HANG PIN LIVING TECHNOLOGY COMPANY LIMITED
杭品生活科技股份有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Hang Pin Living Technology Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2023 (the "**Reporting Period**") with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**123,210**	122,339
Cost of sales		**(117,688)**	(116,211)
Gross profit		**5,522**	6,128
Other income and other gain or loss	*6*	**1,591**	(3,922)
Selling and distribution costs		**(166)**	(174)
Administrative and operating expenses		**(13,373)**	(11,413)
Reversal of/(allowance for) expected credit loss, net		**917**	(3,290)
Finance costs		**-**	(2)
Loss before taxation		**(5,509)**	(12,673)
Income tax expense	*7*	**-**	-

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Loss for the year attributable to owners of the Company	*8*	**(5,509)**	(12,673)
Other comprehensive (expense)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(765)**	395
Other comprehensive (expense)/income for the year		**(765)**	395
Total comprehensive expense for the year attributable to owners of the Company		**(6,274)**	(12,278)
Loss per share			
Basic and diluted (HK cents)	*10*	**(0.70)**	(1.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**608**	807
Right-of-use assets		**154**	185
Loan receivables	*12*	**-**	24,294
		762	25,286
CURRENT ASSETS			
Trade and other receivables	*11*	**42,784**	32,610
Amount due from a former subsidiary		**2,832**	4,190
Loan receivables	*12*	**44,181**	19,435
Financial assets at fair value through profit or loss ("**FVTPL**")		**17,732**	19,141
Cash and cash equivalents		**32,110**	34,462
		139,639	109,838
CURRENT LIABILITIES			
Trade and other payables	*13*	**44,851**	34,119
Tax payables		**4,200**	4,200
		49,051	38,319
NET CURRENT ASSETS		**90,588**	71,519
TOTAL ASSETS LESS CURRENT LIABILITIES		**91,350**	96,805
NET ASSETS		**91,350**	96,805
CAPITAL AND RESERVES			
Share capital		**7,859**	7,859
Reserves		**83,491**	88,946
TOTAL EQUITY		**91,350**	96,805

1. **GENERAL**

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") are garment sourcing and provision of financial services.

The consolidated financial statements are presented in Hong Kong Dollar ("**HK$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

2. **BASIS OF PREPARATION**

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are in accordance with HKFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018–2020*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kon Interpretation 5 (2020)*[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

	2023	2022
	HK$'000	*HK$'000*
Reveue from contracts with customers		
Revenue from sourcing of garment products	**118,710**	117,839
Revenue from other source		
Interest income from loan receivables	**4,500**	4,500
Total revenue	**123,210**	122,339

Performance obligations for contracts with customers

Revenue from sourcing of garment products is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customer's designated location. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in related to the goods.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for sourcing of garment products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for sourcing of garment products that had an original expected duration of one year or less.

5. SEGMENT INFORMATION

Information reported internally to the executive Directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- garment sourcing
- provision of financial services

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Segment revenues reported below represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment result represents the profit or loss incurred by each segment without allocation of corporate income and central administration expenses including directors' emoluments, equity-settled share-based payment expense and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2023

	Garment sourcing	**Provision of financial services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	**118,710**	**4,500**	**123,210**
Segment results	**(898)**	**138**	**(760)**
Unallocated other income			**732**
Unallocated administrative and other expenses			**(5,481)**
Finance costs			**-**
Loss before taxation			**(5,509)**

For the year ended 31 March 2022

	Garment sourcing	Provision of financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	117,839	4,500	122,339
Segment results	(1,066)	(932)	(1,998)
Unallocated other income			4
Unallocated administrative and other expenses			(10,677)
Finance costs			(2)
Loss before taxation			(12,673)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 March 2023

	Garment sourcing	**Provision of financial services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets	**51,905**	**46,446**	**98,351**
Unallocated corporate assets			**42,050**
Consolidated assets			**140,401**
Segment liabilities	**44,941**	**1,052**	**45,993**
Unallocated corporate liabilities			**3,058**
Consolidated liabilities			**49,051**

As at 31 March 2022

	Garment sourcing	Provision of financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	52,653	46,344	98,997
Unallocated corporate assets			36,127
Consolidated assets			135,124
Segment liabilities	34,874	1,052	35,926
Unallocated corporate liabilities			2,393
Consolidated liabilities			38,319

For the purpose of monitoring resource allocation and assessment of segment performance:

- all assets are allocated to reportable segments other than unallocated corporate assets (mainly comprised of certain plant and equipment, certain right-of-use assets, financial assets at FVTPL, amount due from a former subsidiary, certain deposits, prepayment and other receivables and cash and cash equivalents); and

- all liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly comprised of certain accruals and other payables and certain tax payables).

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operation of subsidiaries. Information about the Group's non-current assets is presented based on geographical location of the assets and is as follows:

	Revenue from external customers		**Non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**")	**118,710**	76,698	**–**	–
Hong Kong	**4,500**	45,641	**762**	992
	123,210	122,339	**762**	992

Other segment information

	Garment sourcing		Provision of financial services		Unallocated		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment results or segment assets:								
Depreciation of plant and equipment	**–**	–	**–**	–	**199**	201	**199**	201
Depreciation of right-of-use assets	**–**	568	**–**	–	**31**	92	**31**	660
(Reversal of)/allowance for expected credit loss, net	**–**	–	**(452)**	614	**(465)**	2,676	**(917)**	3,290
Amounts regularly provided to the CODM but not included in the measure of segment results:								
Bank interest income	**(123)**	(65)	**–**	–	**(27)**	(1)	**(150)**	(66)
Finance costs	**–**	–	**–**	–	**–**	2	**–**	2

Information about major customers

Revenue from customers contributing to over 10% of the Group's total revenue are as follows:

	2023	2022
	HK$'000	*HK$'000*
Sourcing of garment products:		
Customer A	**49,482**	N/A#
Customer B	**43,236**	67,276
Customer C	N/A#	41,141

\# The customers did not contribute over 10% of the total revenue during the relevant years.

6. OTHER INCOME AND OTHER GAIN OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**150**	66
Government grants (Note)	**240**	-
Fair value changes on financial assets at FVTPL	**(2,968)**	(6,260)
Interest income from financial assets at FVTPL	**1,252**	1,287
Dividend income from financial assets at FVTPL	**3,158**	1,088
Foreign exchange gain/(loss), net	**63**	(141)
Charity donation	**(574)**	–
Sundry income	**270**	38
	1,591	(3,922)

Note: During the year ended 31 March 2023, the Group recognised government grants of HK$240,000 in respect of COVID-19-related subsidies relating to the Employment Support Scheme provided by the Hong Kong Government.

7. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**–**	–
– Under-provision in prior years	**–**	–
	–	–

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2023 and 2022 as the Group's subsidiaries operating in Hong Kong resulted in estimated tax losses.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for PRC Enterprise Income Tax has been made for the years ended 31 March 2023 and 2022 as the Group has no assessable profit arising in PRC.

8. LOSS FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company has been arrived at after charging/(crediting):		
(a) Staff costs (include directors' remuneration):		
– directors' fee	**2,415**	2,460
– salaries and wages	**5,307**	3,038
– retirement benefit schemes contributions	**181**	139
– staff welfare	**25**	38
– equity-settled share-based payment expense	**224**	223
Total staff costs	**8,152**	5,898
(b) Other Items		
Auditor's remuneration	**530**	530
Depreciation of plant and equipment	**199**	201
Depreciation of right-of-use assets	**31**	660
(Reversal of)/allowance for expected credit loss on:		
– loan receivables	**(452)**	614
– amount due from a former subsidiary	**(465)**	2,676
	(917)	3,290
Equity-settled share-based payment expense to customers/suppliers	**595**	595

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting periods.

10. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(5,509)**	(12,673)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**785,927**	785,927

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 March 2023 and 2022.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	HK$'000
Trade receivables from contract with customers (Note (a))	**42,239**	32,072
Less: Allowance for credit losses	**–**	–
	42,239	32,072
Other receivables, net	**3**	4
Interest receivables	**282**	281
Deposits	**260**	253
	42,784	32,610

(a) Trade receivables from contract with customers

The Group normally grants credit terms to its customers ranging from 30 to 150 days. The aging analysis of the trade receivables from contract with customers (net of allowance for credit losses) based on invoice date which approximates the respective revenue recognition dates were as follows:

	2023	2022
	HK$'000	*HK$'000*
0 – 30 days	**31,761**	12,301
31 – 60 days	**10,478**	19,771
	42,239	32,072

12. LOAN RECEIVABLES

	2023	2022
	HK$'000	HK$'000
Loan receivables	**45,000**	45,000
Less: Allowance for credit losses	**(819)**	(1,271)
	44,181	43,729
Less: non-current portion	**-**	(24,294)
Current portion	**44,181**	19,435

As at 31 March 2023, the Group had loan receivables as follows:

(i) Loan to a private company incorporated in Hong Kong, which is an independent third party, with a principal amount of HK$25,000,000. The loan is unsecured, interest-bearing at 10% per annum, repayable in May 2023 and guaranteed by an independent third party.

(ii) Loan to an individual, who is an independent third party, with a principal amount of HK$20,000,000. The loan is unsecured, interest-bearing at 10% per annum and repayable in October 2022. On 6 October 2022, the loan was extended for 12 months to 36 months commencing on 6 October 2020 and repayable in October 2023, other terms remain unchanged.

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables (Note (a))	**41,821**	31,754
Accruals and other payables	**1,978**	1,103
Interest in advance	**1,052**	1,262
	44,851	34,119

As at 31 March 2023, accruals and other payables of approximately HK$120,000 (2022: HK$51,000) was denominated in RMB.

(a) Trade payables

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

	2023	2022
	HK$'000	*HK$'000*
0-30 days	31,447	12,224
31-60 days	10,374	19,530
	41,821	31,754

The average credit period on purchases of goods is 30 days (2022: 30 days).

BUSINESS REVIEW

The Company is a limited company incorporated in Bermuda and is an investment holding company. The Group is principally engaged in (I) garment sourcing, and (II) provision of financial services.

(I) GARMENT SOURCING

During the Reporting Period, the international landscape and geopolitics had been increasingly sophisticated, the path to global economic recovery was choppy. The continuing conflict between Ukraine and Russia, high global energy prices stemming from the over-reliance of European countries such as Germany on natural gas from Russia, and the subsequent pressures on household living expenses, the high inflation level remained high, resulting in both high interest rates as well as expectation for further interest rate hikes. Persistently high inflation dampened consumer confidence and affected disposable income, and multiple interest rate hikes by the US Federal Reserve which not only increased the financing cost but also reduced corporate spending and investment. Meanwhile, the prolonged weakness of the domestic and international textile market as a result of the impacts from adverse factors such as the international trade frictions and the changes in the supply chain landscape, lead to an overall decline in demand for textile products.

The Group also faced severe challenge like its peers. As affected by the Sino-US trade disputes, the trading atmosphere had remained tense and the international policy had been highly uncertain. Due to the increasing trade barriers, coupled with the outbreak of COVID-19 pandemic, market confidence was damaged. As a result, the operating performance of retailers was adversely affected, especially for those engaged in the trading of non-daily necessities, such as apparel products. Some retailers even had to shut down their large retail stores and to realize their real assets as they are plunged into liquidity crisis, which led to the continuous weakening of business confidence and the dampening of consumer's sentiments. Facing the unfavorable market conditions resulted from the undesirable business environment, wholesalers were also cautious in placing orders. In addition, online shopping became more and more popular, the pandemic had fueled the growth of the "stay-at-home" economy, further driven the development of online retail business. Customers had significantly higher expectation on speediness, quality and pricing of products and services, which also posed challenges to our business. To meet such challenge, the Company established new procedures for supplier selection with the aim to enhance business growth in a sustainable manner. The management of the Company decided to only select suppliers who are reputable and financially sound, possess a proven solid track record, and are willing to offer favorable terms.

In Mainland China, the COVID-19 epidemic brought immense macroeconomic challenges and further increased downward pressure on economy. The macroeconomic has suffered significantly from various strict anti-pandemic measures throughout the year, coupled with the recent weak real estate market as well as the outbreak of COVID-19 at the end of 2022, and the domestic consumer sentiment remained weak, resulting in a notable slowdown China's gross domestic product (GDP) growth. According to the National Bureau of Statistics, China's gross domestic product (GDP) in 2022 grew by 3.0% year-on-year, lower than the expected growth rate of 5.5%. The slowdown in economic growth directly affected the retail consumer market and total retail sales of consumer goods for the year decreased by 0.2% year-on-year. For the retail sales of commodities, the sales of garments, footwear, hats and knitwear fell by a relatively higher percentage of 6.5% year-on-year. For retail segments, the retail sales of department stores decreased by 9.3% year-on-year. Consumer sentiment continued to be weak, especially in the sub-essential underwear retail market, and the business environment remained challenging.

Here in Hong Kong, according to government information, the retail market had mainly been unstable for the period, under the negative impact of the COVID-19 pandemic, customer spending power experienced a slow recovery. However, benefited from another batch of consumption vouchers in October 2022 and Mainland's re-opening in January 2023, various anti-pandemic measures were gradually being lifted, people's living went back to normal, the consumption market finally shook off the negative effects of the pandemic.

As affected by such, part of the Group's business had also encountered difficulties, particularly for the business segment of garment sourcing. Fortunately, the Group was able to adjust its sales strategies promptly by adopting the strategy of "lower profit margin, higher sales volume", which successfully mitigated the risks. The operation of the Company had been stable and had improvement in the overall sales as compared with last year, however, due to intermittent outbreaks of the pandemic, the customers still adopted a more conservative approach when placing their orders.

(II) PROVISION OF FINANCIAL SERVICES

The Group from time to time reviews its existing operations and explores other business opportunities with a view to diversify the its business. The Group commenced a new business segment of provision of financial services which includes asset management, finance lease, pawn and money lending business in 2018. Against this backdrop, the Group has been focusing on accelerating its strategic plan in the China and Hong Kong markets, further enriching its product offerings and enhancing its financial service system, with an aim to rapidly enhance its business scale and seize the PRC and Hong Kong market. The Group considers that the demand for financial services is significant and the industry is vibrant in both China and Hong Kong. These new business activities will provide a good opportunity for the Group to diversify its revenue stream, which is expected to benefit the Company and its Shareholders as a whole.

Under the money lending business, Golden Maximum Finance Limited ("**Golden Maximum**"), an indirectly wholly-owned subsidiary of the Group and a money lender license holder under the Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong), offers both secured and unsecured loans to borrowers, which primarily include individuals and corporations in Hong Kong or the PRC. The borrowers of Golden Maximum under the money lending business are mainly introduced to the Group by referral by the close business partners or customers of the Group and are with sound credit records. The money lending business generates revenue and profit by way of interest income. The money lending business is financed by the internal resources of the Group.

During the Reporting Period, the Group (i) had not recorded any default of interest or principal from its borrowers and (ii) had no write-off of loans from the money lending business.

PROSPECTS AND DEVELOPMENT PLAN

The International Monetary Fund (IMF) issued the latest "World Economic Outlook" in April 2023, based on the baseline forecast, the global growth is forecasted to fall from 3.4% in 2022 to 2.8% in 2023, before rising 3.0% in 2024. Advanced economies are expected to experience a significant growth slowdown, from 2.7% in 2022 to 1.3% in 2023. In a plausible alternative scenario with further pressure in the financial sector, global growth will decrease to about 2.5% in 2023 with advanced economy growth falling below 1%. Global headline inflation in the baseline forecast is set to fall from 8.7% in 2022 to 7.0% in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. In most cases, the likelihood for the inflation to return to the current level before 2025 is low. The outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and COVID-19 pandemic continues for the third year.

The growth for China is expected to increase from 3.0% in 2022 to 5.2% in 2023, before falling to 4.5% in 2024. The main surging consumption is boosting growth across the region despite weaker demand from the rest of the world. In the longer term, the Chinese economy that has been the primary engine of regional and global growth for decades is expected to slowdown considerably in the face of unfavorable demographics and productivity slowdown.

Here in Hong Kong, the economy improved significantly in the first quarter of 2023, led by the strong recovery of inbound tourism and domestic demand. Real GDP resumed a year-on-year growth of 2.7%, having contracted by 4.1% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP surged by 5.3%. Looking forward, inbound tourism and domestic demand will remain the major drivers of economic growth this year. Visitor arrivals should recover further as transportation and handling capacity continue to resume. The improving economic situation and prospects should boost domestic demand, though tight financial conditions will remain as a constraint. The continued improvement of the labour market, the disbursement of consumption vouchers, and a series of "Happy Hong Kong" events will provide additional support to private consumption. On the other hand, exports of goods will continue to face significant challenges. Slower growth in the advanced economies will continue to weigh on external demand, though the faster recovery of the Mainland economy should provide some relief. The recent banking sector stress in the US and Europe also added uncertainties to the global economic outlook. Taking into account the actual statistics in the first quarter and the factors mentioned above, the real GDP growth forecast for 2023 as a whole is maintained at 3.5% to 5.5%. The forecast rates of underlying and headline consumer price inflation for 2023 are also maintained at 2.5% and 2.9% respectively.

Despite the current macroeconomic environment featuring high inflation and reduced consumer confidence, we remain cautiously optimistic about the long-term prospects of our business. We anticipate that the demand from customers will remain soft in the short term due to the potential for recession in the US, ongoing geopolitical tensions between China and the US, and high interest rates that significantly increase borrowing costs, which in aggregate will add uncertainty to the global economic outlook. The Group expects that it will take some time for the consumer sector to fully recover although the Chinese government has made great efforts to stabilize the economy. At present, the Group is closely monitoring the market conditions and assessing the operational and financial impacts of the pandemic to the Group. Regarding impacts of the pandemic on supply chain, the Group understands that the production activities of our suppliers are not severely impacted by the pandemic and the recovery is beyond expectation, and therefore, we are not expecting a delay in supply chain. Subsequent to the termination of tenancy agreement and disposal of assets in PRC, the Group return back to a light assets business model and enabled the Group to demonstrate operational resilience in an uncertain market environment, and strictly control the quality of supply chain to ensure its excellent product quality is consistently maintained, to meet the consumers' expectations as well as to adhere to the customer-orientation principle. In light of the unprecedented economic and business challenges, the new business model has reduced both inventory pressure and operating costs so as to improve the Group's competition advantage. The Group will endeavor to raise the level of operations for our two principal businesses and will endeavor to search for new business opportunities and expand profit channels with the goal to strive for greater returns for shareholders of the Company.

FINANCIAL REVIEW

During the Reporting Period, the revenue of the Group amounted to approximately HK$123,210,000 (2022: approximately HK$122,339,000): revenue from the garment sourcing amounted to approximately HK$118,710,000, representing an increase of approximately 0.74% (2022: approximately HK$117,839,000); revenue from the provision of financial services amounted to approximately HK$4,500,000 (2022: approximately HK$4,500,000). The gross profit margin was approximately 4.48%, representing a decrease of approximately 0.53 percentage points (2022: approximately 5.01%). Other income amounted to approximately HK$1,591,000 (2022: other expenses amounted to approximately HK$3,922,000), which was mainly attributable to the dividend income from financial assets at FVTPL. Selling and distribution costs amounted to approximately HK$166,000 (2022: approximately HK$174,000). Administrative expenses amounted to approximately HK$13,373,000, representing an increase of approximately 17.17% (2022: approximately HK$11,413,000). Reversal of expected credit loss amounted to approximately HK$917,000 (2022: allowance for expected credit loss amounted to approximately HK$3,290,000), which was mainly attributable to the reversal of impairment loss recognised from former subsidiaries and loan receivables. Due to the aforesaid reasons, the loss for the year attributable to the owners of the Company amounted to approximately HK$5,509,000 (2022: approximately HK$12,673,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had total assets of approximately HK$140,401,000 (as at 31 March 2022: approximately HK$135,124,000) (including cash and cash equivalents of approximately HK$32,110,000 (as at 31 March 2022: approximately HK$34,462,000)) which were financed by current liabilities of approximately HK$49,051,000 (as at 31 March 2022: approximately HK$38,319,000) and shareholders' equity of approximately HK$91,350,000 (as at 31 March 2022: approximately HK$96,805,000).

The Group generally services its debts primarily through cash generated from its operations. As at 31 March 2023, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 2.85:1 (as at 31 March 2022: 2.87:1), which was at a healthy level. The Directors believe that the Group has sufficient funds for developing existing business.

As at 31 March 2023, the Group had no bank or other borrowings (as at 31 March 2022: nil).

TREASURY POLICY

The Group adopts a prudent financial management strategy in implementing the treasury policy. Thus, a sound liquidity position was maintained throughout the year ended 31 March 2023. The Group continues to assess its customers' credit and financial positions so as to minimise the credit risks. In order to control the liquidity risks, the Board would closely monitor the liquidity position of the Group to ensure its assets, liabilities and other flow structure committed by the Group would satisfy the funding needs from time to time.

FOREIGN EXCHANGE AND RISK MANAGEMENT

The Group's working capital is mainly financed through internal generated cash flows. The management of the Group regularly monitors the funding requirements of the Group to support its normal operations and its development plans. Most of the Group's cash balances were deposits in US$, HK$ and RMB with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US$, HK$ and RMB.

Foreign exchange risks arising from sales and purchases transacted in different currencies may be managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward contracts or any other financial derivative contracts may be entered into by the Group for hedging purposes. The Group had not entered into any financial derivative contracts throughout the Reporting Period and had no outstanding financial derivative contracts as at 31 March 2023.

INTERNAL CONTROLS FOR MONEY LENDING BUSINESS

(A) Credit risk assessment

Golden Maximum has adopted a credit risk assessment policy to manage its money lending business.

When a potential borrower is referred to Golden Maximum by the close business partners or customers of the Group, a loan application form will be submitted to Golden Maximum for approval, setting out the potential borrower's personal information and financial position, including his/her source of income and amount of income, the market value of the assets, and details of the outstanding mortgages (if any) with banks or other financing companies. For a corporation, its operating history, identity of its shareholder(s) and guarantor(s) and its other financial and asset information will be submitted for approval. Together with the loan application form, the following documents will be verified or reviewed:

(a) copy of identity card or passport;

(b) copy of income proof, such as tax demand note, salary payroll receipt, employment contract or tenancy agreement;

(c) copy of residential address proof dated within the last three months, such as utility bills, tax return or bank statement;

(d) legal search for the credit worthiness assessment; and

(e) land search report for the proof of property ownership.

Golden Maximum will also observe the requirement to comply with the anti-money laundering or counter terrorist financing regulations for its money lending business. Furthermore, to promote the potential borrower's awareness of the requirements of the Money Lenders Ordinance, a summary of provisions of the Money Lenders Ordinance will be attached, for the potential borrower's reference, to the loan agreement to be entered into between Golden Maximum and the potential borrower.

(B) Granting/renewing of unsecured loans

Before granting unsecured loans to the borrower, Golden Maximum must objectively assess all expected material factors having regard to the information provided by the potential borrowers and guarantors, information obtained from registers and information systems used for the assessment of the ability to make repayments and other information available to Golden Maximum that might affect the potential borrowers and guarantors' ability to make repayments, in particular, such factors as sustainable income, credit history and potential changes (increase and decrease) of income of the potential borrowers and guarantors. For renewing unsecured loans, apart from reassessing the factors discussed above, Golden Maximum will also consider the repayment history of the borrowers.

Golden Maximum will use a debt-to-income ratio ("**DTI**") as a tool in decision making. To calculate the DTI, Golden Maximum adds up all the potential borrower's annual debt payments and divide them by their gross annual income. Their gross annual income is generally the amount of money they have earned before taxes and other deductions are taken out. Unless approved on an exceptional basis by the Board, applications by the potential borrower with DTI in excess of 80% should be declined. In any case, DTI must not exceed 90%.

(C) Ongoing monitoring of loans

With a view to minimise the risks of delinquent loans, Golden Maximum actively carries out post-lending management. There will be continuous monitoring on the repayments from borrowers, regular communication with the borrowers, and regular review on credit limit of the loan granted and market value of the borrowers' assets. Each quarter, the finance department of Golden Maximum will check whether there is any overdue repayment of principal or interest and provide a quarterly report of all outstanding loans to the credit committee of the Company. The credit committee shall inform the Board if there are any non-performing loans in the quarterly report.

(D) Loan collection

If there is an outstanding loan, Golden Maximum will have internal discussions on a case-by-case basis as to what recovery actions to take and recover the most in a timely manner. Golden

Maximum will keep a close contact with the borrowers to keep the relevant parties informed of the current development and seek a proper solution to resolve the issue. Where appropriate, a reminder letter and a statutory reminder letter will be issued to the borrower. Where appropriate, legal action will be brought against the borrower to recover the amount due and take possession of the borrower's assets. Seizure of the borrower's assets and liquidation of underlying assets will also be done. Where appropriate, Golden Maximum will also apply to the court to wind up the borrower and/or guarantor.

(E) Determination of terms of unsecured loans

When determining the terms of unsecured loans, Golden Maximum will place particular focus on the terms of interest rate and repayment.

Interest rate:

The base interest rate comprises the cost of funds, operational costs and the minimum rate of return desired. The further spread will take into account the factors in the ability to make repayments of the potential borrower in the form of risk premium, including:

(a) Credit rating: Before accepting any new borrower, Golden Maximum uses an internal credit rating system to assess the potential borrower's credit quality and defines credit limits for the new borrower. The internal credit rating system is a matrix of factors by performing background search and considering historical creditworthiness information and industry recognition;

(b) Repayment history: If a potential borrower already has a loan account with Golden Maximum, the performance of the borrower on the existing repayments shall be evaluated; and

(c) Amount applied and tenor of the loan: The interest rate shall also factor in the amount of loan and the number of months that the loan shall be repaid in.

Repayment:

The borrower shall repay all the outstanding principal together with interest upon demand.

CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 March 2023, the Group had no commitment (as at 31 March 2022: nil) in respect of the acquisition of new plant and equipment and no significant capital commitments.

As at the date of this announcement, the Group had no plan for any material investment or capital assets.

CHARGES ON ASSETS

As at 31 March 2023 the Group had no pledged assets (as at 31 March 2022: nil).

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 March 2023 (for the year ended 31 March 2022: nil).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liabilities (as at 31 March 2022: nil).

EVENTS AFTER THE REPORTING PERIOD

During the period from 5 May 2023 to 6 June 2023 (both days inclusive), the Group acquired a total of 1,300,000 China Construction Bank Corporation ("**CCB**") shares at an aggregate consideration of approximately HK$6,860,000 (exclusive of transaction costs). Please refer to the announcement of the Company dated 6 June 2023 for details.

Save as disclosed above, there is no significant event affecting the Group which has occurred after the Reporting Period.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 2 June 2010 which became effective upon the Company's shares being listed on the Stock Exchange on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants, including eligible Directors, eligible employees and any other eligible persons, for their contributions to the Group.

Subject to the terms and conditions of the Share Option Scheme, the total number of Shares Options that may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the shares in issue as at the date of the approval of the limit as "refreshed".

The aggregate number of shares issuable under the share options granted on 16 January 2018 under the share option Scheme was 22,068,000 shares, representing approximately 3.36% of the then-issued share capital of the Company. The Company obtained a fresh approval of the scheme limit under the Share Option Scheme in an annual general meeting held on 28 September 2018. Details of the share options of the Company granted, exercised, lapsed and cancelled pursuant to the Share Option Scheme during the year ended 31 March 2023 were as follows:

Name of Grantee	Date of grant	Exercise Price (HK$)	Exercise period	Vesting period	Number of shares issuable under the share options As at 1 April 2022	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	As at 31 March 2023
Mr. Lam Kai Yeung	16/01/2018	0.854 per share	16/01/2018-15/01/2028	16/01/2018-15/01/2028	5,192,000	–	–	–	5,192,000
Other participants in aggregate	16/01/2018	0.854 per share	16/01/2018-15/01/2028	16/01/2018-15/01/2028	15,576,000	–	–	–	15,576,000

None of the share options was granted, exercised, lapsed and cancelled under the Share Option Scheme throughout the year ended 31 March 2023 and up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions ("**Code Provisions**") under the Corporate Governance Code as contained in Part 2 of Appendix 14 to the Listing Rules ("**CG Code**") throughout the year ended 31 March 2023, except for the following deviations:

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman of the Board and the chief executive officer of the Company are separate and performed by Mr. Zhi Hua and Mr. Lam Kai Yeung respectively from 13 September 2017 to 31 July 2020. Following the retirement of Mr. Zhi Hua as a Director on 31 July 2020, the role of chairman of the Board was suspended. The Board does not have the intention to fill the position of chairman of the Board at present and believes that the absence of a chairman of the Board will not have adverse effect to the Company as decisions of the Company will be made collectively by the Board.

Under Code Provision D.2.5, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee has a review of the internal control system annually. The review covers major financial, operational controls on rotation basis and also the risk management functions. No significant deficiency was identified under the current period's review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

Code Provision F.2.2 requires that the chairman of the board of the company should attend the annual general meeting. Due to the vacancy of the chairman of the board of directors of the Company, Mr. Lam Kai Yeung, an executive Director, acted as the chairman of 2022 annual general meeting in accordance with the bye-laws of the Company (the "**Bye-Laws**").

Under Code Provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he may sustain or incur in or about the execution of his office or otherwise in relation thereto pursuant to the Bye-Laws. However, as the risk management and internal control systems of our Group is effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Dr. Lam Lee G. (chairman), Mr. Chan Kin and Mr. Chau Chi Yan Benny. It was established by the Board on 8 September 2010 and its duties are clearly defined in its revised written terms of reference which have been prepared and adopted according to the Code Provisions. The revised terms of reference of Audit Committee can be found in the websites of the Stock Exchange and the Company.

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong and the PRC while the Company itself is listed on the Stock Exchange.

The Audit Committee provides an important link between the Board and the Company's external auditor in matters coming within the scope of the Group's audit. It also reviews the annual and interim results of the Company prior to recommending them to the Board for approval, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year ended 31 March 2023, the Audit Committee has convened 3 meetings and conducted the following major work:

– reviewed the interim and annual reports of the Company together with the external auditor and management of the Company;

– reviewed the audit plans and findings of the external auditor of the Company as well as development in accounting standards and their effects on the Group;

– reviewed the effectiveness of the risk management and internal control system together with the external auditor of the Company; and

– made recommendations to the Board on the appointment and re-appointment of the external auditor.

There was no disagreement between the Board's and the Audit Committee's view on the selection, appointment and resignation of external auditor.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 March 2023 with the management and the external auditor of the Company and recommended its adoption to the Board.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the Reporting Period.

By Order of the Board
Hang Pin Living Technology Company Limited
Lam Kai Yeung
Chief Executive Officer & Executive Director

Hong Kong, 23 June 2023

As at the date of this announcement, the Board comprises Mr. Lam Kai Yeung and Mr. Situ Shilun as executive Directors; Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny as independent non-executive Directors.