THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hing Yip Holdings Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected, for transmission to the purchaser(s) or the transferee(s).

HING YIP HOLDINGS LIMITED
興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00132)

MAJOR TRANSACTION
ACQUISITION OF EQUITY INTEREST IN
CANTON GREENGOLD FINANCIAL LEASING LTD.*

A letter from the Board is set out on pages 3 to 9 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being published to the Shareholders for information only.

13 September 2024

* *for identification purpose only*

CONTENTS

In this circular, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:–

"Board"	the board of Directors of the Company
"CIH Finance"	CIH Finance Investments Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Company"	Hing Yip Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00132)
"Dali Water Supply"	Foshan City Nanhai Dali Water Supply Company*（佛山市南海大瀝自來水公司）, a collectively-owned enterprise incorporated in the PRC
"Director(s)"	the director(s) of the Company
"Greengold Leasing"	Canton Greengold Financial Leasing Ltd.*（廣東綠金融資租賃有限公司）, a company incorporated in the PRC with limited liability and a subsidiary of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huaxing Glass"	Foshan Huaxing Glass Co., Ltd.*（佛山華興玻璃有限公司）, a company incorporated in the PRC with limited liability
"HK$"	Hong Kong Dollar, the lawful currency of Hong Kong
"Lianzhifu Investment"	Foshan City Nanhai District Lianzhifu Investment Co., Ltd.*（佛山市南海區聯智富投資有限公司）, a company incorporated in the PRC with limited liability
"Latest Practicable Date"	10 September 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"RMB"	Renminbi, the lawful currency of the PRC
"Seventh Capital Injection"	the injection of RMB140,907,030.57 (equivalent to approximately HK$152,179,593.02) made by CIH Finance in cash to the capital of Greengold Leasing pursuant to the terms of the Seventh Capital Injection Agreement
"Seventh Capital Injection Agreement"	the capital injection agreement dated 4 June 2024 entered into amongst CIH Finance, Zhongchuang Xingke Investments, Yueqiao Construction Investment, Dali Water Supply, Huaxing Glass, Lianzhifu Investment, Zhizao Investment and Greengold Leasing in relation to the Seventh Capital Injection
"SFO"	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) of HK$0.10 each of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuation Report"	the valuation report issued by Foshan Zhengxun Asset Appraisal and Real Estate Appraisal Co., Ltd.*（佛山市正迅資產評估與房地產評估有限公司）dated 11 March 2024 in respect of the valuation of Greengold Leasing for the Seventh Capital Injection
"Yueqiao Construction Investment"	Foshan City Yueqiao Construction Investment Co., Ltd.*（佛山市粵樵建設投資有限公司）(formerly known as Foshan City Yueqiao Assets Management Co., Ltd.*（佛山市粵樵資產管理有限公司））, a company incorporated in the PRC with limited liability
"Zhizao Investment"	Foshan City Nanhai Zhizao Investment Co., Ltd.*（佛山市南海智造投資有限公司）, a company incorporated in the PRC with limited liability
"Zhongchuang Xingke Investments"	Guangdong Zhongchuang Xingke Investments Co., Ltd.*（廣東中創興科投資有限公司）(formerly known as Zhong Chuang Xing Ke (Shenzhen) Investments Co., Ltd.*（中創興科(深圳)投資有限公司））, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

* *For identification purpose only*

HING YIP HOLDINGS LIMITED
興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00132)

Executive Directors:
He Xiangming *(Chairman)*
Fu Weiqiang *(President)*

Non-executive Director:
Shi Xuguang

Independent Non-executive Directors:
Chan Kwok Wai
Peng Xinyu
Lin Junxian

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

13 September 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF EQUITY INTEREST IN
CANTON GREENGOLD FINANCIAL LEASING LTD.*

INTRODUCTION

Reference is made to the announcement of the Company dated 4 June 2024 in relation to the entering into of the Seventh Capital Injection Agreement among CIH Finance, Zhongchuang Xingke Investments, Yueqiao Construction Investment, Dali Water Supply, Huaxing Glass, Lianzhifu Investment, Zhizao Investment and Greengold Leasing, pursuant to which CIH Finance agreed to contribute RMB140,907,030.57 (equivalent to approximately HK$152,179,593.02) in cash to the capital of Greengold Leasing to provide working capital for its operation. The Group's equity percentage interest in Greengold Leasing will increase from approximately 51.83% to 57.76% as a result.

The purpose of this circular is to provide you with, among other things, further information on the Seventh Capital Injection Agreement and the Seventh Capital Injection and other information as required under the Listing Rules.

THE SEVENTH CAPITAL INJECTION AGREEMENT

Set out below is a summary of the principal terms of the Seventh Capital Injection Agreement:–

Date:

4 June 2024

Parties:

(1) CIH Finance, a wholly-owned subsidiary of the Company;

(2) Zhongchuang Xingke Investments, a wholly-owned subsidiary of the Company;

(3) Yueqiao Construction Investment;

(4) Dali Water Supply;

(5) Huaxing Glass;

(6) Lianzhifu Investment;

(7) Zhizao Investment; and

(8) Greengold Leasing, a subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yueqiao Construction Investment, Dali Water Supply, Huaxing Glass, Lianzhifu Investment, Zhizao Investment and their ultimate beneficial owners are third parties independent of the Group and its connected persons.

The Seventh Capital Injection

Pursuant to the terms of the Seventh Capital Injection Agreement, CIH Finance will contribute an amount of RMB140,907,030.57 (equivalent to approximately HK$152,179,593.02) (of which RMB135,354,055.75 (equivalent to approximately HK$146,182,380.21) will be contributed to the registered capital and the remainder to the share premium which is classified as capital reserve under PRC GAAP) in cash to the capital of Greengold Leasing. The amount of the capital reserve is determined based on the appraised net assets value on the appraisal reference date minus the cash dividend for the year of 2023, which arrives the price of RMB1 registered capital being equivalent to RMB1.041, and thus for each RMB1 paid-in capital contribution, RMB0.041 shall be contributed as capital reserve.

The equity-holding structures of Greengold Leasing both before and after the Seventh Capital Injection with reference to the registered capital and the currently paid-up capital are illustrated below:

Equity holder(s) of Greengold Leasing before the Seventh Capital Injection	**Registered capital** *(RMB)*	**Approximate percentage**	**Paid-up capital** *(RMB)*	**Approximate percentage**
CIH Finance	325,000,000.00	33.6911%	325,000,000.00	33.6911%
Zhongchuang Xingke Investments	175,000,000.00	18.1414%	175,000,000.00	18.1414%
Huaxing Glass	106,060,244.25	10.9947%	106,060,244.25	10.9947%
Yueqiao Construction Investment	102,145,000.00	10.5888%	102,145,000.00	10.5888%
Dali Water Supply	102,146,900.00	10.5891%	102,146,900.00	10.5891%
Zhizao Investment	102,146,900.00	10.5891%	102,146,900.00	10.5891%
Lianzhifu Investment	52,146,900.00	5.4058%	52,146,900.00	5.4058%
Total	**964,645,944.25**	**100%**	**964,645,944.25**	**100%**

Equity holder(s) of Greengold Leasing after the Seventh Capital Injection	**Registered capital** *(RMB)*	**Approximate percentage**	**Paid-up capital** *(RMB)*	**Approximate percentage**
CIH Finance	460,354,055.75	41.8504%	460,354,055.75	41.8504%
Zhongchuang Xingke Investments	175,000,000.00	15.9091%	175,000,000.00	15.9091%
Huaxing Glass	106,060,244.25	9.6418%	106,060,244.25	9.6418%
Yueqiao Construction Investment	102,145,000.00	9.2859%	102,145,000.00	9.2859%
Dali Water Supply	102,146,900.00	9.2861%	102,146,900.00	9.2861%
Zhizao Investment	102,146,900.00	9.2861%	102,146,900.00	9.2861%
Lianzhifu Investment	52,146,900.00	4.7406%	52,146,900.00	4.7406%
Total	**1,100,000,000.00**	**100%**	**1,100,000,000.00**	**100%**

Basis of determining the amount of the Seventh Capital Injection

The value of the Seventh Capital Injection was determined by CIH Finance following arm's length negotiations between the other shareholders (which have decided to forego this round of funding) with reference to the capital needs of Greengold Leasing that are required for maintaining its daily operations and its principal business of providing finances, the financial resources and reserves available to CIH Finance that can be injected to Greengold Leasing, and the appraised value of Greengold Leasing of RMB1,096,448,876.36 (equivalent to approximately HK$1,184,164,786.46) in the Valuation Report determined using the asset-based approach with 31 December 2023 as the appraisal reference date, such value is materially the same and based on the audited net asset value of Greengold Leasing as of 31 December 2023 under PRC GAAP. Since the appraisal reference date to the Latest Practicable Date, there is no material change in the business operation and financial performance of Greengold Leasing.

Other than CIH Finance, the other joint venture parties of Greengold Leasing will not participate in the current round of funding.

Timing for the Seventh Capital Injection

CIH Finance shall pay the amount of the Seventh Capital Injection to Greengold Leasing in full by a lump sum payment before 30 June 2024 out of its/the Group's internal resources. As at the Latest Practicable Date, the amount of the Seventh Capital Injection has been fully paid.

Management structure

Pursuant to the Seventh Capital Injection Agreement, the current management structure of Greengold Leasing will remain unchanged.

Registration procedures

Greengold Leasing shall proceed with the change of industrial and commercial registration procedures and change of Sino-foreign joint venture filing and registration procedures within 10 business days from the effective date of the Seventh Capital Injection Agreement as well as all incidental documentation (including the amended constitutional documents and the supplemental joint venture agreement signed by all joint venture parties of Greengold Leasing). As at the Latest Practicable Date, the above-mentioned filing and registration procedures have been fully completed.

Liabilities for breach

In the event that CIH Finance fails to pay the amount of the Seventh Capital Injection within 90 days from 30 June 2024, Zhongchuang Xingke Investments, Yueqiao Construction Investment, Dali Water Supply, Huaxing Glass, Lianzhifu Investment, Zhizao Investment and Greengold Leasing will be entitled to terminate the Seventh Capital Injection Agreement.

VALUATION OF GREENGOLD LEASING

The Valuation Report was prepared by the independent valuer, Foshan Zhengxun Asset Appraisal and Real Estate Appraisal Co., Ltd.*(佛山市正迅資產評估與房地產評估有限公司) with conclusion made based on the asset-based approach. However, as there is a mandatory requirement for the use of two different valuation approaches according to applicable PRC laws and regulations, both income approach and asset-based approach were referenced in the Valuation Report, which may constitute as "profit forecast" under Rule 14.61 of the Listing Rules. Accordingly, the Company has applied for, and obtained from the Stock Exchange waivers from strict compliance with the requirements under the Rules 14.60A, 14.66(2) and paragraph 29(2) of Appendix D1B of the Listing Rules, on the following grounds:

(1) The consideration of the Seventh Capital Injection is determined by reference to the appraised asset-based value of Greengold Leasing in the Valuation Report and such value is materially the same as the audited net asset value of Greengold Leasing under PRC GAAP. As the valuation is concluded based on the asset-based approach, the income approach is irrelevant in such determination of the consideration of the Seventh Capital Injection.

(2) Neither CIH Finance nor the Company was involved in the valuation process or the preparation of the Valuation Report, including the estimation of the appraised value, the making of any assumptions in the Valuation Report or the profit forecast included therein. The engaging of the independent valuer and the supplying of factual information to the independent valuer upon request is conducted solely by Greengold Leasing. Meanwhile, the decision to select, discard and conclude on a particular valuation approach is made solely by the independent valuer.

(3) The reason for adopting an additional valuation approach, in this instance the income approach, is only to comply with the PRC laws and regulations rather than pursuant to the Listing Rules, and the PRC laws have stringent controls on the fairness of the valuation process; and

(4) the summary of the Valuation Report as set out in Appendix V to this circular contains clear and express statement addressing that the appraisal value is concluded based on the asset-based approach, such that there will be no confusion for the Shareholders. Accordingly, it would be an excessive burden for the Company to comply with the profit forecast requirement and the additional disclosures under the profit forecast requirement, and it would also not be appropriate for the Shareholder's consideration of the same.

INFORMATION ON GREENGOLD LEASING

Greengold Leasing, established in the PRC on 19 December 2017, is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC.

According to the audited financial statements of Greengold Leasing, the net asset value of Greengold Leasing was approximately HK$1,181,712,000 as at 31 December 2023, its net profits for the year ended 31 December 2022 before and after taxation were approximately HK$148,000,000 and approximately HK$111,267,000 respectively and its net profits for the year ended 31 December 2023 before and after taxation were approximately HK$130,437,000 and approximately HK$98,054,000 respectively.

INFORMATION ON THE PARTIES TO THE SEVENTH CAPITAL INJECTION AGREEMENT

The Group is principally engaged in wellness elderly care, finance leasing, technology and civil explosives businesses. Through its joint ventures and associated companies, the Group also participates and invests in fast growing sectors, including electric utilities in the PRC.

CIH Finance, a wholly-owned subsidiary of the Company, is principally engaged in finance and project investment.

Zhongchuang Xingke Investments, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Yueqiao Construction Investment, a company incorporated in the PRC with limited liability, is principally engaged in assets management. So far as the Company is aware, Yueqiao Construction Investment is ultimately wholly controlled by the Public Assets Office of Xiqiao Town, Nanhai District, Foshan City*（佛山市南海區西樵鎮公有資產管理委員會辦公室）.

Dali Water Supply, a company incorporated in the PRC, is principally engaged in real estate rental. So far as the Company is aware, Dali Water Supply is ultimately wholly controlled by the Municipal People's Government of Dali Town, Nanhai District, Foshan City*（佛山市南海區大瀝鎮人民政府）.

Huaxing Glass, a company incorporated in the PRC with limited liability, is principally engaged in the research and development, design and manufacturing of daily glass products. So far as the Company is aware, Huaxing Glass is owned as to 45.37% by Li Shenhua*（李深華）, 24.63% by Li Zhixiao*（李智校）, 17.28% by Li Jianghua*（李江華） and 12.72% by Li Zhichang*（李志昌）.

Lianzhifu Investment, a company incorporated in the PRC with limited liability, is principally engaged in property and equity investment. So far as the Company is aware, Lianzhifu Investment is ultimately wholly controlled by the State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City*（佛山市南海區國有資產監督管理局）.

Zhizao Investment, a company incorporated in the PRC with limited liability, is principally engaged in project investment and management. So far as the Company is aware, Zhizao Investment is ultimately wholly controlled by the Public Assets Office of Shishan Town, Nanhai District, Foshan City*（佛山市南海區獅山鎮公有資產管理辦公室）.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SEVENTH CAPITAL INJECTION AGREEMENT

The principal business of Greengold Leasing continues to develop rapidly. The Seventh Capital Injection was aimed to provide funding for Greengold Leasing's normal operations and enhance the Company's equity interest in Greengold Leasing.

The Directors are of the view that the terms of the Seventh Capital Injection Agreement are on normal commercial terms and fair and reasonable and the Seventh Capital Injection and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE SEVENTH CAPITAL INJECTION

Upon completion of the Seventh Capital Injection, the Group's equity percentage interest in Greengold Leasing will increase from approximately 51.83% to 57.76% as a result, and Greengold Leasing will remain a subsidiary of the Company according to the relevant accounting standards. The financial results of Greengold Leasing will continue to be consolidated by the Group. Therefore, it is expected that the Group will not record any gain or loss from the Seventh Capital Injection in the consolidated income statement of the Group. The earnings attributable to owners of the Company will be increased by 5.93% (i.e. increase in the equity interest in Greengold Leasing held by the Group from 51.83% to 57.76%) of the profit or loss of Greengold Leasing upon Completion.

Regarding the consolidated financial position of the Group, it is expected that no effect will be resulted from the Seventh Capital Injection.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Seventh Capital Injection is more than 25% but less than 100%, the Seventh Capital Injection Agreement and the transactions of the Group contemplated thereunder constitute a major transaction of the Company and is therefore subject to the announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

No Shareholder is materially interested in the Seventh Capital Injection Agreement and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Seventh Capital Injection Agreement, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Seventh Capital Injection Agreement from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Seventh Capital Injection Agreement.

RECOMMENDATIONS

The Directors consider that the terms of the Seventh Capital Injection Agreement and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable, and in the best interests of the Group and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolutions to approve the Seventh Capital Injection Agreement and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the financial, valuation and general information as set out in the appendices to this circular.

On behalf of
Hing Yip Holdings Limited
HE Xiangming
Chairman

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following annual reports of the Company for the years ended 31 December 2021, 2022 and 2023 respectively, and details of the unaudited consolidated interim financial information of the Group for the six months ended 30 June 2024 are disclosed in the following interim results announcement of the Company for the six months ended 30 June 2024, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://hingyiphk.quamhkir.com):

- the annual report 2021 of the Company for the year ended 31 December 2021 which was published on 28 April 2022 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802012.pdf), please refer to pages 126 to 301 in particular;

- the annual report 2022 of the Company for the year ended 31 December 2022 which was published on 27 April 2023 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700579.pdf), please refer to pages 131 to 309 in particular; and

- the annual report 2023 of the Company for the year ended 31 December 2023 which was published on 24 April 2024 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042402274.pdf), please refer to pages 100 to 254 in particular.

- the interim results announcement for year 2024 of the Company for the six months ended 30 June 2024 which was published on 28 August 2024 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0828/2024082801310.pdf), please refer to pages 1 to 26 in particular.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2024, the Group had outstanding interest bearing bank loans of approximately HK$4,867,932,000 (comprising secured and guaranteed bank loans of approximately HK$4,059,653,000 which were secured by the pledge of investment properties of approximately HK$334,564,000, plant, property and equipment of approximately HK$86,765,000, bank deposit of approximately HK$6,952,000, finance lease receivables and future interest receivable of approximately HK$3,731,595,000, and 26.794% equity interests in an associate of approximately HK$99,039,000; and unsecured and unguaranteed bank loans of approximately HK$808,279,000. Among such loans, a small number of them are having a maturity profile in the near term (maturing in 2024) and the rest are in the mid-term (maturing in 2025, 2026 and 2027) to long term (maturing in 2028, 2029, 2034, 2035, 2037, 2038, 2039 and 2047).

The Group had unsecured and unguaranteed interest bearing loans from its immediate holding company of approximately HK$136,000,000, which will mature in 2024 and 2025.

The Group had outstanding secured and guaranteed other loan of approximately HK$47,302,000 which were secured by the pledge of finance lease receivables and future interest receivable of approximately HK$47,382,000.

In addition, the Group had unsecured and unguaranteed lease liabilities of approximately HK$4,830,000, and outstanding convertible notes with aggregate principal amount of HK$166,232,000 issued by the Company which will mature on 13 October 2024.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 31 July 2024, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the Seventh Capital Injection and the existing cash and bank balances, other internal resources and available existing unutilised credit facilities of the Group, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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.

The following is the text of a report set out on pages 3 to 61 received from the Company's reporting accountants, HLM CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this investment circular.

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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181 Johnston Road, Wanchai, Hong Kong
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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CANTON GREENGOLD FINANCIAL LEASING LIMITED TO THE DIRECTORS OF HING YIP HOLDINGS LIMITED

Introduction

We report on the historical financial information of Canton Greengold Financial Leasing Limited ("Greengold Leasing") set out on pages 3 to 61, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 3 to 61 forms an integral part of this report, which has been prepared for inclusion in the investment circular of Hing Yip Holdings Limited (the "Company") dated 13 September 2024 (the "Circular") in connection with the proposed acquisition of the 5.93% equity interests in Greengold Leasing.

Directors' responsibility for the Historical Financial Information

The directors of Greengold Leasing are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of Greengold Leasing determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of Greengold Lesaing included and such information is prepared based in accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the Company's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Greengold Leasing, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Greengold Leasing's financial position as at 31 December 2021, 2022, 2023 and 30 June 2024 and of its financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Greengold Leasing which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Greengold Leasing are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Information have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which certains information about that dividends have been paid by Greengold Leasing in respect of the Relevant Periods.

HLM CPA Limited
Certified Public Accountants
Wong Kam Hing
Practising Certificate Number: P05697
Hong Kong, 13 September 2024

HISTORICAL FINANCIAL INFORMATION OF GREENGOLD LEASING

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The statutory financial statements of Greengold Leasing for the Relevant Periods were prepared in accordance with the relevant accounting principles and regulations applicable in the People's Republic of China (the "PRC") and were audited by the following certified public accountants registered in the PRC:

Financial period	Name of auditors
For the year ended 31 December 2021	Da Hua Certified Public Accountants (Special General Partnership)
For the year ended 31 December 2022	Da Hua Certified Public Accountants (Special General Partnership)
For the year ended 31 December 2023	Da Hua Certified Public Accountants (Special General Partnership)

The financial statements of the Greengold Leasing for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong Dollar ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	*6*	223,574	335,737	356,366	174,953	190,217
Cost of sales		(122,596)	(158,201)	(164,269)	(86,604)	(80,024)
Gross profit		100,978	177,536	192,097	88,349	110,193
Other income/(expenses)	*7*	27,996	35,112	17,657	11,993	2,862
Administrative expenses		(15,689)	(18,036)	(19,201)	(7,034)	(11,335)
Selling expenses		(7,937)	(10,810)	(10,460)	(5,997)	(5,961)
Finance costs	*8*	–	(133)	(39)	(26)	(80)
Decrease in fair value of financial assets at fair value through profit or loss		(3,911)	–	–	–	–
Allowance for expected credit losses on finance lease receivables		(9,847)	(35,669)	(49,617)	(6,354)	(6,492)
Profit before taxation		91,590	148,000	130,437	80,931	89,187
Income tax expenses	*9*	(19,484)	(36,733)	(32,383)	(17,001)	(12,712)
Profit for the year/period	*10*	72,106	111,267	98,054	63,930	76,475
Other comprehensive income/ (expenses), net of income tax						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		30,097	(75,423)	(26,037)	(41,565)	(27,539)
Other comprehensive income/ (expenses) for the period, net of income tax		30,097	(75,423)	(26,037)	(41,565)	(27,539)
Total comprehensive income for the year/period		102,203	35,844	72,017	22,365	48,936

STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2021	2022	2023	2024
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	1,168	1,347	390	294
Right-of-use assets	*14*	–	1,475	254	5,982
Financial assets at fair value through profit or loss	*15*	4,155	–	–	–
Financial lease receivables	*16*	2,453,338	2,884,042	3,191,960	3,303,118
Amounts due from fellow subsidiaries	*22*	90,184	70,136	–	–
Deferred tax assets	*17*	7,015	15,246	27,037	27,985
		2,555,860	2,972,246	3,219,641	3,337,379
CURRENT ASSETS					
Financial lease receivables	*16*	777,069	1,067,858	1,424,881	1,526,509
Trade and other receivables	*18*	21,498	33,828	43,781	66,323
Amounts due from shareholders	*22*	336,767	–	–	–
Amounts due from fellow subsidiaries	*22*	137,926	181,174	68,642	–
Cash and bank balances	*19*	522,272	596,567	340,084	481,221
		1,795,532	1,879,427	1,877,388	2,074,053
CURRENT LIABILITIES					
Trade and other payables	*20*	36,052	47,746	49,243	37,964
Deposits received from customers		11,626	2,715	12,230	20,160
Amounts due to shareholders	*22*	–	52,001	–	–
Amount due to fellow subsidiaries	*22*	286,393	6	27,503	26,853
Borrowings	*21*	753,597	1,088,813	1,132,177	1,521,751
Dividend payable		–	39,493	–	–
Lease liabilities	*14*	–	1,490	251	859
Tax payable		15,727	18,579	20,161	9,352
		1,103,395	1,250,843	1,241,565	1,616,939
NET CURRENT ASSETS		692,137	628,584	635,823	457,114
TOTAL ASSETS LESS CURRENT LIABILITIES		3,247,997	3,600,830	3,855,464	3,794,493

		At 31 December			At 30 June
		2021	**2022**	**2023**	**2024**
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT LIABILITIES					
Deposits received from customers		120,999	164,778	192,736	196,620
Borrowings	*21*	1,975,633	2,045,351	2,481,016	2,310,888
Lease liabilities	*14*	–	442	–	5,175
		2,096,632	2,210,571	2,673,752	2,512,683
NET ASSETS		1,151,365	1,390,259	1,181,712	1,281,810
CAPITAL AND RESERVES					
Share capital	*23*	992,800	1,351,261	1,085,550	1,231,726
Reserves		158,565	38,998	96,162	50,084
TOTAL EQUITY		1,151,365	1,390,259	1,181,712	1,281,810

STATEMENTS OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2021	756,662	–	43,501	70,384	870,547
Profit for the year	–	–	–	72,106	72,106
Other comprehensive income for the year:					
– Exchange differences arising from translations of foreign operations	–	–	30,097	–	30,097
Other comprehensive income for the year	–	–	30,097	–	30,097
Total comprehensive income for the year	–	–	30,097	72,106	102,203
Capital injection of shareholders	236,138	3,364	–	–	239,502
Dividend declared	–	–	–	(60,887)	(60,887)
At 31 December 2021	992,800	3,364	73,598	81,603	1,151,365
Profit for the year	–	–	–	111,267	111,267
Other comprehensive income for the year:					
– Exchange differences arising from translations of foreign operations	–	–	(75,423)	–	(75,423)
Other comprehensive expenses for the year	–	–	(75,423)	–	(75,423)
Total comprehensive income/(expenses) for the year	–	–	(75,423)	111,267	35,844
Capital injection of shareholders	358,461	8,878	–	–	367,339
Dividend declared	–	–	–	(164,289)	(164,289)
At 31 December 2022	1,351,261	12,242	(1,825)	28,581	1,390,259
Profit for the year	–	–	–	98,054	98,054
Other comprehensive income for the year:					
– Exchange differences arising from translations of foreign operations	–	–	(26,037)	–	(26,037)
Other comprehensive expense for the year	–	–	(26,037)	–	(26,037)
Total comprehensive income/(expense) for the year	–	–	(26,037)	98,054	72,017
Capital reduction of shareholders	(265,711)	(8,708)	–	–	(274,419)
Dividend declared	–	–	–	(6,145)	(6,145)
At 31 December 2023	1,085,550	3,534	(27,862)	120,490	1,181,712

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
For the six months ended 30 June 2024					
At 1 January 2024	1,085,550	3,534	(27,862)	120,490	1,181,712
Profit for the period	–	–	–	76,475	76,475
Other comprehensive income for the period					
– Exchange differences arising from translations of foreign operations	–	–	(27,539)	–	(27,539)
Other comprehensive expenses for the period	–	–	(27,539)	–	(27,539)
Total comprehensive income/(expenses) for the period	–	–	(27,539)	76,475	48,936
Capital injection of shareholders	146,176	5,997	–	–	152,173
Dividend declared	–	–	–	(101,011)	(101,011)
At 30 June 2024	1,231,726	9,531	(55,401)	95,954	1,281,810
For the six months ended 30 June 2023					
At 1 January 2023	1,351,261	12,242	(1,825)	28,581	1,390,259
Profit for the period	–	–	–	63,930	63,930
Other comprehensive income for the period					
– Exchange differences arising from translations of foreign operations	–	–	(41,565)	–	(41,565)
Other comprehensive expense for the year	–	–	(41,565)	–	(41,565)
Total comprehensive income/(expenses) for the period	–	–	(41,565)	63,930	22,365
Capital reduction of shareholders	(270,477)	(8,687)	–	–	(279,164)
Dividend declared	–	–	–	(6,292)	(6,292)
At 30 June 2023	1,080,784	3,555	(43,390)	86,219	1,127,168

STATEMENTS OF CASH FLOWS

	NOTES	Year ended 31 December 2021 HK$'000	2022 HK$'000	2023 HK$'000	Six months ended 30 June 2023 HK$'000 (unaudited)	2024 HK$'000
Operating activities						
Profit before tax		91,590	148,000	130,437	80,931	89,187
Adjustments for:						
Allowance for expected credit losses on finance lease receivables	10	9,847	35,669	49,617	6,354	6,492
Bank interest income	7	(2,259)	(6,573)	(5,494)	(2,991)	(2,060)
Depreciation of property, plant and equipment	13	943	834	977	521	226
Depreciation of right-of-use assets	14	–	1,214	1,023	523	513
Gain on lease modification	7	–	–	(493)	(504)	–
Gain on disposal of financial assets at fair value through profit or loss	7	–	(3,714)	–	–	–
Decrease in fair value of financial assets at fair value through profit or loss		3,911	–	–	–	–
Finance costs	8	–	133	39	26	80
Finance lease interest income	6	(160,757)	(233,049)	(269,343)	(133,326)	(150,618)
Interest income from loan advance to shareholders	7	(14,510)	–	(4,699)	(4,805)	–
Interest income from loan advance to fellow subsidiaries	7	(5,278)	(17,662)	–	–	–
Net exchange loss/(gain)	7	355	(876)	(302)	(519)	(265)
Operating profits before change in working capital		(76,158)	(76,024)	(98,238)	(53,790)	(56,445)
(Increase)/decrease in trade and other receivables		(1,908)	(5,648)	8,282	7,935	(19,014)
Increase in finance lease receivables		(1,368,998)	(1,037,645)	(828,387)	(512,289)	(331,520)
(Increase)/decrease in amount due from shareholders		(332,520)	413,192	–	–	–
(Increase)/decrease in amount due from fellow subsidiaries		163,183	(99,625)	182,667	177,406	67,675
Increase/(decrease) in trade and other payables		4,033	12,050	(4,539)	202	63
Increase/(decrease) in amount due to shareholders		(4,788)	22,411	(1,065)	88	–
Increase/(decrease) in amount due to fellow subsidiaries		9,184	(313,729)	32,296	4,902	–
Increase in deposits received from customers		54,285	34,869	40,188	27,771	3,884
Cash used in operation		(1,553,687)	(1,050,149)	(668,796)	(347,775)	(335,357)
Interest income from financial leasing received		167,025	226,247	254,816	131,869	143,848
Tax paid		(26,435)	(41,555)	(42,678)	(26,568)	(24,748)
Net cash used in operating activities		(1,413,097)	(865,457)	(456,658)	(242,474)	(216,257)

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Investing activities						
Interest received		22,047	24,235	10,193	7,796	2,060
(Increase)/decrease in time deposits with more than three months to maturity		–	–	(105,611)	–	8,940
Purchase of property, plant and equipment		(21)	(1,113)	(50)	(34)	(138)
Proceeds from disposal of property, plant and equipment		99	–	–	–	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	8,069	–	–	–
Net cash generated from/(used in) investing activities		22,125	31,191	(95,468)	7,762	10,862
Financing activities						
Capital injection from shareholders		219,363	378,977	–	–	152,173
Capital withdrawal from shareholders		–	–	(274,419)	(279,164)	–
Dividend paid	*28*	(40,748)	(63,710)	(100,550)	(102,827)	(101,011)
Proceeds from borrowings	*28*	2,091,767	2,314,412	2,941,000	1,679,414	2,663,474
Repayment of borrowings	*28*	(592,633)	(1,678,465)	(2,372,017)	(995,111)	(2,355,670)
Repayment of lease liabilities	*28*	–	(1,250)	(1,020)	(522)	(538)
Net cash generated from financing activities		1,677,749	949,964	192,994	301,790	358,428
Net increase/(decrease) in cash and bank balances		286,777	115,698	(359,132)	67,078	153,033
Cash and bank balances at the beginning of the year/period		223,516	522,272	596,567	596,567	234,473
Effect of foreign exchange rate changes		11,979	(41,403)	(2,962)	(12,286)	(2,954)
Cash and bank balances at the end of the year/period		522,272	596,567	234,473	651,359	384,552
Analysis of cash and bank balances, being:						
Cash and bank balances		522,272	596,567	340,084	651,359	481,222
Less: time deposit with maturity over three months		–	–	(105,611)	–	(96,670)
		522,272	596,567	234,473	651,359	384,552

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Canton Greengold Financial Leasing Limited ("Greengold Leasing") is a private limited liability company established in the PRC on 19 July 2017. Its intermediate holding company is CIH Finance Investments holdings Limited, a private limited incorporated in the Hong Kong Special Administrative Region of China ("Hong Kong") and the ultimate holding company is Hing Yip Holdings Limited which was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Greengold Leasing is Unit 1001-1008, 10th Floor of Phase 1 Guangdong – Hong Kong Finance & Technology Park Guicheng Street, 6 Jinke Road, Nanhai District Foshan City, Guangdong Province of the PRC.

The principal activity of Greengold Leasing is the financial leasing.

The financial statements are presented in HK$, the functional currency of Greengold Leasing is HK$.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of Greengold Leasing has been prepared for inclusion in the Circular in connection with the Acquisition.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with HKFRSs issued by the HKICPA.

The financial information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to all the periods. The financial information has been prepared in accordance with HKFRSs issued by the HKICPA.

The following new and revised HKFRSs have been issued and are mandatory for adoption by the Greengold Leasing for accounting periods beginning on 1 January 2024.

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangement
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these new and revised HKFRSs will have no significant impact on the results and the financial position of Greengold Leasing.

Greengold Leasing has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Greengold Leasing.

HKAS 21 (Amendments)	Lack of Exchangeability[1]
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective date to be determined.

4. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The preparation of the financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying Greengold Leasing's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 5.

The principal accounting policies are set out below:

Property, plant and equipment and leasehold improvements

Property, plant and equipment and leasehold improvements are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment and leasehold improvements over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Furniture and fixture, equipment and leasehold improvements	10% to 30%

Impairment of tangible assets and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Company's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

i. Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

ii. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial asset.

Impairment of financial assets

The Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables and finance lease receivables) which are subject to impairment under HKFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company always recognises lifetime ECL for trade receivables and finance lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Company measures the loss allowance equal to twelve-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

According to the changes of credit risk of financial instruments since the initial recognition, the Company calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;

- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;

- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

i. Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly.

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when it has an internal of "investment grade" as per globally understood definitions.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

iii. Measurement and recognition of ECL

The measurement of ECL is a function of the Probability of Default (PD), Loss Given Default (LGD) (i.e. the magnitude of the loss if there is a default) and exposure at default. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between a contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instruments level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Company recognises an impairment reversal or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 *Financial Instruments* or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

On derecognition of a financial asset, except for a financial asset that is classified as FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities (including trade and other payables, lease liabilities, borrowings, amount due to shareholders, amount due to fellow subsidiaries) are subsequently measured at amortised cost using effective interest method.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Company derecognises financial liabilities when, and only when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the end of each reporting period, and are discounted to present value where the effect is material.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

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

Interest income from financial leasing

Interest income from financial leasing including handling fee (if any) represents interest income from financial leasing business, is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Consultancy service income

Consultancy service income is recognised when the services are rendered.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Company recognises the right-of-use assets and the related lease liabilities, the Company first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Company applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition and over the lease terms of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits scheme

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The Company determines the lease term as the non-cancellable period of a lease, together with both:

i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Company as lessor

Finance leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Company, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

When the Company is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the statement of financial position as finance lease receivables. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

The Company as lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The non-lease components are accounted for in accordance with the Company's policies.

For determination of the lease term, the Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

i) is within the control of the Company; and

ii) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Company recognises a right-of-use asset and a lease liability under the lease contract.

Leases liability

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

After initial recognition, the lease liability is measured by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of reassessment of certainty to exercise an extension option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Company remeasures the lease liability to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Company determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review, the Company remeasures the lease liability by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Company uses a revised discount rate that reflects changes in the interest rate.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in profit or loss.

The Company accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

Lease modifications that are not accounted for as a separate lease, the Company, at the effective date of the lease modification: (a) allocates the consideration in the modified contract; (b) determines the lease term of the modified lease; and (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Right-of-use assets

The right-of-use asset is initially recognised at cost comprising:

i) amount of the initial measurement of the lease liability;

ii) any lease payments made at or before the commencement date, less any lease incentives received;

iii) any initial direct costs incurred by the Company; and

iv) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are recognised as part of the cost of right-of-use asset when the Company incurs an obligation for these costs. The obligation for these costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After initial recognition, a lessee shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets in which the Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual company entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the financial statements. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Company or of a parent of the Company; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity, and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the statement of cash flows, bank overdrafts or bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Greengold Leasing's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade receivables and finance lease receivables

The management of the Company estimates the amount of impairment loss allowance for finance lease receivables by assessing the ECLs, which requires the use of estimates and judgements. Assessing the ECLs requires the use of a provision matrix based on the Company's historical credit loss experience, general conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The allowance of ECLs is sensitive to changes in estimates. The information about the ECLs and the Company's impairment loss allowance regarding trade receivables and finance lease receivables are disclosed in Notes 18 and 16.

Deferred tax asset arising from allowance for ECL on finance lease receivables

The realisability of the deferred tax asset mainly depends on the Company's assessment of ECL of finance lease receivables.

In cases where the actual assessment of ECL is less or more than expected, or change in facts and circumstances which result in revision of ECL assessment, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. Details of the deferred tax asset are disclosed in Note 17.

6. REVENUE

Revenue represents the net amounts of services rendered, during the Relevant Periods.

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue from contracts with customers recognised at a point in time:					
Consultancy service income	62,817	102,688	87,023	41,627	39,599
Revenue from other sources:					
Interest income	160,757	233,049	269,343	133,326	150,618
	223,574	335,737	356,366	174,953	190,217

The chief operating decision-maker ("CODM") has been identified as the directors of Greengold Leasing. The directors review Greengold Leasing's internal reporting in order to assess performance and allocate resources. For the Relevant Periods, the directors consider that Greengold Leasing's operations are operated and managed as a single segment – provision of finance lease consulting services and financing services. No separate segment information was presented for the Relevant Periods. Greengold Leasing is domiciled in the PRC. All of the Greengold Leasing's revenue are generated in the PRC and all of its non-current assets are located in the PRC during the Relevant Periods.

None of the customer's revenue contributing over 10% to the total revenue of the Company for the years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2023 and 2024.

7. OTHER INCOME/(EXPENSES)

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
				(unaudited)	
Bank interest income	2,259	6,573	5,494	2,991	2,060
Gain on disposal of financial assets at fair value through profit or loss	–	3,714	–	–	–
Gain on lease modification	–	–	493	504	–
Government grants (Note)	5,394	2,473	640	655	137
Exchange gain/(loss)	(355)	876	302	519	265
Interest income from loan advance to shareholders	14,510	–	4,699	4,805	–
Interest income from loan advance to fellow subsidiaries	5,278	17,662	–	–	–
Income from early repayment on finance leases	654	3,336	4,371	2,303	352
Sundry income	256	478	1,658	216	48
	27,996	35,112	17,657	11,993	2,862

Note: In the opinion of the management of the Greengold Leasing, there was no unfulfilled condition or contingency relating to the government grants during the Relevant Periods.

8. FINANCE COSTS

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
				(unaudited)	
Interest on borrowings	122,596	158,201	164,269	86,604	80,024
Interest on lease liabilities	–	133	39	26	80
	122,596	158,334	164,308	86,630	80,104
Less: Borrowing costs recognised in cost of sales	(122,596)	(158,201)	(164,269)	(86,604)	(80,024)
	–	133	39	26	80

9. INCOME TAX EXPENSES

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax:					
Provision for PRC Enterprises Income Tax	(27,384)	(45,674)	(44,551)	(21,650)	(15,883)
(Over)/under-provision in previous year:					
PRC Enterprises Income Tax	1,012	24	(236)	3,061	1,568
Deferred tax: *(Note 17)*					
Temporary differences arising in current year	6,888	8,917	12,404	1,588	1,603
	(19,484)	(36,733)	(32,383)	(17,001)	(12,712)

Greengold Leasing is established in the PRC and is subject to PRC Enterprises Income Tax at a rate of 25% for the Relevant Periods on established assessable profits arising in or derived from the PRC.

The income tax expense for the year can be reconciled to the profit before taxation per the statements of profit or loss and other comprehensive income as follows:

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before taxation	91,590	148,000	130,437	80,931	89,187
Tax calculated at the Enterprises Income Tax of 25%	22,897	37,000	32,609	20,233	22,297
Tax effect of non deductible expenses	1,046	197	38	3	13
Tax effect of non taxable income	(3,447)	(440)	(500)	(174)	(8,030)
(Under)/over-provision of previous year	(1,012)	(24)	236	(3,061)	(1,568)
Tax effect for the year	19,484	36,773	32,383	17,001	12,712

10. PROFIT FOR THE YEAR/PERIOD

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit for the Relevant Years/Periods has been arrived at after charging/(crediting):					
Auditor's remuneration	48	93	177	181	164
Depreciation of property, plant and equipment	943	834	977	521	226
Depreciation of right-of-use assets	–	1,214	1,023	523	513
Exchange loss/(gain)	355	(876)	(302)	(519)	(265)
Allowance for expected credit losses on finance lease receivables	9,847	35,669	49,617	6,354	6,492
Total staff costs					
Directors' remuneration *(Note 12)*	–	–	1,972	978	530
Salaries and other benefit	16,913	21,891	18,770	8,729	8,991
Retirement benefit schemes contributions for other staffs	337	399	462	229	727
	17,250	22,290	21,204	9,936	10,248

11. DIVIDEND

In the Relevant Periods, the aggregate amounts of dividend were declared and distributed by Greengold Leasing is set out

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Final dividend in respect of the previous financial period, approved and paid during the year/period	60,887	164,289	6,145	6,292	101,011

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments and other benefit

The aggregate amounts of remuneration received or receivable by the directors of the Greengold Leasing during the Relevant Periods are set out below.

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Directors' emoluments	–	–	1,948	966	502
Other benefit	–	–	24	12	28
	–	–	1,972	978	530

There were no payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in any other capacity while directors.

(b) Directors' material interests in transactions, arrangements or contracts

No transactions, arrangements and contracts of significance to which Greengold Leasing as a party and in which a Director of Greengold Leasing had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Relevant Periods.

(c) Loans, quasi-loans and other dealings in favour of Directors

No loans, quasi-loans and other dealings in favour of Directors of Greengold Leasing or body corporate controlled by such Directors, or entities connected with such directors, subsisted at the end of the year or at any time during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture, fixture and equipment *HK$'000*	Total *HK$'000*
COST			
At 1 January 2021	1,840	2,004	3,844
Addition	–	21	21
Disposal	(248)	–	(248)
Exchange differences	57	68	125
At 31 December 2021 and 1 January 2022	1,649	2,093	3,742
Addition	868	245	1,113
Exchange differences	(154)	(171)	(325)
At 31 December 2022 and 1 January 2022	2,363	2,167	4,530
Addition	–	50	50
Exchange differences	(64)	(60)	(124)
At 31 December 2023 and 1 January 2024	2,299	2,157	4,456
Addition	114	24	138
Exchange differences	(57)	(50)	(107)
At 30 June 2024	2,356	2,131	4,487
DEPRECIATION			
At 1 January 2021	738	971	1,709
Provided for the year	356	587	943
Eliminated on disposal	(149)	–	(149)
Exchange differences	28	43	71
At 31 December 2021 and 1 January 2022	973	1,601	2,574
Provided for the year	525	309	834
Exchange differences	(91)	(134)	(225)
At 31 December 2022 and 1 January 2023	1,407	1,776	3,183
Provided for the year	771	206	977
Exchange differences	(44)	(50)	(94)
At 31 December 2023 and 1 January 2024	2,134	1,932	4,066
Provided for the period	178	48	226
Exchange differences	(53)	(46)	(99)
At 30 June 2024	2,259	1,934	4,193
CARRYING VALUES			
At 31 December 2021	676	492	1,168
At 31 December 2022	956	391	1,347
At 31 December 2023	165	225	390
At 30 June 2024	97	197	294

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the year/period	–	–	1,475	254
Addition	–	2,732	–	6,302
Lease modification	–	–	(164)	–
Depreciation	–	(1,214)	(1,023)	(513)
Exchange differences	–	(43)	(34)	(61)
At the end of the year/period	–	1,475	254	5,982

The right-of-use assets represent the Greengold Leasing's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

Lease liabilities

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Maturity analysis				
– Contractual undiscounted cash flows:				
Within one year	–	1,549	253	1,141
Over one year but less than two years	–	447	–	1,158
Over two years but less than five years	–	–	–	3,719
Over five years	–	–	–	962
Total undiscounted lease liabilities at the end of the year/period	–	1,996	253	6,980
Less: total future interest expenses	–	(64)	(2)	(946)
	–	1,932	251	6,034
Analysed as:				
Current	–	1,490	251	859
Non-current	–	442	–	5,175
	–	1,932	251	6,034

The Company recognised rental expenses from short-term lease of HK$Nil (31 December 2021: approximately HK$1,095,000; 31 December 2022 and 2023: HK$Nil) during the period.

Amounts recognised in the statement of financial position

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the year/ period	–	–	1,932	251
Addition	–	3,105	–	6,302
Lease modification	–	–	(657)	–
Interest charged to profit or loss	–	133	39	80
Payment during the year/period	–	(1,250)	(1,020)	(538)
Exchange differences	–	(56)	(43)	(61)
At the end of the year/period	–	1,932	251	6,034

	At 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on lease liabilities	–	133	39	26	80
Depreciation	–	1,214	1,023	523	513

Amounts recognised in the statement of cash flows

	At 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Total cash outflow for leases	–	(1,250)	(1,020)	(522)	(538)

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysed as:				
Unlisted equity investment	4,155	–	–	–

Movement of financial assets at fair value through profit or loss ("FVTPL") is analysed as follows:

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the year/period	8,306	4,155	–	–
Decrease in fair value of financial assets at FVTPL	(4,346)	–	–	–
Disposal	–	(3,943)	–	–
Exchange differences	195	(212)	–	–
At the end of the year/period	4,155	–	–	–

On 22 November 2019, the Group acquired 12.6% equity interest in Shenzhen Waicheng Investment Partnership (Limited Partnership)*, a company established in PRC and engaged in investment holding. The equity investment was disposed in 2022.

16. FINANCE LEASE RECEIVABLES

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysed as:				
Current	777,069	1,067,858	1,424,881	1,526,509
Non-current	2,453,338	2,884,042	3,191,960	3,303,118
	3,230,407	3,951,900	4,616,841	4,829,627

* *For identification purpose only*

	Minimum lease receivables			
	31 December 2021	**31 December 2022**	**31 December 2023**	**30 June 2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finance lease receivables comprise:				
Within one year	967,370	1,296,733	1,703,104	1,822,451
Over one year but less than two years	1,038,634	1,244,705	1,433,020	1,534,701
Over two years but less than five years	1,702,841	2,005,456	2,038,844	2,080,423
Over five years	7,046	–	174,681	164,701
	3,715,891	4,546,894	5,349,649	5,602,276
Less: unearned interest income	(457,426)	(534,466)	(624,655)	(660,622)
Present value of minimum lease payment receivables	3,258,465	4,012,428	4,724,994	4,941,654
Less: Allowance for expected credit losses	(28,058)	(60,528)	(108,153)	(112,027)
	3,230,407	3,951,900	4,616,841	4,829,627

	Present value of lease receivables			
	31 December 2021	**31 December 2022**	**31 December 2023**	**30 June 2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finance lease receivables comprise:				
Within one year	777,069	1,067,858	1,426,869	1,529,924
Over one year but less than two years	902,321	1,076,433	1,261,409	1,351,370
Over two years but less than five years	1,572,212	1,868,137	1,873,626	1,906,358
Over five years	6,863	–	163,090	154,002
Present value of minimum lease payment receivables	3,258,465	4,012,428	4,724,994	4,941,654
Less: Allowance for expected credit losses	(28,058)	(60,528)	(108,153)	(112,027)
	3,230,407	3,951,900	4,616,841	4,829,627

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 2021	17,452	–	–	17,452
Charged for the year	9,847	–	–	9,847
Exchange differences	759	–	–	759
At 31 December 2021 and 1 January 2022	28,058	–	–	28,058
Movement within stages:				
Move to stage 3 *(i)*	(337)	–	337	–
Charged for the year	11,464	–	24,205	35,669
Exchange differences	(2,177)	–	(1,022)	(3,199)
At 31 December 2022 and 1 January 2023	37,008	–	23,520	60,528
Movement within stages:				
Move to stage 2	(5,146)	5,146	–	–
Move to stage 3 (ii)	(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 and 1 January 2024	38,711	37,120	32,322	108,153
Charged/(recovered) for the period	5,152	2,073	(733)	6,492
Exchange differences	(963)	(897)	(758)	(2,618)
At 30 June 2024	42,900	38,296	30,831	112,027

(i): It was caused by a worsening credit-impaired receivable from the finance lease customer who was subject to a reorganisation process during the year ended 31 December 2022.

(ii): It was caused by a worsening credit-impaired receivable from the finance lease customer who was subject to a reorganisation process during the year ended 31 December 2023.

All leases are denominated in RMB. The terms of the finance leases range from less than 1 year to 8 years (2021: less than 1 year to 6 years, 2022: less than 1 year to 5 years, 2023: 1 year to 7 years).

The effective interest rate of the finance leases ranges from 4.98% to 12.75% per annum (2021: 4.98% to 11.50% per annum, 2022: 4.98% to 11.30% per annum, 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.

17. DEFERRED TAX ASSETS

The following are the deferred tax assets recognised and movements thereon during the Relevant Periods:

	Allowance for expected credit losses on finance lease receivable
	HK$'000
At 1 January 2021	–
Recognised in the statement of profit or loss	6,888
Exchange differences	127
At 31 December 2021 and 1 January 2022	7,015
Recognised in the statement of profit or loss	8,917
Exchange differences	(686)
At 31 December 2022 and 1 January 2023	15,246
Recognised in the statement of profit or loss	12,404
Exchange differences	(613)
At 31 December 2023 and 1 January 2024	27,037
Recognised in the statement of profit or loss	1,603
Exchange differences	(655)
At 30 June 2024	27,985

The following is the analysis of the deferred tax assets balances for financial reporting purposes:

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysed as:				
Non-current	7,015	15,246	27,037	27,985

18. TRADE AND OTHER RECEIVABLES

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

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

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-60 days	11	5,656	–	–
61-90 days	–	–	–	–
91-120 days	–	–	–	–
Over 121 days	–	–	–	–
Trade receivables	11	5,656	–	–
Other receivables	21,487	28,172	43,781	66,323
	21,498	33,828	43,781	66,323

During the Relevant Periods, none of the trade receivables was past due. No allowance for expected credit losses on trade receivables was recognised.

Other receivables included the following items:

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest receivables	20,051	26,305	43,403	65,540
Deposits	1,351	1,753	–	–
Others	85	114	378	783
	21,487	28,172	43,781	66,323

In determining the recoverability of other receivables, the Greengold Leasing assesses the recoverable amount of each individual other receivables whether there is objective evidence that the other receivables and deposits are impaired. This evidence may include observable data including that there has been an adverse change in the payment status of the debtors, the local economic conditions as well as forward looking estimates at the end of each reporting period.

Other receivables are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. They are considered to be of low credit risk and the counterparties have the ability to meet its contractual cash flow. Management considers that the expected credit loss for other receivables is minimal and no allowance for impairment is made at each of the period.

19. CASH AND BANK BALANCES

Cash and bank balances comprise:

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and on hand	522,272	596,567	340,084	481,221
Less: pledged bank deposits	(337,475)	(17,280)	–	–
	184,797	579,287	340,084	481,221

Cash and bank balances comprise cash at bank and on hand held by the Greengold Leasing and bank time deposits.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Greengold Leasing. At 30 June 2024, deposits amounting to approximately HK$Nil (2021: approximately HK$337,475,000, 2022: approximately HK$17,280,000, 2023: HK$Nil) have been pledged to secure bank borrowings and is therefore classified as current asset.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi	511,364	585,658	329,174	470,152
Hong Kong Dollars	10,904	10,905	10,906	11,065
United States Dollars	4	4	4	4
	522,272	596,567	340,084	481,221

The cash and bank balances were mainly denominated in RMB which is not a freely convertible currency in the international market. The government of the PRC has implemented foreign exchange control and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

20. TRADE PAYABLES AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprised amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 30 to 90 days.

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
0-60 days	–	1,762	1,429	644
61-90 days	–	–	–	–
91-120 days	969	–	–	–
Over 121 days	–	–	–	–
Trade payables	969	1,762	1,429	644
Other payables	35,083	45,984	47,814	37,320
	36,052	47,746	49,243	37,964

Other payables included the following items:

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
Interest payable	6,930	10,132	8,964	6,411
Receive in advance	14,086	12,870	17,195	14,829
Salary payable	6,566	8,559	8,225	8,186
Value added tax payables	7,086	14,403	13,430	7,883
Others	415	20	–	11
	35,083	45,984	47,814	37,320

21. BORROWINGS

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Asset-backed securities *(Note a)*	471,225	339,367	75,197	–
Bank loans *(Note b)*	1,890,478	2,290,972	3,339,976	3,783,230
Other bonds *(Note c)*	147,239	339,366	198,020	–
Other loans *(Note d)*	220,288	164,459	–	49,409
	2,729,230	3,134,164	3,613,193	3,832,639
Secured	2,364,818	2,455,409	2,836,337	3,045,314
Unsecured	364,412	678,755	776,856	787,325
	2,729,230	3,134,164	3,613,193	3,832,639

	At 31 December			At 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amounts repayable:				
Within one year	753,597	1,088,813	1,132,177	1,521,751
Over one year but less than two years	724,208	1,044,504	1,458,459	1,314,284
Over two years but less than five years	1,251,425	1,000,847	1,022,557	996,604
	2,729,230	3,134,164	3,613,193	3,832,639
Analysed as:				
Current	753,597	1,088,813	1,132,177	1,521,751
Non-current	1,975,633	2,045,351	2,481,016	2,310,888
	2,729,230	3,134,164	3,613,193	3,832,639

Notes:

(a) At 31 December 2021, 2022 and 2023 and 30 June 2024, Asset-backed Securities ("ABS") of approximately HK$471,225,000, HK$339,367,000, HK$75,197,000 and HK$Nil, respectively, are fixed rate borrowings which carry effective interest rates ranged from 4.2% to 6.07% per annum.

(b) At 31 December 2021, 2022 and 2023 and 30 June 2024, bank loans of approximately HK$1,381,142,000, HK$1,253,001,000, HK$1,587,901,000 and HK$2,040,065,000, respectively, are variable-rate borrowings which carry effective interest rates ranged from 3.75% to 6.18% per annum. The remaining of approximately HK$509,336,000, HK$1,037,971,000, HK$1,752,075,000 and HK$1,743,165,000, respectively, are fixed rate borrowings which carry effective interest rates ranged from 3% to 7.5% per annum.

(c) At 31 December 2021, 2022 and 2023 and 30 June 2024, other bonds of approximately HK$147,239,000, HK$339,366,000, HK$198,020,000 and HK$Nil, respectively, are fixed rate borrowings which carries effective interest rate ranged from 6% to 6.5% per annum.

(d) At 31 December 2021, 2022 and 2023, other loans of approximately HK$220,288,000, HK$164,459,000 and HK$Nil, respectively, are fixed rate borrowings which carry effective interest rates ranged from 3.4% to 6.3% per annum. At 30 June 2024, other loans of approximately HK$49,409,000 is variable-rate borrowings which carry effective interest rate at 4.78% per annum.

During the Relevant Periods, certain borrowings of the Greengold Leasing are secured by pledged bank deposits and pledged lease receivables. For the details of the pledge of assets, please refer to Note 26 to the financial statements.

The Greengold Leasing's borrowings are denominated in the following currencies:

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Renminbi	2,729,230	3,134,164	3,613,193	3,832,639

22. AMOUNTS DUE FROM/(TO) SHAREHOLDERS/FELLOW SUBSIDIARIES

		At 31 December			At 30 June
		2021	**2022**	**2023**	**2024**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from shareholders					
– interest-free		134	–	–	–
– interest-bearing	*(a)*	336,633	–	–	–
		336,767	–	–	–

		At 31 December			At 30 June
		2021	2022	2023	2024
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from fellow subsidiaries					
– interest-bearing	*(b)*	228,109	251,310	68,642	–
Amounts due to the shareholders					
– interest-free		–	(52,001)	–	–
Amounts due to fellow subsidiaries					
– interest-free		–	(6)	–	–
– interest-bearing	*(c)*	(286,393)	–	(27,503)	(26,853)
		(286,393)	(6)	(27,503)	(26,853)

Notes:

(a) At 31 December 2021, the amount due from shareholders comprising several loans of approximately HK$336,633,000 was unsecured, interest-bearing at 6.13% per annum and repayable within 1-2 years.

(b) At 31 December 2021, the amount due from fellow subsidiaries comprising several loans of approximately HK$76,559,000 was secured by property, plant and machinery, interest-bearing at 5.23% per annum and repayable within 2-3 years. The remaining amount of approximately HK$151,550,000 was unsecured, interest-bearing range from 4.8% to 6.13% per annum and repayable within 1-2 years.

At 31 December 2022, the amount due from fellow subsidiaries comprising several loans of approximately HK$78,553,000 was secured by property, plant and machinery, interest-bearing range at 5.23% per annum repayable within 2 years. The remaining amount of approximately HK$172,757,000 was unsecured, interest-bearing range from 4.8% to 6.13% per annum and repayable within 1-2 years.

At 31 December 2023, the amount due from fellow subsidiaries comprising several loans of approximately HK$68,642,000 was secured by property, plant and machinery, interest-bearing at 5.23% per annum repayable within 2 years.

(c) At 31 December 2021, the amount due to fellow subsidiaries comprising several loans of approximately HK$286,393,000 was unsecured, interest-bearing at 6.13% per annum and repayable within 1-1.5 years.

At 31 December 2023, the amount due to fellow subsidiaries of approximately HK$27,503,000 was unsecured, interest-bearing at 4.8% per annum and repayable within 1 year.

At 30 June 2024, the amount due to fellow subsidiaries of approximately HK$26,853,000 was unsecured, interest-bearing at 4.8% per annum and repayable within 1 year.

23. SHARE CAPITAL

Registered and paid up capital

	Equivalent to	
	RMB'000	*HK$'000*
At 1 January 2021	671,222	756,662
Capital injection	193,424	236,138
At 31 December 2021 and 1 January 2022	864,646	992,800
Capital injection	328,397	358,461
At 31 December 2022 and 1 January 2023	1,193,043	1,351,261
Capital reduction	(228,397)	(265,711)
At 31 December 2023 and 1 January 2024	964,646	1,085,550
Capital injection	135,354	146,176
At 30 June 2024	1,100,000	1,231,726

24. CAPITAL RISK MANAGEMENT

Greengold Leasing manages its capital to ensure that entities in Greengold Leasing will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. Greengold Leasing's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Greengold Leasing consists of net debt, which includes amounts due to fellow subsidiaries and shareholders, borrowings and lease liabilities and equity attributable to the owners of Greengold Leasing, comprising issued share capital, share premium, reserves and retained earnings.

The directors of Greengold Leasing review the capital structure on a continuous basis. As part of this review, the directors of Greengold Leasing consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, Greengold Leasing will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

25. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Greengold Leasing's activities expose it to a variety of financial risks: foreign currency risk, credit risk, interest rate risk and liquidity risk. The Greengold Leasing's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Greengold Leasing's financial performance.

Greengold Leasing's financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Greengold Leasing has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in RMB. The Greengold Leasing currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Greengold Leasing monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Greengold Leasing's fair value interest rate risk relates primarily to floating interest rate from borrowings (see Note 21 for details of these borrowings). The Greengold Leasing currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Greengold Leasing's cash flow interest rate risk mainly arises from the borrowings. It is the Greengold Leasing's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Greengold Leasing's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Greengold Leasing manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

The exposure of the Greengold Leasing's borrowings to interest rate changes at the end of the reporting period are as follows:

	2021 *HK$'000*	% of total borrowings	2022 *HK$'000*	% of total borrowings	2023 *HK$'000*	% of total borrowings	2024 *HK$'000*	% of total borrowings
Variable rate borrowings	1,381,142	51%	1,253,001	40%	1,587,901	44%	2,089,474	55%
Fixed rate borrowings	1,348,088	49%	1,881,163	60%	2,025,292	56%	1,743,165	45%
	2,729,230	100%	3,134,164	100%	3,613,193	100%	3,832,639	100%

An analysis by maturities is provided in liquidity risk management below. The percentage of total borrowings shows the proportion of borrowings that are currently at variable rates in relation to the total amount of borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. The analysis is prepared assuming the borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At the end of each reporting period, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's post-tax profit would decrease/increase by approximately HK$6,906,000, HK$6,265,000, HK$8,164,000, HK$10,549,000 for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, respectively. This is mainly attributable to the Greengold Leasing's exposure to interest rates on its variable rate borrowings.

Liquidity risk

Greengold Leasing regularly monitors current and expected liquidity requirements to ensure that adequate funding is available for operating, investing and financing activities.

The table included both interest and principal cash flows. To the extent that interest flows were floating rate, the undiscounted amount was derived from contracted interest rate curve at the end of each reporting period.

	Weighted average effective interest rate	On demand	Within 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2021								
Trade payables and other payables	–	36,052	–	–	–	–	36,052	36,052
Borrowings	5.61%	–	892,738	1,775,549	367,812	–	3,036,099	2,729,230
Amount due to fellow subsidiaries	6.12%	–	287,008	–	–	–	287,008	286,393
		36,052	1,179,746	1,775,549	367,812	–	3,359,159	3,051,675
31 December 2022								
Trade payables and other payables	–	47,746	–	–	–	–	47,746	47,746
Borrowings	5.3%	1,228,886	1,138,675	745,950	296,692	–	3,410,203	3,134,164
Amount due to shareholders	–	52,001	–	–	–	–	52,001	52,001
Amount due to fellow subsidiaries	–	6	–	–	–	–	6	6
Lease liabilities	5%	–	1,549	447	–	–	1,996	1,932
		1,328,639	1,140,224	746,397	296,692	–	3,511,952	3,235,849
31 December 2023								
Trade payables and other payables	–	49,243	–	–	–	–	49,243	49,243
Borrowings	4.63%	–	1,276,186	1,540,878	820,280	239,314	3,876,658	3,613,193
Amount due to fellow subsidiaries	4.8%	–	28,783	–	–	–	28,783	27,503
Lease liabilities	5%	–	253	–	–	–	253	251
		49,243	1,305,222	1,540,878	820,280	239,314	3,954,937	3,690,190
30 June 2024								
Trade payables and other payables	–	37,964	–	–	–	–	37,964	37,964
Borrowings	4.35%	–	1,662,084	2,065,925	358,432	–	4,086,441	3,832,639
Amount due to fellow subsidiaries	4.8%	–	27,447	–	–	–	27,447	26,853
Lease liabilities	5%	–	1,141	2,368	2,509	962	6,980	6,034
		37,964	1,690,672	2,068,293	360,941	962	4,158,832	3,903,490

Credit risk

For the Relevant Periods, the Greengold Leasing's maximum exposure to credit risk which will cause a financial loss to the Greengold Leasing due to failure to discharge an obligation by the counterparties equals to the carrying amount of respective financial assets as stated in the statement of financial position. The Greengold Leasing's credit risk is primarily attributable to trade receivables and finance lease receivables. Credit risk on other receivables is limited because there was no historical default record has been made during the year and the Directors expect that the general economic conditions will not significantly changed for the 12 months after the reporting date.

In order to minimise the credit risk, the management of the Greengold Leasing has delegated a team responsible for determining of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual receivable at the end of reporting period to ensure that adequate allowance for ECL is made for irrecoverable amounts. In this regard, the Directors of the Greengold Leasing consider that the credit risk is significantly reduced.

The Greengold Leasing applied the simplified approach to measure ECL on trade receivables. Under the simplified approach, the Greengold Leasing measures the loss allowance at an amount equal to lifetime ECL.

To measure the ECL on trade receivables, based on forward-looking economic information through the use of industry trend and experienced credit judgement as well as past experience including historical credit loss experience and current expectations, the Greengold Leasing has used provision matrix with different ECL rates separated based on different customer segments or past due status on total carrying amount of trade receivables.

To measure the ECL on finance lease receivables, finance lease receivables have been grouped based on shared credit risk characteristics. The Greengold Leasing has collectively applied provision matrix with different ECL rates, which classified the credit risk regarding finance lease receivables into 4 grades. ECL rates of the Greengold Leasing's finance lease receivables, which represent internal credit risk ratings, are based on qualitative (such as lessee's operating conditions, financial positions, usage of finance lease assets, etc.) and quantitative factors (mainly include past due information of the finance lease receivables). The following table provides information about the exposure to credit risk of finance lease receivables and the provision matrix showing the ECL.

		31 December 2021			
	ECL rates	Stage 1	Stage 2	Stage 3	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Internal credit ratings					
Grade 1 – Low risk					
– Government related *(note I)*	0.5%	1,621,061	–	–	1,621,061
Grade 2 – Low risk					
– Others *(note II)*	1.3%	1,637,404	–	–	1,637,404
		3,258,465	–	–	3,258,465
Less: allowance for impairment losses*		(28,058)	–	–	(28,058)
Net carrying amount		3,230,407	–	–	3,230,407

		31 December 2022			
	ECL rates	Stage 1	Stage 2	Stage 3	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Internal credit ratings					
Grade 1 – Low risk					
– Government related *(note I)*	0.5%	1,963,454	–	–	1,963,454
Grade 2 – Low risk					
– Others *(note II)*	1.3%	1,995,288	–	–	1,995,288
Grade 3 – Medium risk *(note III)*	10%	29,969	–	–	29,969
Grade 4 – Default *(note IV)*	10%-100%	–	–	23,717	23,717
		3,988,711	–	23,717	4,012,428
Less: allowance for impairment losses*		(37,008)	–	(23,520)	(60,528)
Net carrying amount		3,951,703	–	197	3,951,900

	ECL rates	31 December 2023 Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Internal credit ratings					
Grade 1 – Low risk					
– Government related *(note I)*	0.5%	1,947,109	–	–	1,947,109
Grade 2 – Low risk					
– Others *(note II)*	1.3%-3%	2,337,147	–	–	2,337,147
Grade 3 – Medium risk *(note III)*	10%	–	376,088	–	376,088
Grade 4 – Default *(note IV)*	10%-100%	–	–	64,650	64,650
		4,284,256	376,088	64,650	4,724,994
Less: allowance for impairment losses*		(38,711)	(37,120)	(32,322)	(108,153)
Net carrying amount		4,245,545	338,968	32,328	4,616,841

	ECL rates	30 June 2024 Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Internal credit ratings					
Grade 1 – Low risk					
– Government related *(note I)*	0.5%	1,760,911	–	–	1,760,911
Grade 2 – Low risk					
– Others *(note II)*	1.3%-3%	2,751,393	–	–	2,751,393
Grade 3 – Medium risk *(note III)*	10%	–	367,201	–	367,201
Grade 4 – Default *(note IV)*	10%-100%	–	–	62,149	62,149
		4,512,304	367,201	62,149	4,941,654
Less: allowance for impairment losses*		(42,900)	(38,296)	(30,831)	(112,027)
Net carrying amount		4,469,404	328,905	31,318	4,829,627

* *The loss allowance is calculated after deducting finance lease interest receivables and finance lease deposits received.*

Notes:

I. Grade 1 category is finance lease receivables which are government related customers. Such customers are determined to have low credit risk and related lease receivables have no past due.

II. Grade 2 category is finance lease receivables which are the customers without government relationship. Such customers are determined to have low credit risk if the related finance lease receivables have no past due.

III. Grade 3 category is the finance lease receivables with customers' credit profiles are acceptable.

IV. Grade 4 category is the finance lease receivables that are past due.

Movements in the accounts related to ECL in respect of finance lease receivables are summarised as follows:

	Finance Lease Receivables
	HK$'000
Balance as at 1 January 2021	17,452
Allowance for expected credit losses	9,847
Exchange differences	759
Balance as at 31 December 2021 and 1 January 2022	28,058
Allowance for expected credit losses	35,669
Exchange differences	(3,199)
Balance as at 31 December 2022 and 1 January 2023	60,528
Allowance for expected credit losses	49,617
Exchange differences	(1,992)
Balance as at 31 December 2023 and 1 January 2024	108,153
Allowance for expected credit losses	6,492
Exchange differences	(2,618)
Balance as at 30 June 2024	112,027

During the Relevant Periods, none of the trade and other receivables were past due and recognised allowance for expected credit losses.

Summary of financial assets and liabilities by category

The carrying amounts of the Greengold Leasing's financial assets and liabilities as recognised at the end of the Relevant Periods are categorised as follows. See Note 4 for explanations about how the classification of financial instruments affects their subsequent measurement.

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Financial assets at fair value through profit or loss	4,155	–	–	–
Financial assets at amortised cost:				
Trade and other receivables	21,498	33,828	43,781	66,323
Finance lease receivables	3,230,407	3,951,900	4,616,841	4,829,627
Amounts due from shareholders	336,768	–	–	–
Amounts due from fellow subsidiaries	228,109	251,310	68,642	–
Cash and bank balances	522,272	596,567	340,084	481,221
	4,343,209	4,833,605	5,069,348	5,377,171

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	36,052	47,746	49,243	37,964
Borrowings	2,729,230	3,134,164	3,613,193	3,832,639
Lease liabilities	–	1,932	251	6,034
Amounts due to shareholders	–	52,001	–	–
Amounts due to fellow subsidiaries	286,393	6	27,503	26,853
	3,051,675	3,235,849	3,690,190	3,903,490

26. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities or borrowings of the Greengold Leasing (see Note 21):

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Pledged bank deposits	337,475	17,280	–	–	–
Pledged lease receivables	2,643,168	2,782,574	3,580,931	3,651,550	3,864,346

27. RELATED PARTY TRANSACTIONS

For the purposes of the Historical Financial Information, parties are considered to be related to the Greengold Leasing if the parties have the ability, directly or indirectly, to exercise significant influence over the Greengold Leasing in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities and include entities which are under the significant influence of related parties of the Greengold Leasing where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Details of the key related parties and relationship are set out below:

Related parties	**Relationship**
Guangdong Zhongchuang Xingke Investments Co., Ltd*	Shareholder/fellow subsidiary
Guilin Plaza Hotel	Fellow subsidiary
Foshan City Nanhai Canmanage Investments Holdings Limited*	Fellow subsidiary
Guangdong Tiannuo Investments Co., Limited*	Fellow subsidiary
Foshan City Nanhai Kang Sheng Timber Company Limited*	Fellow subsidiary
Guangdong Sino Rock Tyco Construction Co., Ltd*	Shareholder/fellow subsidiary

* *For identification purpose only*

(a) Transactions with related parties

Related party transactions, which were carried out in the normal course of the Company's business, are as follows:

Name of related party	Nature of transaction	At 31 December 2021 HK$'000	2022 HK$'000	2023 HK$'000	Six months ended 30 June 2023 HK$'000 (unaudited)	2024 HK$'000
Guilin Plaza Hotel	Consultancy service income	–	1,383	–	–	–
Guilin Plaza Hotel *(Note a)*	Interest income	4,059	3,869	3,730	1,922	1,134
Foshan City Nanhai Canmanage Investments Holdings Limited* *(Note b)*	Interest income	3,371	–	–	–	–
Guangdong Tiannuo Investments Co., Limited* *(Note c)*	Interest expenses recognised in cost of sales	(608)	(276)	(98)	–	(658)
Guangdong Sino Rock Tyco Construction Co., Ltd* *(Note d)*	Interest expenses recognised in cost of sales	(16,498)	(6,993)	–	–	–
Foshan City Nanhai Canmanage Investments Holdings Limited* *(Note e)*	Interest expenses recognised in cost of sales	–	(330)	–	–	–
Guangdong Zhongchuang Xingke Investments Co., Ltd* *(Note f)*	Interest income from loan advance to shareholder/fellow subsidiaries	14,510	15,723	4,699	4,805	–
Foshan City Nanhai Canmanage Investments Holdings Limited* *(Note g)*	Interest income from loan advance to fellow subsidiaries	3,160	1,446	–	–	–
Foshan City Nanhai Kang Sheng Timber Company Limited* *(Note h)*	Interest income from loan advance to fellow subsidiaries	2,118	493	–	–	–
Foshan City Nanhai Canmanage Investments Holdings Limited*	Rental expenses	(1,095)	(1,250)	(1,020)	(522)	(538)

Note a: On 15 March 2018, the Greengold Leasing entered into a loan agreement of RMB62,500,000 with Guilin Plaza Hotel to provide loan advances to the fellow subsidiary. The loans bear fixed interest rate at 5.23% per annum with a term of 2 years. The loans were secured by property, plant and machinery owned by Guilin Plaza Hotel.

On 6 May 2020 and 29 April 2022, the Greengold Leasing entered into loan extension agreements with Guilin Plaza Hotel to extend the maturity date to 2 years respectively.

Note b: On 22 June 2018, the Greengold Leasing entered into a loan of RMB126,930,000 with Foshan City Nanhai Canmanage Investments Holdings Limited ("Nanhai Canmanage") to provide loan advances to the fellow subsidiary. The loans bear fixed interest rate at 5.23% per annum with a term of 3 years. The loans were secured by property owned by Nanhai Canmanage.

On 15 June 2021, the Greengold Leasing, Nanhai Canmanage and Guangdong Zhongchuang Xingke Investments Co., Ltd ("Zhongchuang Xingke") has entered the deed of transfer, pursuant to which, the remaining loans advance to fellow subsidiary of approximately RMB121,430,000 would be transferred from Nanhai Canmanage to Zhongchuang Xingke. The interest rate of 5.23% has been adjusted to 5.67% and extended the maturity date to 18 June 2022.

Note c: On 23 March 2021, 2 April 2022 and 1 December 2023, the Greengold Leasing entered into serval loan agreements of RMB20,000,000, RMB13,000,000 and RMB25,000,000, respectively, with Guangdong Tiannuo Investments Co., Limited ("Tiannuo") to obtain loan advances from the fellow subsidiary. The loans were unsecured, bear fixed interest rate ranged from 4.8% to 5.6% per annum with terms of 6 months to 1 year.

* *For identification purpose only*

Note d: On 24 September 2019, 13 May 2020 and 22 September 2021, the Greengold Leasing entered into serval loan agreements of RMB153,000,000, RMB80,000,000 and RMB60,000,000, respectively, with Guangdong Sino Rock Tyco Construction Co., Ltd ("Sino Rock") to obtain loan advances from the Sino Rock. The loan was unsecured, bear fixed interest rate at 6.13% per annum with a term of 1-1.5 years.

During the Relevant Periods, the Greengold Leasing entered into loan extension agreements with Sino Rock to extend the maturity date to 13 January 2022 and 13 May 2022 respectively.

Note e: On 17 September 2021 and 22 November 2021, the Greengold Leasing entered into serval loan agreements of RMB17,000,000 and RMB33,000,000, respectively, with Nanhai Canmanage to obtain loan advances from the fellow subsidiary. The loan was unsecured, bear fixed interest rate at 5.67% per annum with a term of 1 years.

Note f: On 26 September 2019, the Greengold Leasing entered into a loan agreement of RMB209,000,000 with Zhongchuang Xingke to provide loan advances to the shareholder. The loan was unsecured, bear fixed interest rate at 6.13% per annum with a term of 18 months.

During the Relevant Periods, the Greengold Leasing entered into loan extension agreements with Zhongchuang Xingke to extend the maturity date to 26 May 2023.

Note g: On 5 September 2019, 8 November 2019 and 17 November 2021, the Greengold Leasing entered into serval loan agreements of RMB20,000,000, RMB13,000,000 and RMB25,000,000, respectively, Nanhai Canmanage to provide loan advances to the fellow subsidiary. The loans were unsecured, bear fixed interest rate ranged from 5.23% to 6.13% per annum with a term of 1-3 years.

During the Relevant Periods, the Greengold Leasing entered into loan extension agreements with Nanhai Canmanage to extend the maturity date to 4 September 2023 and 11 July 2023 respectively.

Note h: On 16 October 2020, the Greengold Leasing entered into a loan agreement of RMB30,000,000 with Foshan City Nanhai Kang Sheng Timber Company Limited ("Nanhai Kang Sheng") to provide loan advances to the fellow subsidiary. The loans were unsecured, bear fixed interest rate at 6.13% per annum with a term of 3 years.

(b) Compensation of key management personnel

The remuneration of key management personnel of Greengold Leasing during the Relevant Periods was as follows:

	At 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries and short-term benefits	–	–	1,948	966	502
Post-employment benefits	–	–	24	12	28
	–	–	1,972	978	530

The remuneration of key management personnel is determined by the directors of Greengold Leasing having regard to the performance of individuals and Greengold Leasing.

28. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2021, one of the shareholders agreed to transfer the dividend received RMB16,742,500 (approximately of HK$20,139,000) as a capital injection.

During the year ended 31 December 2022, one of the shareholders agreed to transfer the dividend received RMB1,156,000 (approximately of HK$1,309,000) as a capital injection.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Greengold Leasing's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Greengold Leasing's statements of cash flows as cash flows from financing activities.

	Borrowings*	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2021	1,163,944	–	1,163,944
Changes from financing cash flows:			
Proceeds from borrowings	2,091,767	–	2,091,767
Repayment of borrowings	(592,633)	–	(592,633)
	2,663,078	–	2,663,078
Other changes:			
Exchange differences	66,152	–	66,152
At 31 December 2021	2,729,230	–	2,729,230
Changes from financing cash flows:			
Proceeds from borrowings	2,314,412	–	2,314,412
Repayment of borrowings	(1,678,465)	–	(1,678,465)
Interest element of lease rentals paid	–	(1,250)	(1,250)
	3,365,177	(1,250)	3,363,927
Other changes:			
Addition	–	3,105	3,105
Interest expenses	–	133	133
Exchange differences	(231,013)	(56)	(231,069)
At 31 December 2022	3,134,164	1,932	3,136,096
Changes from financing cash flows:			
Proceeds from borrowings	2,941,000	–	2,941,000
Repayment of borrowings	(2,372,017)	–	(2,372,017)
Interest element of lease rentals paid	–	(1,020)	(1,020)
	3,703,147	912	3,704,059
Other changes:			
Lease modification	–	(657)	(657)
Interest expense	–	39	39
Exchange differences	(89,953)	(43)	(89,996)

	Borrowings*	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2023	3,613,194	251	3,613,445
Changes from financing cash flows:			
Proceeds from borrowings	2,663,474	–	2,663,474
Repayment of borrowings	(2,355,670)	–	(2,355,670)
Interest paid	–	–	–
Interest element of lease rentals paid	–	(538)	(538)
	3,920,998	(287)	3,920,711
Other changes:			
Addition	–	6,302	6,302
Interest expenses	–	80	80
Exchange differences	(88,359)	(61)	(88,420)
At 30 June 2024	3,832,639	6,034	3,838,673

* *The related interest expenses were recognised as cost of sale.*

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statement of Greengold Leasing has been prepared in respect of any period subsequent to 30 June 2024 and up to the dates of this report.

Set out below is the management discussion and analysis on Greengold Leasing for the years ended 31 December 2021, 2022 and 2023 and for the for the six months ended 30 June 2024. The following Historical Financial Information is based on the audited financial information of Greengold Leasing as set out in Appendix II to this circular, respectively.

Year ended 31 December 2021

Although the financial leasing business was exposed to the challenges brought by the intensified market competition and the impact of the COVID-19 epidemic, the Group consistently adhered to the established strategic positioning and business direction, focused on stability while seeking progress and professional development in a strategically flexible manner. The Group closely focused on the strategic goal of developing into a first-class environmental-friendly and professional financial leasing company in China, continued to cultivate the subsectors of the municipal environmental protection industry, and capitalised on opportunities brought about by the national "Carbon Peak" and "Carbon Neutrality" macro policy and the green financial policy. In September 2021, Greengold Leasing was certified as a G-1 (highest) green enterprise, which is conducive to the development of business and financing capabilities of Greengold Leasing. With the joint efforts of all staffs, Greengold Leasing continued to carry out high-quality municipal environmental protection business in Nanhai District of Foshan City and China, and effectively managed relevant risks by strictly reviewing the financial leasing projects before leasing, selecting the best projects among the best and supervising the implementation of post-leasing management. Therefore, no bad debts have incurred so far. Thanks to our unremitting efforts, the operating income increased by 22.9% to approximately HK$223,574,000 and the profit for the year increased by 9.7% to approximately HK$72,106,000.

Year ended 31 December 2022

Greengold Leasing'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, etc. With the strategic goal to become a leading eco-friendly and professional financial leasing company in China, Greengold Leasing 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 state-owned enterprises (SOEs) in Foshan and quality SOEs in the Greater Bay Area. Greengold Leasing 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. By 31 December 2022, Greengold Leasing had transacted with approximately 48 SOEs and other quality enterprises in Nanhai District and the Greater Bay Area, including subsidiaries of listed companies. Of these 48 enterprises, approximately 35 are in the environmental industry, including about 19 mainly engaged in sewage treatment and 16 involved in multiple sectors such as waste incineration, water supply, cogeneration, hazardous waste treatment, biogas power generation, and sludge and soil treatment. The other 13 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 50.2% to approximately HK$335,737,000.

Thanks to the joint efforts of all employees of Greengold Leasing in developing quality municipal environmental services in Nanhai District, Foshan and across the country, the segment recorded an profit for the year of HK$111,267,000, a year-on-year increase of 54.3%.

Year ended 31 December 2023

With the strategic goal to become a leading eco-friendly and professional financial leasing Greengold Leasing in China, Greengold Leasing 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 state owned 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. Many of these enterprises are subsidiaries of listed companies. 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 operating income for the year increased by approximately 6.1% to approximately HK$356,366,000.

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 multipronged 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 resulted in the decrease of 11.9% in the profit for the year ended 31 December 2023 to approximately HK$98,054,000.

For the six months ended 30 June 2024

The financial leasing industry has entered the era of strong regulation in this year, 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 operation income and the profit for the period ended 30 June 2024 increased by 8.7% and 19.6% to approximately HK$190,217,000 and approximately HK$76,475,000 respectively.

MAJOR FINANCIAL POSITION AND ANALYSIS

	At 31 December			Six months ended 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	4,351,392	4,851,673	5,097,029	5,411,432
Total liabilities	3,200,027	3,461,414	3,915,317	4,129,622
Gearing ratio (total liabilities divided by total assets)	0.74	0.71	0.77	0.76
Net assets	1,151,365	1,390,259	1,181,712	1,281,810
Equity per HK$1 share attributable to owners of Greengold Leasing	1.160	1.029	1.089	1.041
Net current assets	692,137	628,584	635,823	457,114
Current ratio (current assets divided by current liabilities)	1.62	1.50	1.51	1.283
Bank balance	522,272	596,567	340,084	481,221
Borrowings				
Asset-backed securities	471,225	339,367	75,197	–
Bank loans	1,890,478	2,290,972	3,339,976	3,783,230
Other bonds	147,239	339,366	198,020	–
Other loans	220,288	164,459	–	49,409
	2,729,230	3,134,164	3,613,193	3,832,639
Secured	2,364,818	2,455,409	2,836,337	3,045,314
Unsecured	364,412	678,755	776,856	787,325
	2,729,230	3,134,164	3,613,193	3,832,639

	At 31 December			Six months ended 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amounts repayable:				
Within one year	753,597	1,088,813	1,132,177	1,521,751
Over one year but less than two years	724,208	1,044,504	1,458,459	1,314,284
Over two years but less than five years	1,251,425	1,000,847	1,022,557	996,604
	2,729,230	3,134,164	3,613,193	3,832,639
Analysed as:				
Current	753,597	1,088,813	1,132,177	1,521,751
Non-current	1,975,633	2,045,351	2,481,016	2,310,888
	2,729,230	3,134,164	3,613,193	3,832,639
Interest on borrowings	122,596	158,201	164,269	80,024

During the relevant period, Greengold Leasing mainly financed its operating and investment activities through internally generated funds and available bank financing. The directors of Greengold Leasing are of the view that Greengold Leasing has sufficient financial resources to fully meet its financial obligations and capital commitments in the foreseeable future.

PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities or borrowings of Greengold Leasing (details please refer to note 21 & 26 of the Accountant's Report).

	At 31 December			Six months ended 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Pledged bank deposits	337,475	17,280	–	–
Pledged lease receivables	2,643,168	2,782,574	3,580,931	3,864,346

FOREIGN EXCHANGE EXPOSURE

For the three years ended 31 December 2023 and the six months ended 30 June 2024, Greengold Leasing had no significant assets or liabilities denominated in currency other than respective functional currencies.

Capital Commitments

Greengold Leasing had no significant capital commitments for the three years ended 31 December 2023 and the six months ended 30 June 2024.

Contingent Liabilities

For the three years ended 31 December 2023 and the six months ended 30 June 2024, Greengold Leasing has no material contingent liabilities that would expect to materially and adversely affect our financial condition or results of operations.

EMPLOYEES

For the three years ended 31 December 2023 and the six months ended 30 June 2024, the total number of employees of Greengold Leasing are approximately 28, 32, 33 and 35 respectively. The remuneration of the employees of Greengold Leasing is determined on the basis of performance and responsibility of the employees.

OUTLOOK

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.

A UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Basis of preparation of the unaudited pro forma financial information of the Group

The following unaudited pro forma financial information of the Group comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income (collectively referred to as the "**Unaudited Pro Forma Financial Information**") has been prepared in accordance with Rule 4.29 of the Listing Rules based on:

(a) the consolidated statement of financial position of the Group as at 30 June 2024 and the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024 which have been extracted from the Company's published interim result announcement for the six months ended 30 June 2024; and

(b) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate the Seventh Capital Injection on the Group's financial position as at 30 June 2024 might have affected the historical financial information in respect of the Group as if the transaction had been completed on 30 June 2024 for the unaudited pro forma consolidated statement of financial position and as if it had taken place on 1 January 2024 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the financial information contained in this circular and the accountants' report on Greengold Leasing as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Group has been prepared by the Directors of the Company based on a number of assumptions, estimates and uncertainties for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position, results of operations and cash flows of the Group as at the specified dates, where applicable, or any future dates.

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION

	The Group as at 30 June 2024	**Pro forma adjustments**	**Pro Forma total of the Group as at 30 June 2024**
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
NON-CURRENT ASSETS			
Investment properties	332,973		332,973
Property, plant and equipment	558,493		558,493
Intangible assets	3,635		3,635
Goodwill	122,932		122,932
Interests in an associate	533,075		533,075
Financial assets at fair value through profit or loss	3,697		3,697
Financial lease receivables	3,303,118		3,303,118
Right-of-use assets	63,004		63,004
Deferred tax assets	27,986		27,986
	4,948,913		4,948,913
CURRENT ASSETS			
Inventories	6,690		6,690
Financial lease receivables	1,526,509		1,526,509
Trade and other receivables	156,921		156,921
Pledged bank deposits	7,416		7,416
Cash and bank balance	1,102,877		1,102,877
	2,800,413		2,800,413
CURRENT LIABILITIES			
Trade and other payables	163,404	1,000	164,404
Tax payables	19,570		19,570
Deposits received from customers	20,160		20,160
Lease liabilities	1,134		1,134
Borrowings	2,479,117		2,479,117
	2,683,385		2,684,385
NET CURRENT ASSETS	117,028		116,028
TOTAL ASSETS LESS CURRENT LIABILITIES	5,065,941		5,064,941

	The Group as at 30 June 2024	Pro forma adjustments	Pro Forma total of the Group as at 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
CAPITAL AND RESERVES			
Share capital	171,233		171,233
Reserves	889,089	(1,000)	888,089
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,060,322		1,059,322
NON-CONTROLLING INTERESTS *(Note 3)*	762,304		762,304
TOTAL EQUITY	1,822,626		1,821,626
NON-CURRENT LIABILITIES			
Borrowings	2,810,192		2,810,192
Convertible notes	164,542		164,542
Deferred income	15,038		15,038
Deferred tax liabilities	53,151		53,151
Deposits received from customers	196,621		196,621
Lease liabilities	3,771		3,771
	3,243,315		3,243,315
	5,065,941		5,064,941

UNAUDITED PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group for the six months ended 30 June 2024	Pro Forma Adjustments	Pro Forma total of the Group for the six months ended 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
Continuing operations			
Revenue	411,025		411,025
Cost of sales	(232,254)		(232,254)
Gross profit	178,771		178,771
Other operating income	12,755		12,755
Selling and distribution costs	(6,580)		(6,580)
Administrative expenses	(87,180)	(1,000)	(88,180)
Share of profit of an associate	26,520		26,520
Gain on disposal of subsidiaries	49,028		49,028
Finance costs	(39,240)		(39,240)
Profit before taxation	134,074		133,074
Income tax expenses	(19,278)		(19,278)
Profit for the period from continuing operations	114,796		113,796
Discontinued operation			
Loss for the period from discontinued operations	(7,663)		(7,663)
Profit for the period	107,133		106,133
Other comprehensive expenses, net of income tax			
Items that may be reclassified subsequently profit or loss:			
Exchange differences arising on translation of foreign operations	(50,349)		(50,349)
Share of exchange difference of an associate	(12,522)		(12,522)
Other comprehensive expenses for the period, net of income tax	(62,871)		(62,871)
Total comprehensive income for the period	44,262		44,262

Notes:

1. The unaudited consolidated statement of financial position of the Group as at 30 June 2024 and the unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2024 are extracted from the published interim result announcement of the Group for the six months ended 30 June 2024 and the Seven Capital Injection have been accounted for in the consolidated financial statements.

2. The adjustment represents estimated expenditures incurred directly in connection with the transaction including accountant's fees, legal fees, printing costs, and other related expenses to be borne by the Group of approximately HK$1,000,000. The adjustment has no continuing effect to the consolidated statement of financial position of the Group but will be reflected in the consolidated statement of profit or loss and other comprehensive income of the Group in the year these expenses are actually incurred.

3. In the course of the Seventh Capital Injection, the net assets value of Greengold Leasing increased by RMB140,907,030.57 (equivalent to approximately HK$152,179,593.02) of which RMB135,354,055.75 (equivalent to approximately HK$146,182,380.21) and RMB5,552,974.82 (equivalent to approximately HK$5,997,212.81) was contributed to the registered capital and share premium account respectively. The Group's equity percentage interest in Greengold Leasing increased from approximately 51.83% to 57.76% and the equity percentage of non-controlling interest diluted from 48.17% to 42.24% (i.e. 5.93% decrease) as a result. However, the amount of non-controlling interests remained the same as the price of RMB1 registered capital was determined based on the appraised net assets value on the appraisal reference date minus the cash dividend for the year of 2023, and resulted in the decrease in the share of the net assets value after the Seventh Capital Injection being the same as the increase in the share of the share capital and share premium account.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is the text of the independent reporting accountant's assurance report received from HLM CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

恒健會計師行有限公司

HLM CPA LIMITED

Certified Public Accountants

Rooms 1501-8, 15th Floor, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
香港灣仔莊士敦道181號大有大廈15樓1501-8室
Tel 電話: (852) 3103 6980
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Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF HING YIP HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited proforma financial information of Hing Yip Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2024 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 1 to 5 of Appendix IV of the Company's circular dated 13 September 2024 (the "Circular") in connection with the proposed acquisition of equity interest in Greengold Leasing (the "Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited proforma financial information are described on pages 1 to 5 of Appendix IV of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2024 and the Group's financial performance for the six months ended 30 June 2024. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors of the Company from the Group's unaudited condensed financial statements for the six months ended 30 June 2024, on which no review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting

Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any report or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLM CPA Limited
Certified Public Accountants
Wong Kam Hing
Practising Certificate Number: P05697
Hong Kong, 13 September 2024

The following is a summary of the Valuation Report dated 11 March 2024 prepared by the independent valuer in connection with its valuation of Greengold Leasing as at 31 December 2023, for the purpose of, among others, inclusion in this circular.

STATEMENT

I. This asset valuation report is prepared in accordance with the basic standards for asset valuation issued by the Ministry of Finance of China and the asset valuation practice standards and professional ethics standards issued by the China Appraisal Society.

II. The client or other asset valuation report users shall use the asset valuation report in accordance with the laws, administrative regulations and the scope of use specified in the asset valuation report; and the asset valuation firm and its asset valuer shall not be liable for any use of the asset valuation report by the client or any such user in violation of the foregoing provisions.

III. The asset valuation report shall only be used by the client, other asset valuation report users as agreed in the engagement contract for asset valuation and those asset valuation report users as provided in laws and administrative regulations. No institution or individual other than the client and such users shall become a user of the asset valuation report.

IV. Any asset valuation report user shall correctly understand and use the valuation conclusion, which is not equivalent to the realizable price of the subject of valuation, and the valuation conclusion shall not be deemed as a guarantee for the realizable price of the subject of valuation.

V. The analysis, judgment and results in the asset valuation report issued by the asset valuation firm are subject to the assumptions and restrictions in the asset valuation report. Any user of the asset valuation report shall pay full attention to the assumptions and premises for the establishment of the valuation conclusion, the special notes and restrictions on the use of the asset valuation report and their impact on the valuation conclusion.

VI. The asset valuation firm and its asset valuer abide by the laws, administrative regulations and asset valuation standards, adhere to the principles of independence, objectivity and fairness, and assume responsibility for the asset valuation report issued in accordance with the law.

VII. The list of assets and liabilities and related information involved in the subject of valuation shall be declared by the client and the appraised entity and confirmed by the client and the appraised entity by signature, seal or other methods permitted by law; and the client and other relevant parties shall be responsible for the authenticity, completeness and legality of the information provided by them in accordance with the law.

VIII. The signing asset valuer of this asset valuation report (including the asset appraisal professionals who assist in their work) has conducted necessary on-site investigations on the subject of valuation and the assets involved in this asset valuation report; paid necessary attention to the legal ownership status of the subject of valuation and the assets involved, conducted spot checks and inspections on the legal ownership information of the subject of valuation and the assets involved, truthfully disclosed the problems identified, and requested the relevant parties to improve the property rights to meet the requirements for the issuance of the asset valuation report.

Report on Asset Valuation Entrusted by Canton Greengold Financial Leasing Ltd. in Relation to the Value of Entire Shareholders' Equity of Canton Greengold Financial Leasing Ltd. Involved in the Capital Injection by Shareholders

SUMMARY

The following are extracted from the asset valuation report. In order to gain a comprehensive understanding of this valuation engagement, you should carefully read the full text of the asset valuation report.

Client: Canton Greengold Financial Leasing Ltd.

Property right holder: Canton Greengold Financial Leasing Ltd.

Purpose of the valuation: As the shareholders of Canton Greengold Financial Leasing Ltd. intend to perform a capital injection, they need to understand the value of their entire shareholders' equity. The valuation provides a value reference basis for them to realize the purpose of this valuation.

Subject of valuation and scope of valuation: The subject of this asset valuation is the value of the entire shareholders' equity of Canton Greengold Financial Leasing Ltd.; and the scope of valuation represents all assets and liabilities of Canton Greengold Financial Leasing Ltd as at December 31, 2023, the valuation benchmark date, including current assets, non-current assets, current liabilities and non-current liabilities.

Types of value and their definitions: market value, which is defined as:

the estimated amount for which the subject of valuation should exchange on the valuation benchmark date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted rationally and without compulsion.

Valuation benchmark date: December 31, 2023.

Valuation approach: asset-based approach (cost approach) and income approach.

Valuation conclusion:

1. Valuation conclusion under the asset-based approach

After the implementation of valuation procedures such as checking and verification, on-site inspection, market research and assessment and estimation, the following valuation results were obtained under the asset-based approach: as of December 31, 2023, the valuation benchmark date, the book value of the assets of Canton Greengold Financial Leasing Ltd. was RMB4,671,731,308.07, the adjusted book value was RMB4,674,689,279.77, and the appraised value was RMB4,674,842,027.20; the book value of the liabilities was RMB3,575,492,639.25, the adjusted book value was RMB3,578,393,150.84, and the appraised value was RMB3,578,393,150.84; the book value of the net assets was RMB1,096,238,668.82, the adjusted book value was RMB1,096,296,128.93, the appraised value was RMB1,096,448,876.36, and the appraised appreciation was RMB152,747.43, representing an appreciation rate of 0.01%, mainly due to the financial depreciation life of the fixed assets on 31 December 2023, the base date of evaluation, is different from the economic useful life calculated by the newness rate in the course of valuation. Because of the inconsistence of the two, which in turn leads to an increase in the net value of fixed assets. The evaluation result is RMB357,630.16, with an appreciation of RMB152,747.43 comparing with the net book value amounting to RMB204,882.73, and a value-added rate of 74.55%.

2. Valuation conclusion under the income approach

The appraised value of the entire shareholders' equity of Canton Greengold Financial Leasing Ltd. as at the valuation benchmark date under the income approach was RMB1,100,637,600.00, representing an appreciation of RMB4,341,471.07 over the adjusted book net assets with an appreciation rate of 0.40%.

3. Analysis and determination of valuation conclusions

The asset-based approach and the income approach were respectively used in the valuation, so as to appraise the subject of valuation under different approaches. The difference between the two valuation approaches is RMB4,188,700, with a difference rate of 0.38%.

The asset-based approach is to appraise the fair market value of the assets from the perspective of asset replacement, which can reflect the self-value of the enterprise's assets. The income approach is to appraise the value of an enterprise by discounting the expected income, in which case profitability of the enterprise is mainly dependent upon its capital strength as a result of its business nature and characteristics. For the valuation hereunder, shareholders intend to increase the share capital, and the future injection of additional funds will have a great impact on the profitability of the enterprise. Therefore, the valuation results under the income approach cannot reflect the true value of the current shareholders' equity of the enterprise. Accordingly, taking into account the purpose of this valuation, we believe that taking the asset-based approach as the final valuation conclusion is more reasonable.

To sum up, the appraised value of the net assets of Canton Greengold Financial Leasing Ltd. is RMB1,096,448,876.36 (RMB One billion ninety-six million four hundred forty-eight thousand eight hundred seventy-six dollars and thirty-six cents).

The "valuation assumptions", "limiting conditions of valuation" and "special notes" set out in the report need to be brought to the special attention of users of the report when they are using this valuation conclusion.

Special matters affecting the valuation conclusion:

The following are the relevant matters that were identified in the valuation process and may affect the valuation conclusion but are beyond the professional competence and ability of asset valuation professionals in terms of assessment and estimation (including but not limited to):

(I) The report is prepared based on all information provided by the client and the appraised entity which is related to the valuation. The client and the appraised entity shall be responsible for the authenticity, legality and completeness of the information provided. We only estimate the appraised value of the subject of valuation and express professional opinions.

(II) Users of the report are advised to pay attention that unless specially declared by the asset valuation professionals, this valuation conclusion does neither take into account the impact of the possible arrears of taxes and fees on the value of the subject of valuation and the assets involved in their formation and continuation, as well as the various transaction taxes and fees that may be required to be paid when the asset transactions occur in the process of implementing the relevant economic acts for the purpose of valuation, nor does it make any tax adjustment provisions for the appreciation amount derived from the asset valuation.

(III) This valuation conclusion reflects the fair value of the subject of valuation determined in accordance with the open market principles for the purpose of this valuation, and it does neither take into account the impact of mortgages and guarantees that may be assumed in the future, as well as additional expenses that may be paid in special transactions on the appraised value, nor does it take into account the impact of changes in national macroeconomic policies and natural forces and other force majeure on the price of assets. When the above conditions and the going concern principle adopted in the valuation change, the valuation results will generally become invalid.

(IV) The valuation firm and its asset appraisal professionals shall not assume the relevant liability for any defect of the appraised entity that may affect the appraised value of assets, provided that any such defect has not been specially stated by the client at the time of engagement and is generally not known to the asset valuation professionals based on their professional knowledge.

(V) The valuation firm shall conduct independent review of the relevant economic behavior documents, business licenses, property right ownership certificates, accounting vouchers and other information provided by the client and the appraised entity, but shall not be responsible for the authenticity of the above information.

(IV) Description of subsequent events

1. If, after the valuation benchmark date, there is a significant change in the asset status and market conditions as compared with the relevant conditions as at the valuation benchmark date, which affects the conclusion of the valuation report, the conclusion of the valuation report cannot be directly used. The client shall engage the asset valuation firm to carry out the valuation update business or re-valuation.

2. After the issuance date of the valuation report and during the validity period of the valuation report, if there are major subsequent events affecting the value of the subject of valuation, including changes in national, local and industry laws and regulations, economic policies, and huge changes in the market value of assets, etc., the conclusions of this report cannot be directly used.

Validity period of the valuation conclusion: The validity period of the valuation report is one year from the valuation benchmark date, i.e. from December 31, 2023 to December 30, 2024.

Date of valuation report: The date of this valuation report is March 11, 2024.

The above are extracted from the text of the valuation report. In order to understand the details of this valuation engagement and reasonably understand the valuation conclusion, please read the text of the valuation report.

Report on Asset Valuation Entrusted by Canton Greengold Financial Leasing Ltd. in Relation to the Value of Entire Shareholders' Equity of Canton Greengold Financial Leasing Ltd. Involved in the Capital Injection by Shareholders

Fo Zheng Xun Ping Zi [2024] No. P0304

Canton Greengold Financial Leasing Ltd.:

Foshan Zhengxun Asset Appraisal and Real Estate Appraisal Co., Ltd. (the "Company") has been engaged by your company to appraise the value of the entire shareholders' equity of Canton Greengold Financial Leasing Ltd. involved in the capital injection by shareholders in accordance with the relevant national regulations on asset appraisal, and the principles of objectivity, independence, impartiality and rationality in the generally accepted asset appraisal method. The valuers of the Company conducted market research, assessment and estimation on the subject assets following the necessary valuation procedures, and adopted the valuation approaches of asset-based approach and income approach to fairly reflect the market value of the subject assets as at December 31, 2023, the valuation benchmark date. The asset valuation and valuation results are reported as follows:

I. The client, the property right holder and other users of the valuation report other than the client

(I) Overview of the client and the property right holder:

1. Client

Client of the engagement: Canton Greengold Financial Leasing Ltd.

2. Property right holder

Property right holder under the engagement (the appraised entity and the owner of the assets): Canton Greengold Financial Leasing Ltd.

Company name: Canton Greengold Financial Leasing Ltd.;

Unified social credit code: 91440605MA515FDU3W;

Type of enterprise: limited liability company (joint venture between Taiwan, Hong Kong, Macau and Mainland China);

Corporate domicile: Unit 1001-1004, Block 1, Guangdong-Hong Kong Financial Technology Park, No. 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City (domicile declaration);

Legal representative: Miao Yuanhua;

Registered capital: RMB964,645,944.25;

Date of establishment: December 19, 2017;

Scope of business: financial leasing business (excluding financial business); leasing business; purchase of leased property domestically and abroad; disposal of residual value and maintenance of leased property; leasing transaction consultation and guarantee; commercial factoring business related to financial leasing business (subject to the relevant national regulations where industry licensing management is involved); medical equipment operating lease; social and economic consultation (investment consultation). (The above items do not involve special administrative measures for access of foreign investment) (For items subject to approval in accordance with the law, business activities can only be carried out upon approval by relevant authorities.) (For items subject to approval in accordance with the law, business activities can only be carried out upon approval by relevant authorities).

(1) Shareholders and their shareholdings are as follows:

Name of shareholder	**Shareholding ratio** *(%)*	**Contribution amount**
Guangdong Zhongchuang Xingke Investments Co., Ltd. (formerly known as Zhong Chuang Xing Ke (Shenzhen) Investments Co., Ltd.)	18.14	175,000,000.00
CIH Finance Investments Holdings Limited	33.69	325,000,000.00
Foshan City Yueqiao Construction Investment Co., Ltd. (formerly known as Foshan City Yueqiao Assets Management Co., Ltd.)	10.59	102,145,000.00
Foshan City Nanhai Dali Water Supply Company	10.59	102,146,900.00
Foshan Huaxing Glass Co., Ltd.	10.99	106,060,244.25
Foshan City Nanhai District Lianzhifu Investment Co., Ltd.	5.41	52,146,900.00
Foshan City Nanhai Zhizao Investment Co., Ltd.	10.59	102,146,900.00
Total	100.00	964,645,944.25

(2) Assets and liabilities:

Balance Sheet (Condensed)

Unit: RMB0' 000

No.	Item	December 31, 2021	December 31, 2022	December 31, 2023
1	Current assets	128,798.45	164,559.41	30,961.29
2	Non-current assets	202,943.84	266,419.65	436,507.63
3	Total assets	331,742.29	430,979.06	467,468.92
4	Current liabilities	73,096.78	126,595.97	46,183.61
5	Non-current liabilities	164,688.63	180,832.90	311,655.70
6	Total liabilities	237,785.41	307,428.87	357,839.31
7	Net assets	93,956.88	123,550.19	109,629.61

The above financial data are extracted from the audit reports prepared by Da Hua Certified Public Accountants (Special General Partnership) (Da Hua Shen Zi [2022] No. 004201, Da Hua Shen Zi [2023] No. 003603 and Da Hua Shen Zi [2024] No. 0011009358).

(3) Profit position:

Income Statement (Condensed)

Unit: RMB0' 000

No.	Item	2021	2022	2023
1	Operating income	21,683.62	30,643.06	32,999.26
2	Total operating costs	13,944.34	17,636.95	19,502.72
3	Operating profit	8,208.18	13,459.66	13,688.28
4	Total profit	8,211.21	13,459.66	13,687.28
5	Income taxes	1,973.63	3,371.20	3,439.70
6	Net profit	6,237.58	10,088.46	10,247.58

The above financial data are extracted from the audit reports prepared by Da Hua Certified Public Accountants (Special General Partnership) (Da Hua Shen Zi [2022] No. 004201, Da Hua Shen Zi [2023] No. 003603 and Da Hua Shen Zi [2024] No. 0011009358).

(II) Relationship between the client and the appraised entity

The client of this valuation is the same entity as the appraised entity.

(III) Other users of the valuation report

It is specified in this report that other users of the valuation report comprise shareholders of the client, competent authorities for the appraised entity and users of the valuation report stipulated by national laws and regulations.

II. Purposes of the valuation

As the shareholders of Canton Greengold Financial Leasing Ltd. intend to perform a capital injection, they need to understand the value of the entire shareholders' equity. The valuation provides a value reference basis for them to realize the purpose of this valuation.

The asset valuer performs the asset valuation business only for the purpose of estimating the fair value of the subject of valuation and expressing professional opinions.

III. Subject of valuation and scope of valuation

(I) Subject of valuation

The subject of valuation of this asset valuation is the value of the entire shareholders' equity of Canton Greengold Financial Leasing Ltd.

(II) Scope of valuation

The scope of this asset valuation comprises all assets and liabilities of Canton Greengold Financial Leasing Ltd. as at December 31, 2023, the valuation benchmark date, including current assets, non-current assets, current liabilities and non-current liabilities.

As declared by the client and the appraised entity, the assets and liabilities of Canton Greengold Financial Leasing Ltd. as at December 31, 2023, the valuation benchmark date, are as follows:

	Item	**Book value**
1	**Current assets**	309,231,426.56
2	**Non-current assets**	4,362,499,881.51
3	Including: Available-for-sale financial assets	
4	Debt investments	11,000,000.00
5	Long-term receivables	4,333,600,216.33
6	Long-term equity investments	
7	Investment properties	–
8	Fixed assets	204,882.73
9	Construction in progress	–
10	Construction materials	
11	Disposal of fixed assets	
12	Productive biological assets	
13	Right-of-use assets	231,047.10
14	Intangibles	
15	Development expenditure	–
16	Goodwill	–
17	Long-term deferred expenses	149,500.62
18	Deferred tax assets	17,314,234.73
19	Other non-current assets	
20	Total assets	4,671,731,308.07
21	Current liabilities	465,143,594.91
22	Non-current liabilities	3,110,349,044.34
23	Total liabilities	3,575,492,639.25
24	Net assets (net assets)	1,096,238,668.82

(III) Legal ownership, economic status and physical condition of major assets

1. Debt investment

A total of one asset is included in debt investment, which is the financial leasing asset-backed securities-subordinated asset-backed securities, as shown in the table below:

No.	Name of investee	Type of investment	Date of investment	Maturity date	Book value
1	Financial leasing asset-backed securities	Subordinate asset-backed securities	April 25, 2023	March 26, 2026	11,000,000.00

2. Long-term receivables

The long-term receivables are finance lease receivables, with a total of 126 items, each of which includes finance lease principal, interest during the finance lease period and unrealized financing income, with a net book value of RMB4,333,600,216.33. Contracts have been entered into in relation to each of the long-term receivables.

3. Fixed assets of the enterprise

The fixed assets of the enterprise are mainly electronic and office equipment, etc. As at the valuation benchmark date, the original book value of the fixed assets – electronic and office equipment of the appraised entity, was RMB1,293,444.32, with a net value of RMB204,882.73, including a total of 125 items such as photocopiers, air conditioners, computers, office tables and chairs. As at the valuation benchmark date, office equipment under the fixed assets was stored in the office with good maintenance conditions and can be used normally.

IV. Type of value and their definitions

The type of "appraised value" mentioned in this report is the market value; and it is defined as:

the estimated amount for which the subject of valuation should exchange on the valuation benchmark date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted rationally and without compulsion.

V. Valuation benchmark date

The asset valuation benchmark date under the engagement is December 31, 2023, which was determined by the client based on the nature of the valuation and its economic behavior. As the asset valuation result is a conclusion on the fair value of the asset status at a certain point in time, selecting the recent date as the valuation benchmark date can fully reflect the overall situation of the assets of the subject of valuation.

The price standard adopted in this valuation is the price standard that remained effective on the valuation benchmark date. From the commencement of this valuation to the provision of the valuation results, there was no significant change in the national macro policies and market conditions as compared with those as at the valuation benchmark date.

VI. Valuation basis

(I) Legal basis and standard basis

1. Asset Appraisal Law of the People's Republic of China (Order of the President of the People's Republic of China No. 46);

2. Property Right Law of the People's Republic of China (Order of the President of the People's Republic of China No. 62);

3. Law of the People's Republic of China on the State-owned Assets of Enterprises (passed at the fifth meeting of the Standing Committee of the 11th National People's Congress on October 28, 2008);

4. Interim Measures on Supervision and Administration of State-owned Assets of Enterprises (passed at the eighth Standing Committee Meeting of the State Council on May 13, 2003);

5. Measures for the Administration of State-owned Assets Appraisal(Order of the State Council No. 91);

6. Opinions on Reforming State-owned Asset Valuation Administration Method and Strengthening Asset Valuation Supervision and Administration Work (the Ministry of Finance on December 28, 2001);

7. Notice on Strengthening the Administration Work of State-owned Assets Appraisal Valuation (Guo Zi Fa Chan Quan [2006] No. 274);

8. Guidelines for the Filing of the Assessment Projects of State-owned Assets of the Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

9. Basic Standards for Asset Valuation (Cai Zi (2017) No. 43 of the Ministry of Finance);

10. Code of Ethics for Asset Valuation (Zhong Ping Xie (2017) No. 30);

11. Practice Guidelines for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

12. Practice Guidelines for Asset Valuation – Asset Valuation Report (Zhong Ping Xie [2018] No. 35);

13. Practice Guidelines for Asset Valuation – Asset Valuation Engagement Contract (Zhong Ping Xie [2017] No. 33);

14. Practice Guidelines for Asset Valuation – Asset Valuation File (Zhong Ping Xie [2018] No. 37);

15. Practice Guidelines for Asset Valuation – Machinery and Equipment (Zhong Ping Xie [2017] No. 39);

16. Practice Guidelines for Asset Valuation – Enterprise Value (Zhong Ping Xie [2018] No. 38);

17. Guiding Opinions on Value Type of Asset Valuation (Zhong Ping Xie [2017] No. 47);

18. Guiding Opinions on Legal Ownership of Asset Valuation Target (Zhong Ping Xie [2017] No. 48);

19. Practice Guidelines for Asset Valuation – Asset Valuation Methodology (Zhong Ping Xie (2019) No. 35);

20. Asset Valuation Expert Guide No. 8 – Examination and Verification in Asset Valuation (Zhong Ping Xie (2019) No. 39);

21. Guidelines for Valuation Reports of State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);

22. Terms of Asset Valuation Standards 2020 (Zhong Ping Xie [2020] No. 31);

23. Other relevant regulations and provisions.

(II) Basis for economic behavior

1. Asset Valuation Engagement Contract signed between the client and the valuation firm.

(III) Basis for ownership

1. Business license and articles of association of the appraised entity;

2. Relevant agreements, equipment purchase contracts, invoices or vouchers;

3. Other contracts, legal documents and other information related to the acquisition and use of assets of the enterprise.

(IV) Basis for pricing

1. Handbook for Quotation of Mechanical and Electrical Products 2023 (Machinery Industry Information Research Institute);

2. Relevant financial information of the appraised entity;

3. Records of on-site discussions and investigation by the valuer;

4. Information on the market survey conducted by the valuer;

5. Other relevant information.

(V) Other references

1. Accounting Standards for Business Enterprises – Basic Standards (Order of the Ministry of Finance No. 33);

2. Accounting Standards for Business Enterprises – Application Guide (Cai Kuai [2006] No. 18);

3. Da Hua Certified Public Accountants (Special General Partnership) Da Hua Shen Zi [2024] No. 0011009358 Audit Report.

VII. Valuation methodology

(I) Selection of valuation methodology

Appraising value of an enterprise requires selection of one or more appropriate basic asset valuation methods by analyzing the applicability of the basic asset valuation methods based on the valuation purpose, subject of valuation, value type, data collection and other relevant conditions.

According to the Chinese Asset Valuation Standards, three basic valuation methods, namely the income approach, the market approach and the asset-based approach, can be adopted for appraisal of enterprise value.

The income approach in the context of appraisal of enterprise value is the valuation method to determine the value of the subject of valuation by capitalizing or discounting the expected income.

The market approach in the context of appraisal of enterprise value is the valuation method to determine the value of the subject of valuation by comparing the subject of valuation with comparable listed companies or comparable transaction cases.

The asset-based approach in the context of appraisal of enterprise value is the valuation method to determine the value of the subject of valuation by reasonably appraising values of various assets and liabilities on and off the balance sheet of the enterprise based on the balance sheet of the appraised enterprise as at the valuation benchmark date.

According to our understanding of the operating status of Canton Greengold Financial Leasing Ltd., the company has certain profitability, and the appraised entity also provides the profit forecast data for the coming years. Based on the historical operating data of the appraised entity, and the internal and external operating environment, we can reasonably predict the future profitability of the enterprise, and the risk of future income can be quantified. Therefore, the income approach can be used in this valuation.

As the appraised entity has complete financial information and asset management information available, and there are wide range of sources of relevant data and information of the asset acquisition cost, the asset replacement cost is inherently linked and replaced with the current market price of the asset and the present value of the income, so the asset-based approach is applicable to this valuation.

The prerequisite for adopting the market approach is that there is an active open market with sufficient market data and comparable transaction cases in the open market. As the property rights trading market of non-listed companies in China is not fully developed, and there are few comparable cases of similar transactions. There are few companies in listed companies that can match the appraised entity in terms of business direction, asset scale, operating scale and other factors, and the correction range is too large when selecting general cases for correction, as a consequence of which the value orientation of the reference cases for the engagement is distorted and the market approach valuation conditions cannot be met. Therefore, the market approach is not applicable to this valuation.

Through the above analysis, the asset-based approach and the income approach are adopted in this valuation.

(II) Introduction to the asset-based approach

The valuation methods of various assets and liabilities under the asset-based approach are as follows:

1. Assessment of current assets

(1) Monetary funds: including cash and bank deposits

After checking the cash, and checking with the cash journal and the general ledger, the valuers confirmed that the accounts are consistent with the actual amount, and took the actual amount as the appraised value.

After checking and confirming, the actual amounts of deposits were verified, and the verified actual amount was taken as the appraised value.

(2) Other receivables

The assessment was conducted in two aspects, i.e. checking and verifying the book value, and estimating possible bad debt losses. The basic formula for the valuation and calculation of receivables is as follows:

Appraised value = book balance – identified bad debt losses – estimated bad debt losses

The bad debt loss recognized refers to the receivables for which the debtor has died or entered bankruptcy at the time of valuation and that indeed cannot be recovered as proved by obvious evidence. The estimated bad debt losses were determined in the specific identification method.

(3) Valuation of other current assets

The other current assets of the enterprise comprised prepaid financing service fees, and the appraised value was determined based on the verified book value.

2. Valuation of debt investment

The debt investment of the enterprise comprised asset-backed securities under finance lease, and the appraised value was determined based on the verified book value.

3. Valuation of long-term receivables

In this valuation, we verified each long-term receivable with contracts, and at the same time, we conducted a letter of confirmation. No bad debt was found, so the appraised value was determined based on the book value; and at the same time, the provision for bad debt was appraised as a valuation risk loss.

4. Valuation of fixed assets – electronic equipment and office equipment

The replacement cost method was adopted.

The replacement cost method is a valuation method in which the difference obtained by deducting the physical depreciation, functional depreciation and economic depreciation that has occurred in the appraised asset from the total cost required for the re-purchase or construction of the appraised asset in a new state under the current conditions (i.e. the full value of replacement) is taken as appraised value of the appraised asset. It can also first estimate the newness rate of the appraised asset compared with its new state, that is, the newness rate is obtained, and then the total cost is multiplied by the newness rate, and the product obtained is taken as the appraised value.

The main formula for this valuation is as follows:

Appraised value = replacement cost – physical depreciation – functional depreciation – economic depreciation

= replacement cost × comprehensive newness rate

① Determination of full replacement price

Full replacement price = prevailing market price + transportation and miscellaneous fees + installation and commissioning fees

The electronic equipment and office equipment within the scope of this valuation are mainly purchased domestically or from domestic agents. Their purchase prices mainly comprise installation and commissioning fees and transportation and miscellaneous fees, and the full replacement price is equal to the purchase price. For equipment (computers, and printers, etc.) that does not require installation and commissioning, the full replacement price is directly obtained from manufacturers and suppliers or the recent contract price of similar equipment. The full replacement price is net of value-added tax.

The purchase price of the equipment was determined based on the inquiry of the recent fair market transaction price as at the valuation benchmark date, or the direct inquiry with manufacturers and suppliers, and the collection and reference of relevant information such as the recent contract price of similar equipment.

② Determination of comprehensive newness rate

A. Theoretical newness rate

Through on-site investigation into the use of the equipment, review of information such as the operation status and main technical indicators of the equipment, and inquiries with relevant personnel about the operation status and maintenance of the equipment, and determination of the use status of each unit through classification, the valuers determined the remaining useful life based on the actual use status and comprehensively determined the theoretical newness rate based on the useful life method. The calculation formula is as follows:

Theoretical newness rate = (1 – residual value rate) × remaining useful life/economic life of equipment + residual value rate

B. Observed newness rate

Through on-site investigation into the use of the equipment, in respect of (1) the equipment appearance, (2) the noise, frequency of use, process requirements, (3) the tangible wear, (4) the technological advancement, and (5) the maintenance, failure rate, etc. technical appraisal is used to determine the newness rate of the assets being evaluated, thereby estimating the physical depreciation according to the on-site investigation.

C. Comprehensive newness rate

Weighted arithmetic average method is adopted to determine the theoretical newness rate in which a weight of 40% of theoretical newness rate and a weight of 60% of observed newness rate is used.

Comprehensive newness rate = theoretical newness rate × 40% + observed newness rate × 60%

③ Determination of the appraised value

Appraised value = full replacement price × comprehensive newness rate

5. Valuation of right-of-use assets

The right-of-use assets of the enterprise are the amortized value of the office buildings leased by the enterprise, and the appraised value was determined based on the verified book value.

6. Valuation of long-term deferred expenses

The long-term deferred expenses of the enterprise are office renovation and fire engineering on the 10th floor, and the appraised value was determined based on the verified book value.

7. Valuation of deferred income tax assets

The appraised value of the deferred income tax assets of the enterprise was determined based on the verified book value.

8. Valuation of liabilities

According to the schedule provided by the appraised entity, the valuers first checked its accounts and conducted spot checks on its original vouchers, contracts and relevant information to determine its business content and time of occurrence. At the same time, the valuers also confirmed large transactions and made adjustments to the errors and omissions, and took the verified amount as the appraised value.

(III) Introduction to the income approach

The income approach in the context of appraisal of enterprise value refers to the valuation method to determine the value of the subject of valuation by capitalizing or discounting the expected income.

Appraising the enterprise value under the income approach is a method in which the enterprise value is determined by estimating the present value of the future expected income of the enterprise. Three pre-requisites must be met for its application:

1) the future expected income of the enterprise can be predicted and measured in monetary terms;

2) the risk assumed by the enterprise's expected income can also be predicted and measured in monetary terms;

3) the expected profit-making period of the enterprise can be predicted.

This valuation was conducted on the premise of assuming the continuous operation of the appraised enterprise, and the appraised enterprise was in stable operation. Therefore, the basic premise of adopting the income approach for valuation was satisfied. Based on this, the income approach can be adopted for valuation.

The specific methods commonly used in the income approach include dividend discount method and cash flow discount method. The discounted cash flow method was used based on the operating conditions of the enterprise.

The discounted cash flow method is to arrive at the value of entire shareholders' equity by the sum of the free cash flow of the enterprise for the next few years discounted at appropriate discount rate, and the calculated total operating assets value, as well as the value of surplus assets and non-operating assets (including non-controlling long-term equity investments not considered in the forecast, etc.) minus interest-bearing debts.

Basic steps to assess business value:

1. Research and analyze the company's historical operating performance;

2. Analyze the company's assets and liabilities based on the company's business operations, divide the assets and liabilities on the company's evaluation base date into the following categories, and determine the evaluation scope of the income method:

   (1) Operating business assets and liabilities;

   (2) Assets and liabilities such as external investments that are not related to business operations;

   (3) Other non-operating assets and liabilities.

   The income method assessment does not include assets and liabilities in category (3);

   The income-based assessment may be included in the income-based assessment scope depending on the importance of the assets and liabilities in category (2) and the availability of information;

   Generally, the value of Category (2) and Category (3) assets and liabilities that are not included in the scope of income method assessment will be assessed separately.

3. Analyze macro factors, industry factors, individual enterprise factors, etc. that affect enterprise operations and income distribution;

4. Define the expected returns of assets and liabilities included in the income method assessment, determine the use of net profit, net cash flow, profit before interest and taxes or other forms of income as the expected returns and forecast them;

5. Estimate the liquidation value when the enterprise ceases operations;

6. Choose a discount rate that matches the predicted earnings;

7. Substitute various parameters of the income method into the calculation model and calculate the income method evaluation value;

8. Summarize the income method evaluation value and the evaluation value of category (2) and (3) assets and liabilities that are not included in the income method evaluation scope to obtain the total enterprise value evaluation value.

Appraised enterprise value under the income approach = value of operating assets + value of surplus assets + value of non-operating assets – non-operating liabilities – interest-bearing debts

The value of operating assets (PV) under the income approach can be generally divided into three parts:

1) the discounted value of the expected income of each period before the enterprise reaches a stable development state (PV1);

2) the discounted value of the expected income for each period of continuous operation after the enterprise has reached a stable development status (PV2);

3) the discounted value of the liquidation value (PV3) at the time of the termination of the enterprise.

where:

$$PV1 = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} ; \quad PV2 = \frac{R_{n+1}(1+g)}{(r-g)}[(\frac{1}{(1+r)^n} - \frac{(1+g)^{m-n}}{(1+r)^m}] ;$$

$$PV3 = \frac{R_e}{(1+r)^m}$$

PV = PV1+ PV2 + PV3

The parameters in the formulas are as follows:

(1) i: the time interval between the period after the valuation benchmark date and the benchmark valuation date, which is expressed in year;

(2) n: the time interval between the time point when the enterprise is expected to achieve stable development and the valuation benchmark date;

(3) m: the time interval between the expected termination date of the enterprise and the valuation benchmark date;

(4) R_i: the estimated value of the expected income of the enterprise at the time of i year from the valuation benchmark date;

(5) g: the estimated annual growth rate of the enterprise's expected income after achieving stable development;

(6) R_E: liquidated value when the enterprise is terminated;

(7) r: discount rate that matches the expected income.

In general, when assuming that the enterprise operates on a perpetual basis and the income is expected to be infinite, the calculation model of enterprise value appraisal is simplified as follows:

$$PV = PV1 + PV2 = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}(1+g)}{(r-g)(1+r)^n}$$

Determination of expected income:

According to the specific conditions of the subject of valuation of this valuation engagement, the valuer determined the expected income R_i of the subject equity through the following forecast:

Expected income R_i = expected net profit + depreciation and amortization – increase in working capital – capital expenditure

When forecasting the net profit, the valuer used the following simplified net profit calculation formula to predict the expected net profit:

Expected net profit = operating income – operating costs – operating taxes and surcharges – operating expenses – administrative expenses – financial expenses + net non-operating income – income tax

2. Income period

No special circumstances indicate that it is difficult for the enterprise to continue to operate in the future, and the enterprise can continue to play its role through normal maintenance and update of equipment and production facilities, and the income period was determined on a perpetual basis.

3. Discount rate

There are various ways and means to determine the discount rate. In accordance with the principle that the income amount should be on the same basis as the discount rate, the income amount in this valuation was based on the free cash flow of the enterprise, and the discount rate was determined by the weighted average cost of capital (WACC) model:

1. The calculation formula of the WACC model is as follows:

WACC = Ke×E/(D + E) + Kd(1-t)×D/(D+E)

where: Ke – cost of equity capital

Kd(1-t) – cost of debt after tax

E/(D + E) – proportion of owners' equity in total interest-bearing debts and owners' equity

D/(D + E) – ratio of interest-bearing debts to the sum of interest-bearing debts and owners' equity

2. Cost of equity capital

For the cost of equity capital (Ke), the capital asset pricing model (CAPM) was adopted, and the calculation formula is as follows:

$Ke = Rf + \beta L(Rm-Rf) + Rc$

where: Ke – return on investment required by equity investors (i.e. cost of equity capital)

Rf – risk-free return rate

Rm – rate of return expected by the market generally

Rc – individual risk return rate of the enterprise

3. Beta coefficient

For the Beta coefficient, the β value excluding financial leverage was obtained by considering the capital structure through the correlation between the price changes of similar listed companies and the securities index, and then such β value was converted into the Beta coefficient with its own financial leverage based on the target capital structure of the subject of valuation. The calculation formula is as follows:

$\beta L = \beta U \times [1 + (D/E) \times (1 - T)]$

where: βL – beta coefficient with financial leverage

βU – beta coefficient without financial leverage

D/E-ratio of interest-bearing debts to owners' equity

T – tax rate

4. Value of surplus assets

Surplus assets refer to the excess assets that are not directly related to the operation of the enterprise and exceed the needs of the operation of the enterprise.

5. Value of non-operating assets

Non-operating assets refer to assets that are not directly involved in the daily activities of the enterprise, including two parts: assets that are not related to production and operation and supporting assets necessary for operating assets.

6. Interest-bearing debts

Interest-bearing debts refer to the debts that the enterprise needs to pay interest as at the valuation benchmark date, such as bank borrowings and bonds payable.

VIII. Implementation procedures and description of the appraisal procedures

In accordance with the relevant national laws and regulations on asset valuation and the requirements of operation specifications, and within the framework of the matters agreed in the asset valuation contract, the Company has implemented the review and verification of the legal documents and relevant materials of the subject of valuation and other corresponding asset valuation procedures, and completed the valuation. The valuation process generally comprises four steps:

(I) Acceptance of engagement and preparation

After the Company accepts the engagement, the engagement head first gained understanding of the composition of the assets, scope of valuation, purpose of valuation and other relevant conditions of the subject of valuation; entered into the engagement contract for asset valuation, which clarified the rights and obligations of the parties thereto in this valuation; and formulated the implementation plan of valuation, determined the valuers, and established the on-site working group for asset valuation based on the purpose of valuation, scope of valuation, composition of assets and workload and other relevant circumstances.

(II) On-site appraisal

1. The valuers listened to the introduction by relevant personnel of the appraised entity on the appraised entity and the history and current status of the appraised assets;

2. The valuers consulted and identified the asset valuation declaration form completed by the appraised entity, and verified with the relevant financial records of the appraised entity.

3. The valuers conducted on-site verification of physical assets, and inspected and recorded the conditions of assets; discussed with asset management personnel to understand the operation and management status of assets; and investigated and identified major buildings and equipment;

4. The valuers carried out market research and inquiry;

(III) Assessment, estimation and comprehensive treatment

Based on the purpose of this valuation, the valuers formulated specific valuation methods for various assets based on the actual conditions and characteristics of the subject assets, appraised the physical assets and creditor's rights and debts of the appraised entity, and calculated their appraised value. The valuers assembled and analyzed the preliminary valuation results of various assets to confirm that there was no repeated valuation or omission in the valuation process, and adjusted, revised and enhanced the asset valuation results based on the analysis.

(IV) Submission of report

The valuers, based on the valuation work, prepared the first draft of the asset valuation report, and fully exchanged views with the client. After making necessary amendments, a three-level review was conducted in accordance with the prescribed procedures, and the engagement team made further amendments according to the review opinions. The report was finally completed and bound into a book, and the formal asset valuation report was provided to the client.

IX. Valuation assumptions

(I) General assumptions

1. Going concern assumption of the appraised entity

The going concern assumption of the appraised entity assumes that the business of the appraised entity is legal, the business license can be renewed after the expiration of the operation period, and there will be no unforeseeable factors that will cause it to be unable to continue to operate, and the assets of the appraised entity will remain unchanged for its existing use and continue to be used in situ.

2. Transaction assumption

The transaction assumption assumes that all subject assets are already in the process of transaction, and the asset appraisal professionals conduct the valuation based on the transaction conditions of the subject assets and other simulated markets. Transaction assumption is the most basic prerequisite assumption for the asset valuation.

3. Open market assumption

The open market assumption assumes that the parties to the asset transaction or the proposed asset transaction in the market are in equal position and have the opportunity and time to obtain sufficient market information, so as to make rational judgments on the functions, uses and transaction prices of the assets. The open market assumption is based on the fact that the assets can be publicly traded in the market.

(II) Special assumptions

1. It is assumed that there will be no material changes in the relevant prevailing laws, regulations and policies of the country and the macroeconomic situation of the country after the valuation benchmark date, and there will be no material changes in the political, economic and social environment of the regions where the parties to the transaction are located.

2. It is assumed that there will be no material changes in the relevant national interest rates, exchange rates, tax bases and tax rates, and policy-based levies.

3. It is assumed that there will be no material adverse impact on the appraised entity caused by other force majeure and unforeseeable factors.

4. It is assumed that the appraised entity has no ownership defect or any existing ownership defect has been fully revealed.

5. It is assumed that the information provided by the client and the appraised entity is true, comprehensive and objective.

6. It is assumed that the accounting policies to be adopted by the appraised entity in the future are generally consistent with the accounting policies adopted in the preparation of this report in material aspects.

7. It is assumed that the business scope and mode of the appraised entity are in line with the current direction on the basis of the existing management method and management level.

8. It is assumed that the operators of the appraised entity are responsible, and the management of the company is capable of performing their duties, and the enterprise can retain and attract capable management personnel, key talents and technical personnel to support the development of the enterprise.

9. Unless otherwise stated, it is assumed that the appraised entity fully complies with all relevant laws and regulations.

10. The impact of inflation on the appraised value was not considered in this valuation.

11. It is assumed that the operating income, costs and expenses of the appraised entity are balanced, and shareholders will obtain net cash flow evenly during the year.

12. According to the requirements of asset valuation, it is determined that these assumptions are valid on the valuation benchmark date. When the future economic environment changes significantly, the valuation firm and its asset values will not assume the responsibility for deriving different valuation conclusions due to changes in assumptions.

(III) Status assumptions of the subject of valuation as at the valuation benchmark date

1. It is assumed that the purchase, acquisition and transformation process of the subject of valuation comply with relevant national laws and regulations.

2. It is assumed that the subject of valuation has no major technical failures that affect its continuous use, there are no hazardous substances in these assets that adversely affect their value, and there are no hazardous substances and other hazardous environmental conditions in the place where these assets are located that adversely affect the value of these assets.

(IV) Limiting conditions of valuation

1. The legal documents, technical information, business information and other valuation-related information provided by the appraised entity on which this report is based have not been verified by us with the relevant authorities, and the authenticity of which is the responsibility of the appraised entity, and we do not undertake any legal matters related to the property rights of the subject of valuation.

2. We only inspect the visible physical appearance of the tangible assets of the subject of valuation, and do not conduct special technical tests on the technical data, technical status, structure and attachments of such assets.

X. Valuation conclusion

1. Valuation conclusion under the asset-based approach

The comprehensive list of valuation results of the cost method (asset basis method) is as follows:

Account name	book value	Adjustment *(note)*	Adjusted book value	Appraisal value	Appreciation
1. Total current assets	309,231,426.56	1,357,661,083.68	1,666,892,510.24	1,666,892,510.24	–
Cash and bank balances	309,105,486.04	-10,393.88	309,095,092.16	309,095,092.16	–
Prepayment	7,000.00	-7,000.00	–	–	
Other receivables	118,940.52	17,393.88	136,334.40	136,334.40	–
Non-current assets due within 12 months	–	1,357,279,588.27	1,357,279,588.27	1,357,279,588.27	
Other current assets	–	381,495.41	381,495.41	381,495.41	–
2. Total non-current assets	4,362,499,881.51	-1,354,703,111.98	3,007,796,769.53	3,007,949,516.96	152,747,43
Bond investment	11,000,000.00	–	11,000,000.00	11,000,000.00	–
Long-term receivables	4,333,600,216.33	-1,357,279,588.27	2,976,320,628.06	2,976,320,628.06	–
Fixed asset	204,882.73	–	204,882.73	357,630.16	152,747.43
Right-of-use assets	231,047.10	–	231,047.10	231,047.10	–
Long-term deferred expenses	149,500.62	–	149,500.62	149,500.62	–
Deferred tax assets	17,314,234.73	2,576,476.29	19,890,711.02	19,890,711.02	–
3. Total assets	4,671,731,308.07	2,957,971.70	4,674,689,279.77	4,674,842,027.20	152,747.43

Account name	book value	Adjustment (note)	Adjusted book value	Appraisal value	Appreciation
4. Total current liabilities	465,143,594.91	841,068,039.31	1,306,211,634.22	1,306,211,634.22	–
Borrowings – current portion	186,000,000.00	204,526.66	186,204,526.66	186,204,526.66	–
Accounts payable	2,513,902.00	-2,513,902.00	–	–	–
Deposit received	21,317,493.09	–	21,317,493.09	21,317,493.09	–
Staff salaries payable	7,477,207.29	–	7,477,207.29	7,477,207.29	–
Taxes payable	22,716,147.92	-3,177,139.74	19,539,008.18	19,539,008.18	–
Interest is payable	5,985,843.70	-5,985,843.70	–	–	–
Other payables	211,314,320.40	2,473,902.00	213,788,222.40	213,788,222.40	–
Non-current payables repayable within 12 months	–	850,066,496.09	850,066,496.09	850,066,496.09	
Other current liabilities	7,818,680.51	–	7,818,680.51	7,818,680.51	–
5. Total non-current liabilities	3,110,349,044.34	-838,167,527.72	2,272,181,516.62	2,272,181,516.62	–
Long-term borrowings	2,849,997,781.27	-789,059,850.88	2,060,937,930.39	2,060,937,930.39	–
Bond	260,122,848.32	-54,665,740.83	205,457,107.49	205,457,107.49	–
Lease liabilities	228,414.75	-228,414.75	–	–	–
Deferred tax liabilities	–	5,786,478.74	5,786,478.74	5,786,478.74	–
6. Total liabilities	3,575,492,639.25	2,900,511.59	3,578,393,150.84	3,578,393,150.84	–
7. Net assets	1,096,238,668.82	57,460.11	1,096,296,128.93	1,096,448,876.36	152,747.43

Note: The Adjusted book value is calculated based on the book value and the relevant audit adjustments of the audit report of Guangdong Green Gold Financial Leasing Co., Ltd. for the year 31 December 2023 issued by Da Hua Certificated Public Accountants on 6 March 2024, The detailed adjustment entries are as follows:

1. Reversal of the adjustment of the enterprise's 2023 7th period voucher 0001: 2022 enterprise income tax final settlement account adjustment.

Debit:	Deferred tax assets	-134,843.33
Debit:	Deferred tax assets	671,756.04
Debit:	Income tax expense	-80,111.26
Debit:	Income tax expense	-16,005.27
Credit:	Deferred income tax liability	10,282.04
Credit:	Income tax expense	430,514.14

2. Deferred tax assets and income tax expense effect of the estimated credit loss recognized in 2023.

Debit:	Deferred tax assets	5,885,584.33
Credit:	Income tax expense	5,885,584.33

3. The reversal of recognized deferred income tax assets as the remuneration paid in 2023 after the final settlement of 2022.

Debit:	Deferred tax assets	-612,360.75
Credit:	Income tax expense	-612,360.75

4. The adjustment on deferred income tax as the remuneration paid after the final tax settlement and payment in 2023.

Debit:	Deferred tax assets	614,765.22
Credit:	Income tax expense	614,765.22

5. Taxable temporal differences in accrued interest income in 2023

Debit:	Income tax expense	5,785,820.66
Credit:	Deferred tax liabilities	5,785,820.66

6. The reversal of the recognized deferred income tax liability on the temporal difference of the right-of-use asset.

Debit:	Deferred tax liability	9,623.96
Credit:	Income tax expense	9,623.96

7. The accrual of interest expense in 2023 used to offset the temporal difference

Debit:	Deferred tax assets	2,037,159.11
Credit:	Income tax expense	2,037,159.11

8. The difference of current income tax expense for 2023 and over-provided adjusted taxable income.

Debit:	Income tax expense	-3,177,139.74
Credit:	Tax payable	-3,177,139.74

9. Adjust the wrong account of the 2023-11-30 payment voucher 0095

Debit:	Accounts payable	40,000.00
Credit:	Long-term borrowing	40,000.00

10. Reclassification of prepaid financing lease fee in 2024 (loan number: Bank of Jiangsu 84 million-QT166122001207) from long-term bank loans to other assets

Debit:	Other current assets	381,495.41
Credit:	Long-term borrowings	381,495.41

11. Being over-provided interest on bank loans in 2023

Debit:	Interest payable	90,322.82
Credit:	Cost of Operations	90,322.82

12. Reclassification of negative numbers at the end of the period

Debit:	Other receivables	7,000.00
Credit:	Prepayment	7,000.00

13. Adjustment on the assets based security custody retained funds to other receivables accounting

Debit:	Other receivables	10.393.88
Credit:	Monetary Funds	10,393.88

14. Reclassification of non-current assets of long-term receivables due within 12 months

Debit:	Non-current assets due within 12 months	1,357,279,588.27
Credit:	Long-term receivables	1,357,279,588.27

15. Reclassification to other payable according to the nature of the payment

Debit:	Accounts payable	2,473,902.00
Credit:	Other payables	2,473,902.00

16. Reclassification of interest payable to long-term borrowings

Debit:	Interest payable	5,690,994.22
Credit:	Long-term borrowings	5,690,994.22

17. Reclassification of lease liabilities due within one year

Debit:	Lease Liabilities – Principal	230,320.83
Credit:	Non-current liabilities due within one year	228,414.75
Credit:	Lease Liabilities – Unrecognized Financing Charges	1,906.08

18. Reclassification of bonds payable due within one year

Debit:	Bonds payable	54,665,740.83
Credit:	Non-current liabilities due within one year	54,665,740.83

19. Reclassification of long-term loans due within 12 months

Debit:	Long-term borrowings	795,172,340.51
Credit:	Non-current liabilities due within 12 months	795,172,340.51

20. Interest payable is reclassified to short-term borrowings

Debit:	Interest payable	204,526.66
Credit:	Short-term borrowings	204,526.66

1. Cash and bank balances appraisal description

The book value of Cash and bank balances was RMB309,105,486.04, the book value was RMB309,095,092.16, the appraisal confirmed the appraised value based on the adjusted book value was RMB309,095,092.16, the appreciation was RMB0, and the appreciation rate was 0%.

2. Other receivables appraisal description

The adjusted book value of other receivables was RMB136,334.40, the provision for bad debts was RMB0, the net amount of other receivables was RMB136,334.40, the total appraised value was RMB136,334.40, the appreciation was RMB0, and the appreciation rate was 0%.

3. Non-current assets due within 12 months appraisal description

The non-current assets due within one year were the adjusted amount of long-term receivables due within one year which were financial lease receivables, amounting to RMB1,394,701,934.16, There were currently 125 transactions, including the principal of financial leases and interest receivable, of which the principal RMB1,349,165,667.98 and interest receivable of RMB45,536,266.18. Provision for bad debts was RMB37,422,345.89, with a net amount of RMB1,357,279,588.27. The valuation confirmed the appraised value based on the adjusted book value is RMB1,357,279,588.27, the appreciation is RMB0, and the appreciation rate is 0%.

4. Other current assets appraisal description

Other current assets are prepaid financing fees, with a book value of RMB0 and an adjusted book value of RMB381,495.41, and the appraised value of RMB381,495.41 is confirmed according to the adjusted book value, the appreciation was RMB0.

5. Bond investment appraisal description

The bond investment is the Guojun-Green Gold Leasing Phase 1 Green Asset Support Special Plan asset-backed securities (financial lease asset-backed securities-subordinated asset-backed securities) subscribed from Shanghai Guotai Junan Securities Asset Management Co., Ltd., with a book value of RMB11,000,000.00 and an adjusted book value of RMB11,000,000.00, and the appraised value of RMB11,000,000.00 is confirmed according to the adjusted book value.

6. Long-term receivables appraisal description

Long-term receivables are financial lease receivables, with both the book value RMB4,402,555,363.06, and the provision of bad debt of RMB68,955,146.73 and net book value of RMB4,333,600,216.33. The adjusted book value of RMB2,976,320,628.06, and the appraised value was RMB2,976,320,628.06, an appreciation of RMB0 and an appraised appreciation rate of 0%.

7. Fixed assets appraisal description

The fixed assets are electronic equipment and office equipment, with both the net book value and adjusted net book value of RMB204,882.73, adjusted book cost of RMB1,293,444.32 and net book value of RMB204,882.73, an appraised value by using of asset-based approach of RMB357,630.16, and an appreciation of RMB152,747.43, with an appreciation rate of 74.55%. Because of the difference between the financial depreciation period of the enterprise and the economic service life used to calculate the newness rate, the newness rate of the two is inconsistent, which in turn leads to the appreciation of the net book value of fixed assets.

8. Right-of-use assets appraisal description

The right-of-use asset is the amortized value of the office building leased by the company, with a cost of RMB4,664,607.40 and a net book value of RMB231,047.10 and an adjusted cost value of RMB4,664,607.40 and a adjusted net book value of RMB231,047.10 and, the appreciation value of RMB231,047.10 was confirmed at the adjusted carrying value, with an appreciation of RMB0 and an appreciation rate of 0%.

9. Long-term deferred expenses appraisal description

The long-term amortized expenses are the amortized value of the office decoration and fire protection works of the enterprise building, with the cost of RMB1,494,815.04, the book value of RMB149,500.62, the adjusted book value of RMB149,500.62, the appraisal value of RMB149,500.62, the appreciation of RMB0, and the appreciation rate of 0%.

10. Deferred tax assets appraisal description

The book value of deferred tax assets was RMB17,314,234.73, and the adjusted carrying value was RMB19,890,711.02, and the appreciation value of RMB19,890,711.02 was confirmed at the adjusted carrying value, with an appreciation of RMB0 and appreciation rate of 0%.

11. Liabilities appraisal description

According to the detailed list provided by the target, the valuer checked the ledger and the breakdown. Then randomly checked its vouchers, contracts and related materials to determine its business content and time of occurrence. Confirmation were send for the material transaction. The wrong or missed entries were adjusted according to the actual situation, and the adjusted amount were used as the assessed value.

1. Short-term borrowing

The carrying value was RMB186,000,000.00, adjusted value of RMB186,204,526.66 and appraised value of short-term borrowings were both RMB RMB186,204,526.66.

2. Accounts payable

Accounts payable are accounts payable of unpaid financing fees, etc., with a book value of RMB2,513,902.00, an adjusted book value of RMB0, an appraised value of RMB0, an appreciation value of RMB0, and an appreciation rate of 0%.

3. Deposit received

The book value of the deposit received was RMB21,317,493.09, the adjusted book value was RMB21,317,493.09, the appraised value was RMB21,317,493.09, the appreciation of RMB0, and the appraised rate was 0%.

4. Staff salaries payable

The staff salaries payable is the provision of the performance related pay etc., with a carrying value of RMB7,477,207.29, an adjusted book value of RMB7,477,207.29, an appraised value of RMB7,477,207.29, an appraised value of RMB0, and an appreciation rate of 0%.

5. Tax payable

The tax payable is the tax payable by the company, mainly the value-added tax, urban maintenance and construction tax, education fee surcharge, enterprise income tax, individual income tax, etc., with a book value of RMB22,716,147.92, an adjusted book value of RMB19,539,008.18, an appraised value of RMB19,539,008.18, an appreciation of RMB0, and an appreciation rate of 0%.

6. Interest payable

The carrying value of interest payable was RMB5,985,843.70, the adjusted book value was RMB5,895,520.88, the appraised value was RMB5,895,520.88, the appreciation was RMB0, and the appreciation rate was 0%.

7. Other payables

The carrying value of other payables was RMB211,314,320.40, the adjusted book value was RMB213,788,222.40, the appraised value was RMB213,788,222.40, the appreciation was RMB0, and the appreciation rate was 0%.

8. Non-current liabilities repayable within one year

The carrying amount of non-current liabilities repayable within one year was RMB0, the adjusted book value was RMB850,066,496.09, the appraised value was RMB850,066,496.09, the appreciation was RMB0, and the appreciation rate was 0%.

9. Other current liabilities

The carrying value of other current liabilities was RMB7,818,680.51, the adjusted book value was RMB7,818,680.51, the appraised value was RMB7,818,680.51, the appreciation was RMB0, and the appreciation rate was 0%.

10. Long-term borrowing

The carrying value of long-term borrowings was RMB2,849,997,781.27, the adjusted book value was RMB2,060,937,930.39, the appraised value was RMB2,060,937,930.39, the appreciation was RMB0, and the appreciation rate was 0%.

11. Bonds

The carrying amount of the bonds was RMB260,122,848.32, the adjusted book value was RMB205,457,107.49, the appraised value was RMB205,457,107.49, the appreciation was RMB0, and the appreciation rate was 0%.

12. Lease liabilities

The carrying value of the lease liability was RMB228,414.75, the adjusted book value was RMB0, the appraised value was RMB0, the appreciation was RMB0, and the appreciation rate was 0%.

13. Deferred income tax liabilities

The carrying amount of the deferred income tax liability was RMB0, the adjusted book value was RMB5,786,478.74, the appraised value was RMB5,786,478.74, the appraised value was RMB0, and the appreciation rate was 0%.

After the implementation of valuation procedures such as checking and verification, on-site inspection, market research and assessment and estimation, the following valuation results were obtained under the asset-based approach: as of December 31, 2023, the valuation benchmark date, the book value of the assets of Canton Greengold Financial Leasing Ltd. was RMB4,671,731,308.07, the adjusted book value was RMB4,674,689,279.77, and the appraised value was RMB4,674,842,027.20; the book value of the liabilities was RMB3,575,492,639.25, the adjusted book value was RMB3,578,393,150.84, and the appraised value was RMB3,578,393,150.84; the book value of the net assets was RMB1,096,238,668.82, the adjusted book value was RMB1,096,296,128.93, the appraised value was RMB1,096,448,876.36, and the appraised appreciation was RMB152,747.43, representing an appreciation rate of 0.01%, mainly due to the financial depreciation life of the fixed assets on 31 December 2023, the base date of evaluation, is different from the economic useful life calculated by the newness rate in the course of valuation. Because of the inconsistence of the two, which in turn leads to an increase in the net value of fixed assets. The evaluation result is RMB357,630.16, with an appreciation of RMB152,747.43 comparing with the net book value amounting to RMB204,882.73, and a value-added rate of 74.55%.

2. Valuation conclusion of the income approach

The appraised value of the entire shareholders' equity of Canton Greengold Financial Leasing Ltd. as at the valuation benchmark date under the income approach was RMB1,100,637,600.00, representing an appreciation of RMB4,341,471.07 over the adjusted book net assets with an appreciation rate of 0.40%.

The detailed forecast value of the expected income of the entrusted equity after December 2023, the discount calculation of the income in each year, and the final evaluation results of the income method are shown in the following table:

Unit: RMB 0'000

	Year					
Item	**2024**	**2025**	**2026**	**2027**	**2028**	**2029 and beyond**
1 Operating income	36,910.01	40,917.99	44,955.07	48,944.12	52,801.04	56,437.32
2 Total operating cost	21,617.54	23,891.20	26,212.22	28,520.62	30,785.45	32,956.99
including: Operating costs	16,791.65	18,638.54	20,502.20	22,347.19	24,134.76	25,823.98
Sales tax and surcharges	154.91	171.73	188.67	205.41	221.60	236.86
Selling (operation) cost	1,015.99	1,093.91	1,177.85	1,267.73	1,364.97	1,469.77
Administrative expenses	1,579.43	1,683.15	1,809.24	1,937.94	2,080.79	2,234.22
Finance costs	(561.18)	(622.91)	(685.20)	(746.86)	(806.61)	(863.08)
Assets impairment loss	2,636.74	2,926.78	3,219.46	3,509.21	3,789.94	4,055.24
Add: Income from change of fair value						
Investment income						
3 Operating income	15,292.47	17,026.79	18,742.86	20,423.50	22,015.58	23,480.33
Add: other income	–	–	–	–	–	–
Less: other expenses	–	–	–	–	–	–
4 Profit for the year	15,292.47	17,026.79	18,742.86	20,423.50	22,015.58	23,480.33
Less: income tax	3,823.12	4,256.70	4,685.71	5,105.88	5,503.90	5,870.08
5 Net profit	11,469.35	12,770.09	14,057.14	15,317.63	16,511.69	17,610.25
Add: depreciation of fixed assets, amortization of intangible assets	45.10	11.80	16.55	14.25	16.63	19.00
Interest on debt (net of tax effects)	12,593.74	13,978.91	15,376.65	16,760.39	18,101.07	19,367.99
Less: Capital expenditures	15.00	15.00	15.00	15.00	15.00	15.00
Extra working capital						
6 Net cashflow	24,093.19	26,745.80	29,435.34	32,077.27	34,614.38	36,982.23
Discount factor	0.9595	0.8834	0.8133	0.7488	0.6894	7.9977
7 Net present value	23,117.42	23,627.24	23,939.76	24,019.46	23,863.15	295,772.79
Operating asset value			414,339.82			
Surplus asset value			26,778.15			
Non operating asset value			(1,400.00)			
Less: interest bearing debt value			329,654.21			
8 Total shareholder equity value			110,063.76			

Notes:

(1) The operating income forecast is based on the historical operating income from the years of 2021 to 2023. The average annual growth rate of various businesses in the next five years is predicted to be as follows: financial leasing interest income and consulting service income will both increase by 12%, 11%, 10%, 9%, 8%, and 7% respectively compared with the previous year; other income increased by 6%, 5%, 4%, 3%, 2%, and 1% respectively compared with the previous year; other business income increased by 5% compared with the previous year, it will reach a stable state in 2029, and will maintain at the level of the year of 2029 in subsequent years. Therefore, it is expected that subsequent operating income will maintain at the level of the year of 2029 thereafter.

(2) The operating cost forecast is based on the ratio of operating costs to operating income from the years of 2021 to 2023 which is approximately 45%. Taking into account the increase in prices and various costs, it is predicted that the operating costs from the years of 2024 to 2029 will remain growth rate of 1% to 12% on the basis of 2023, it will reach a stable state after 2029, and operating costs are expected to maintain at the level of the year of 2029 thereafter.

(3) Forecast of sales taxes and surcharges is based on the proportion of sales taxes and surcharges in operating income from the years of 2021 to 2023 which is 0.42%, it is predicted that the proportion of business taxes and surcharges in operating income will remain unchanged at 0.42% in 2024 and beyond.

(4) Operating expense forecast is based on the proportion of operating expenses in operating income from the years of 2021 to 2023 which is approximately 3%. Taking into account the increase in prices and labor costs, it is predicted that operating expenses from the years of 2024 to 2029 will maintain 5% to 8% on the basis of 2023. The growth rate will reach a stable state after 2029, and operating expenses are expected to maintain at the level of the year of 2029 thereafter.

(5) The forecast of administrative expenses is based on the proportion of administrative expenses in operating income from the years of 2021 to 2023 which is approximately 5%. Taking into account the increase in prices and labor costs, it is predicted that administrative expenses from the years of 2024 to 2029 will be based on 2023, except for depreciation and amortization. It will maintain a growth rate of 5% to 8% and reach a stable state after 2029, and it is expected that management expenses will maintain at the level of the year of 2029 thereafter.

(6) Forecast of financial cost is based on business growth, it is predicted that financial expenses will maintain an increase rate of 1% to 12% from the years of 2024 to 2029 on the basis of 2023, and it will reach a stable state after 2029, and it is expected that financial expenses will maintain at the level of the year of 2029 thereafter.

(7) The forecast of asset impairment losses is based on the proportion of asset impairment losses in operating income from the years of 2021 to 2023 which is 7% to 9%. Owing to the stable growth of business operations in the future, it is predicted that the asset impairment losses will maintain an increase rate of 1% to 12% from 2024 to 2029 on the basis of 2023, and it will reach a stable state after 2029, and it is expected that asset impairment losses will maintain at the level of the year of 2029 thereafter.

(8) The forecast of non-operating income and non-operating expenses is based on the fact that it has not occurred in the past three years or has occurred only accidentally, so there is no forecast for future non-operating income and non-operating expenses.

(9) Assuming that the country's tax policy remains unchanged, enterprises will still pay income tax at an income tax rate of 25% in the future.

(10) Depreciation and amortization forecasts are based on the depreciation and amortization policies for various long-term assets existing on the valuation benchmark date and those expected to be purchased and constructed in the future, based on the original value (original entry value), The annual depreciation rate (amortization rate) is the basis for calculating the total amount of depreciation and amortization.

(11) Surplus monetary funds are based on the monetary funds on the valuation benchmark date minus reasonable operating funds. Reasonable operating funds are assumed to be three months' operating costs, operating expenses and administrative expenses after deducting depreciation and amortization.

(12) The value of interest-bearing debt is the debt balance discounted based on the debt forecast.

(13) The discount rate is estimated using the weighted average cost of capital (WACC) model with the calculation using the cost of equity capital and the cost of after-tax debt at 22.75% and 5.228% respectively, and the weight ratios of equity capital and debt capital in 2024 at 24.96% and 75.04% respectively.

3. Analysis and determination of valuation conclusions

The asset-based approach and the income approach were respectively used in the valuation so as to appraise the subject of valuation under different approaches. The difference between the two valuation approaches is RMB4,188,700, with a difference rate of 0.38%.

The asset-based approach is to appraise the fair market value of the assets from the perspective of asset replacement, which can reflect the self-value of the enterprise's assets. The income approach is to appraise the value of an enterprise by discounting the expected income, in which case profitability of the enterprise is mainly dependent upon its capital strength as a result of its business nature and characteristics. For the valuation hereunder, shareholders intend to increase the share capital, and the future input of additional funds will have a great impact on the profitability of the enterprise. In addition, the calculation is subject to change due to factors such as external macro economy, government policies, market environment and effective control of assets, which will directly affect the result of the income approach. Therefore, the valuation results under the income approach cannot reflect the true value of the current shareholders' equity of the enterprise. In view of the situation and for conservative purpose, taking into account the purpose of this valuation, we believe that taking the valuation conclusion under asset-based approach as the final valuation conclusion is reasonable.

To sum up, the appraised value of the net assets of Canton Greengold Financial Leasing Ltd. is RMB1,096,448,876.36 (RMB One billion ninety-six million four hundred forty-eight thousand eight hundred seventy-six dollars and thirty-six cents).

XI. Special notes

The following are the relevant matters that were identified in the valuation process and may affect the valuation conclusion but are beyond the professional competence and ability of asset valuation professionals in terms of assessment and estimation (including but not limited to):

(I) All information related to the valuation provided by the client and the appraised entity is the basis for the preparation of this report. The client and the appraised entity shall be responsible for the authenticity, legality and completeness of the information provided. We only estimate the appraised value of the subject of valuation and express professional opinions.

(II) Users of the report are advised to pay attention that unless specially declared by the asset valuation professionals, this valuation conclusion does neither take into account the impact of the possible arrears of taxes and fees on the value of the subject of valuation and the assets involved in their formation and continuation, as well as the various transaction taxes and fees that may be required to be paid when the asset transactions occur in the process of implementing the relevant economic acts for the purpose of valuation, nor does it make any tax adjustment provisions for the appreciation amount derived from the asset valuation.

(III) This valuation conclusion reflects the fair value of the subject of valuation determined in accordance with the open market principles for the purpose of this valuation, and it does neither take into account the impact of mortgages and guarantees that may be assumed in the future, as well as additional expenses that may be paid in special transactions on the appraised value, nor does it take into account the impact of changes in national macroeconomic policies and natural forces and other force majeure on the price of assets. When the above conditions and the going concern principle adopted in the valuation change, the valuation results will generally become invalid.

(IV) The valuation firm and its asset appraisal professionals shall not assume the relevant liability for any defect of the appraised entity that may affect the appraised value of assets, provided that any such defect has not been specially stated by the client at the time of engagement and is generally not known to the asset valuation professionals based on their professional knowledge.

(V) The valuation firm shall conduct independent review of the relevant economic behavior documents, business licenses, property right ownership certificates, accounting vouchers and other information provided by the client and the appraised entity, but shall not be responsible for the authenticity of the above information.

(IV) Description of subsequent events

1. If, after the valuation benchmark date, there is a significant change in the asset status and market conditions as compared with the relevant conditions as at the valuation benchmark date, which affects the conclusion of the valuation report, the conclusion of the valuation report cannot be directly used. The client shall engage the asset valuation firm to carry out the valuation update business or re-valuation.

2. After the issuance date of the valuation report and during the validity period of the valuation report, if there are major subsequent events affecting the value of the subject of valuation, including changes in national, local and industry laws and regulations, economic policies, and huge changes in the market value of assets, etc., the conclusions of this report cannot be directly used.

XII. Restriction on the use of the valuation report

(I) Scope of use of the asset valuation report: The asset valuation report issued by us and the valuation conclusion disclosed are limited to the valuation purpose and use set out in the asset valuation report, and only for use by the client and other users of the valuation report agreed in this report within the validity period of the valuation conclusion, or submitted to the relevant government authorities, judicial authorities and the asset valuation industry association for review and use in accordance with laws and regulations and the requirements of the industry association. Any other third party who obtains the valuation report shall not be deemed as the user of the valuation report, and the valuation firm and the asset valuation professionals shall not assume any responsibility for the losses caused by the misuse of the valuation report by such third party. Except as required to be disclosed in accordance with relevant laws and regulations, all or part of this report shall not be published in any public media. The consequences caused by improper use are not related to the signing asset appraisal professionals and their valuation firm.

(II) The asset valuation firm and its asset valuation professionals shall not be liable for failure by the client or other users of the asset valuation report to use the asset valuation report in accordance with the laws, administrative regulations and the scope of use specified in the asset valuation report.

(III) No institution or individual other than the client, other asset valuation report users as agreed in the engagement contract for asset valuation and the asset report users as provided in laws and administrative regulations shall become a user of the asset valuation report.

(IV) Any asset valuation report user shall correctly understand and use the valuation conclusion, which is not equivalent to the realizable price of the subject of valuation, and the valuation conclusion shall not be deemed as a guarantee for the realizable price of the subject of valuation. On the basis of the valuation conclusion of reference value, the client is recommended to make reasonable decisions based on factors such as the restructuring plan of the appraised entity and the asset conditions and market conditions at the time of the restructuring of the appraised entity.

(V) The analysis and conclusions in this report are based on the above-mentioned valuation principles, valuation basis, valuation assumptions and limiting conditions, valuation methods and valuation procedures, and are established only under the valuation assumptions and limiting conditions described in this report.

(VI) This asset valuation report takes legal effects in accordance with the relevant provisions of laws and regulations.

(VII) We have conducted on-site inspection of the subject of valuation in the asset valuation report; we have paid necessary attention to the legal ownership status of the subject of valuation, and verified the ownership of the subject of valuation through public information channels, but cannot guarantee the authenticity of the legal ownership of the subject of valuation in any form.

(VIII) Complying with relevant laws and regulations and following the generally accepted asset valuation methods, analyzing, estimating and expressing professional opinions on the value of the subject of valuation under the specific purpose as at the valuation benchmark date are the responsibility of the asset valuation professionals; and providing necessary information and ensuring the authenticity, legality and completeness of the information provided, and properly using the asset valuation report are the responsibility of the client and relevant parties.

(IX) According to the relevant provisions of China on asset valuation, the validity period of the valuation report shall be one year. The validity period of this valuation conclusion is from December 31, 2023 to December 30, 2024.

XIII. Valuation report date

The date of this valuation report is March 11, 2024.

Foshan Zhengxun Asset Appraisal and Real Estate Appraisal Co., Ltd.	Legal representative of the valuation firm:	Li Xiangyuan
Foshan, China	Asset valuer:	Hua Junxiong
March 11, 2024	Asset valuer:	Fan Shufeng

Note:

Mr. Li Xiangyuan is a PRC Certified Public Valuer, Certified Real Estate Appraiser, Certified Land Valer. He has more than 20 years of valuation experience in China. He is not a connected person with the client and is independent in the course of the valuation.

Mr. Hua Junxiong is a PRC Certified Public Valuer, Certified Public Accountant. He has more than 20 years of valuation experience in China. He is not a connected person with the client and is independent in the course of the valuation.

Ms. Fan Shufeng is a PRC Certified Public Valuer. She has more than 20 years of valuation experience in China and Hong Kong. She is not a connected person with the client and is independent in the course of the valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company were as follows:

Long positions in the Shares

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares as at the Latest Practicable Date[1]
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

Note: 1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, none of the Directors and chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions of the Shareholders in the Shares, underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of the Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:–

Name of Shareholder	Capacity of Shareholder	Number of Shares/underlying Shares		Approximate percentage of total issued Shares as at the Latest Practicable Date[1]
		Long position	Short position	
Glories Holdings (HK) Limited	Beneficial Owner	1,441,439,842[2]	–	84.18%
Prize Rich Inc.	Corporate Interest	1,441,439,842[2]	–	84.18%
廣東南海控股集團有限公司 (Guangdong Nanhai Holding Group Co., Ltd.*)	Corporate interest	1,441,439,842[2]	–	84.18%

Notes: 1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

2. These 1,441,439,842 shares/underlying shares are held by Prize Rich Inc., which is wholly-owned by Guangdong Nanhai Holding Group Co., Ltd.*（廣東南海控股集團有限公司）. On 25 July 2022, Prize Rich Inc. agreed to transfer 1,222,713,527 shares and HK$166,232,000 convertible bonds (with underlying shares of 218,726,315) to its wholly-owned subsidiary, Glories Holdings (HK) Limited, pursuant to the equity and convertible bonds transfer agreement.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO.

As at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or his or her respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

(a) none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and

(b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. MATERIAL CONTRACT

The following contract was entered into by the Group within the two years immediately preceding the date of this circular and which is or may be material or of significance:

(a) the equity transfer agreement dated 6 December 2023 entered into between CIH Finance, a wholly owned subsidiary of the Company, and Guangdong Nanhai Holding Group Co., Ltd.* (廣東南海控股集團有限公司) in relation to the disposal of 72% equity interest of Guangdong Sino Rock Tyco Construction Co., Ltd.*(廣東中岩泰科建設有限公司)at a consideration of RMB972,000,000; and

(b) the Seventh Capital Injection Agreement.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

8. EXPERTS AND CONSENT

The following is the qualification of the experts who has given opinions or advice which are contained in this circular:

Name	Qualification
HLM CPA Limited	Certified Public Accountants, Registered Public Interest Entity Auditor
Foshan Zhengxun Asset Appraisal and Real Estate Appraisal Co., Ltd.*（佛山市正迅資產評估與房地產評估有限公司）	Independent valuer

As at the Latest Practicable Date, the above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter and report (as the case may be) and references to their names and logos in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

(a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2023), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The branch share registrar of the Company is Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(c) The Company's head office and principal place of business in Hong Kong is at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

(d) The company secretary of the Company is Mr. Lo Tai On, who is a member of the Hong Kong Institute of Certified Public Accountants.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://hingyiphk.quamhkir.com) for a period of 14 days from the date of this circular (both days inclusive):

(a) the Seventh Capital Injection Agreement;

(b) the reports on the audited financial information of Greengold Leasing for the three years ended 31 December 2021, 2022 and 2023 and the unaudited financial information of Greengold Leasing for the six months ended 30 June 2024, the text of which is set out in Appendix II to this circular;

(c) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix IV to this circular;

(d) the Valuation Report as set out in Appendix V to this circular;

(e) the written consent referred to in the paragraph headed "Experts and Consent" in this Appendix; and

(f) this circular.

* *For identification purpose only*