the establishment of new hazardous chemicals transportation company by means of cooperation and investment.

EMPLOYEES

The total number of employees of the Group is approximately 1,279 (31 December 2023: 1,289). 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 Company had approved share premium cancellation and payment of special dividend of 0.42 HK cent per share (2023: Nil) in cash to the shareholders whose name appear on the register of members of the Company on 9 July 2024, at the annual general meeting of the Company held on 26 June 2024. The said special dividend was paid on 24 July 2024. Details of said share premium cancellation and payment of special dividend were set out in the circular of the Company dated 25 April 2024 and announcements of the Company dated 27 March 2024 and 26 June 2024 respectively.

The Directors resolved not to declare payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

During the six months ended 30 June 2024, 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 six months ended 30 June 2024, the Company has complied with all the code provisions 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 six months ended 30 June 2024, 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 of the Company 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 six months ended 30 June 2024.

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

Hong Kong, 28 August 2024

As at the date of this announcement, the Board consists of two executive Directors, namely Mr. HE Xiangming (Chairman) and Mr. FU Weiqiang (President), 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 Junxian.

* For identification purpose only