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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Hang Pin Living Technology Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries from time to time (collectively, the “**Group**”) for the six months ended 30 September 2023 (the “**Reporting Period**”) together with the comparative figures for the previous corresponding period.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2023

		For the six months ended 30 September	
	NOTES	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	61,051	58,419
Cost of sales		(59,151)	(55,656)
Gross profit		1,900	2,763
Other income and other gain or loss	4	3,275	90
Selling and distribution costs		(83)	(89)
Administrative and operating expenses		(7,242)	(6,477)
Finance costs		-	-
Loss before taxation		(2,150)	(3,713)
Income tax expense	5	-	-
Loss and total comprehensive expense for the period attributable to owners of the Company	6	(2,150)	(3,713)
Loss per share	8		
Basic (HK cents)		(0.27)	(0.47)
Diluted (HK cents)		(0.27)	(0.47)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	NOTES	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Non-current assets			
Plant and equipment		1,099	608
Right-of-use assets		154	154
		1,253	762
Current assets			
Trade and other receivables	9	10,571	42,784
Amount due from a former subsidiary		2,085	2,832
Loan receivables	10	19,181	44,181
Financial asset at fair value through profit or loss ("FVTPL")		35,963	17,732
Cash and cash equivalents		34,531	32,110
		102,331	139,639
Current liabilities			
Trade and other payables	11	12,775	44,851
Tax payable		1,200	4,200
		13,975	49,051
Net current assets		88,356	90,588
Net assets		89,609	91,350
Capital and reserves			
Share capital	12	7,859	7,859
Reserves		81,750	83,491
Total equity		89,609	91,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2023.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in current period:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the above new and amendments to HKFRSs has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out therein.

3. 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 periods.

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 revenues and results

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

For the six months ended 30 September 2023

	Garment sourcing	Provision of financial services	Total
	HK\$’000	HK\$’000	HK\$’000
Revenue	59,726	1,325	61,051
Segment results	2,798	1,296	4,094
Unallocated other income			224
Unallocated administrative and other expenses			(6,468)
Loss from operations			(2,150)
Finance costs			-
Loss before tax			(2,150)

Segment revenues and results (continued)**For the six months ended 30 September 2022**

	Garment sourcing HK\$'000	Provision of financial services HK\$'000	Total HK\$'000
Revenue	56,163	2,256	58,419
Segment results	(933)	2,243	1,310
Unallocated other revenue and gains			481
Unallocated administrative and other expenses			(5,504)
Loss from operations			(3,713)
Finance costs			-
Loss before tax			(3,713)

4. OTHER INCOME AND OTHER GAIN OR LOSS**For the six months ended
30 September**

	2023 HK\$'000	2022 HK\$'000
Bank interest income	343	35
Government grants	-	407
Fair value changes on financial assets at FVTPL	(2,218)	(2,197)
Dividend income from financial assets at FVTPL	2,150	2,399
Foreign exchange gain/(loss), net	-	63
Reverse of provision	3,000	-
Charity donation	-	(617)
	3,275	90

5. INCOME TAX EXPENSE

No provision for income tax expense is made for both periods since there was no assessable profits for both periods.

There is no significant unprovided deferred taxation for both periods or at the end of both periods.

6. LOSS FOR THE PERIOD

	For the six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Loss for the period has been arrived at after charging/(crediting):		
Directors' remuneration	1,152	1,140
Other staff costs	3,015	2,597
Total staff costs	4,167	3,737
Cost of inventories sold	59,135	55,606
Depreciation of plant and equipment	97	100
Depreciation of right-of-use assets	-	31
Bank interest income (included in other income)	(343)	(35)
Government grants (included in other income)	-	(407)

7. DIVIDENDS

No dividends were paid, declared or proposed during the Reporting Period (for the six months ended 30 September 2022: Nil). The Board has determined that no dividend will be paid in respect of the Reporting Period.

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	(2,150)	(3,713)

	For the six months ended	
	30 September	
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	785,927,000	785,927,000

As the Company's outstanding share options where applicable have an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive share options is not assumed in the calculation of diluted loss per share for both periods.

9. TRADE AND OTHER RECEIVABLES

	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Trade receivables from contract with customers (Note (a))	10,221	42,239
Deposits, prepayments and other receivables	350	545
	10,571	42,784

(a) Trade receivables from contract with customers

The Group allows its trade customers a credit period of 30 to 150 days.

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of each period:

	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
0 – 30 days	992	31,761
31 – 60 days	9,229	10,478
	10,221	42,239

10. LOAN RECEIVABLES

	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
Loan receivables	20,000	45,000
Less: Allowance for credit losses	(819)	(819)
	19,181	44,181
Less: Non-current portion	–	–
Current portion	19,181	44,181

As at 30 September 2023, the Group had a loan receivable from 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.

11. TRADE AND OTHER PAYABLES

	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
Trade payables (Note (a))	10,120	41,821
Other payables, accruals and contract liabilities	2,655	3,030
	12,775	44,851

(a) Trade payables

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each period:

	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
0 – 30 days	982	31,447
31 – 60 days	9,138	10,374
	10,120	41,821

12. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023 and 30 September 2023	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2022, 31 March 2023 and 30 September 2023	785,927,000	7,859

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

BUSINESS REVIEW

The Company is a limited company incorporated in Bermuda and is an investment holding company. The Group is principally engaged in (i) the garment sourcing business; and (ii) the provision of financial services.

(i) Garment Sourcing

During the Reporting Period, the international landscape and geopolitics became increasingly sophisticated. The global path to economic recovery was choppy, marked by the continuing conflict between Ukraine and Russia. High global energy prices stemming from European countries such as Germany's overreliance on natural gas from Russia put pressure on household living expenses and led to stubbornly high inflation, resulting in high interest rates and expectations for further interest rate hikes. Persistently high inflation dampened consumer confidence and eroded disposable income, and multiple rate hikes by the US Federal Reserve increased the financing cost and led to decrease in spending and investment activities of the companies. Meanwhile, adverse factors such as the international trade frictions and the changes in the supply chain landscape led to the prolonged weakness of the domestic and international textile market, resulting in 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. The increasing trade barriers and the outbreak of COVID-19 pandemic damaged market confidence. 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, constituted the continuous weakening of business confidence and the dampening of consumer's sentiments. Facing the unfavourable market conditions resulted from the undesirable business environment, wholesalers are also cautious in placing orders. In addition, online shopping has become more and more popular. The pandemic has fueled the growth of the "stay-at-home" economy, which further drove the

development of online retail business. Customers have significantly higher expectation on speediness, quality and pricing of products and services, which also posed challenges to our business. To overcome such challenge, the Company implemented new procedures for supplier selection with the aim of enhancing sustainable business growth. The management decided to only select suppliers who are reputable and financially sound, possess a proven solid track record, and are willing to offer favourable terms.

In the PRC, the recurring COVID-19 epidemic brought immense macroeconomic challenges and further increased downward pressure on the economy. Through the year, the macroeconomic landscape was heavily impacted by various strict anti-pandemic measures, the sluggish real estate market, and the outbreak of virus infections at the end of 2022, and the domestic consumer sentiment remained weak, resulting in a notable drag on the PRC's gross domestic product (GDP) growth. According to the National Bureau of Statistics, the PRC's gross domestic product (GDP) in 2022 grew by 3.0% year-on-year, which was lower than the expected growth rate of 5.5%. The slowdown in economic growth directly affected the retail consumer market, and the 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 decreased by a relatively high percentage of 6.5% year-on-year. By retail formats, the retail sales of department stores decreased by 9.3% year-on-year. Consumer sentiment continued to be sluggish, especially in the sub-essential underwear retail market, and the business environment remained challenging.

In Hong Kong, the retail market has experienced instability throughout the period, largely due to the negative impact of the COVID-19 pandemic and the slow recovery of customer spending power. However, the situation improved thanks to the distribution of another batch of consumption vouchers in October 2022 and the PRC's re-opening in January 2023. Various anti-pandemic measures were gradually lifted and life returned to normal, thus the consumption market finally started to shake off the lingering effects of the pandemic.

The Group's business, particularly the garment sourcing segment, faced difficulties as a result of these circumstances. Fortunately, the Group was able to adjust sales strategies promptly by adopting the strategy of "lower profit margin, larger sales volume", which successfully mitigated the risks. In respect of business operation, stability was achieved and overall sales showed improvement compared to the previous year. However, due to intermittent outbreaks of the pandemic, customers remained conservative when placing orders.

(ii) Provision of Financial Services

The Group reviews its existing operations and explores other business opportunities with a view to diversify its business from time to time. In 2018, the Group commenced the business segment of provision of financial services which mainly includes money lending business. Against this backdrop, the Group has been focusing on accelerating its strategic plan in the China and Hong Kong market, further enriching its financial product offerings and enhancing its financial service system, with an aim to rapidly enhance its business scale and seize the China 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 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 and 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 have 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 year ended 31 March 2023 and the six months ended 30 September 2023, 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

According to the “World Economic Outlook” issued by the International Monetary Fund (IMF) in April 2023, the baseline forecast is for growth to fall from 3.4% in 2022 to 2.8% in 2023, before settling at 3.0% in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7% in 2022 to 1.3% in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5% in 2023 with advanced economy growth falling below 1%. Global headline inflation in the baseline 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. Inflation’s return to target is unlikely before 2025 in most cases. The outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia’s invasion of Ukraine, and three years of COVID-19 pandemic.

The projected growth for the PRC is to grow 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 slow considerably in the face of unfavorable demographics and a productivity slowdown.

Here in Hong Kong, the economy improved visibly in the first quarter of 2023, led by the strong recovery of inbound tourism and domestic demand. Real GDP resumed 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 catch up. The improving economic situation and prospects should boost domestic demand, though tight financial conditions will remain 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 PRC 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 out turn in the first quarter and the factors mentioned above, the real GDP growth forecast for 2023 as a whole is maintained at 3.5%-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 near term. The potential for recession in the US, ongoing geopolitical tensions between PRC and the US, and high interest rates that significantly increase borrowing costs 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 have not been severely impacted by the pandemic and the recovery is beyond expectation, and therefore, we do not expect any delay in supply chain. Following the termination of tenancy agreement and disposal of assets in PRC, the Group returned back to a light assets business model. This enabled the Group to demonstrate operational resilience in an uncertain market environment while maintaining strict control over the supply chain's quality. By ensuring consistent product excellence, the Group aimed 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, thereby enhancing the Group's competitive advantage. The Group will endeavour to raise the level of operations for our two principal businesses and will endeavour to search for new business opportunities and expand profit channels with the goal to strive for greater returns for the Shareholders.

FINANCIAL REVIEW

During the Reporting Period, revenue of the Group amounted to approximately HK\$61,051,000 (2022: approximately HK\$58,419,000); revenue from garment sourcing amounted to approximately HK\$59,726,000, representing an increase of approximately 6.34% (2022: approximately HK\$56,163,000); revenue from provision of financial services amounted to approximately HK\$1,325,000, representing a decrease of approximately 41.27% (2022: approximately HK\$2,256,000), mainly due to shrink of loan business. Gross profit margin was approximately 3.11%, representing a decrease of approximately 1.62 percentage points (2022: approximately 4.73%). Other income amounted to approximately HK\$3,275,000 (2022: approximately HK\$90,000), which was mainly attributable to the reversal of income tax expense over-provision in prior years and the dividend income from financial assets at fair value through profit and loss. Selling and distribution costs amounted to approximately HK\$83,000 (2022: approximately HK\$89,000). Administrative and operating expenses amounted to approximately HK\$7,242,000, representing an increase of approximately 11.81% (2022: approximately HK\$6,477,000). Due to the aforesaid reasons, the loss for the period attributable to the owners of the Company amounted to approximately HK\$2,150,000 (2022: approximately HK\$3,713,000).

Liquidity and Financial Resources

As at 30 September 2023, the Group had total assets of approximately HK\$103,584,000 (as at 31 March 2023: approximately HK\$140,401,000) (including cash and cash equivalents of approximately HK\$34,531,000 (as at 31 March 2023: approximately HK\$32,110,000)) which were financed by current liabilities of approximately HK\$13,975,000 (as at 31 March 2023: approximately HK\$49,051,000) and shareholders' equity of approximately HK\$89,609,000 (as at 31 March 2023: approximately HK\$91,350,000).

The Group generally services its debts primarily through cash generated from its operations. As at 30 September 2023, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 7.32:1 (as at 31 March 2023: 2.85:1), which was at a healthy level. The Directors believe that the Group has sufficient funds for developing its existing business.

As at 30 September 2023, the Group had no bank or other borrowings (as at 31 March 2023: Nil) and hence no gearing ratio was presented.

Treasury Policy

The Group adopts a prudent financial management strategy in implanting the treasury policy. Thus, a sound liquidity position was able to be maintained throughout the Reporting Period. 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 internally generated cash flows. The management of the Group regularly monitors the funding requirements of the Group to support its operations and its development plans. Most of the Group's cash balances were deposits in US\$, HK\$ and RMB in 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 trading in different currencies can be managed by the Group through the use of foreign exchange hedge contracts. Pursuant to the Group's current policy, foreign exchange hedge contracts or any other financial derivatives contracts can be entered into by the Group for hedging purpose. The Group had not entered into any financial derivative contract during the Reporting Period and there was no outstanding financial derivative contract as at 30 September 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

During the Reporting Period, the Group did not have any material investment in property, plant and equipment.

As at 30 September 2023, the Group had no commitment (as at 31 March 2023: Nil) in respect of acquisition of new machineries and no significant capital commitments.

Charges on Assets

As at 30 September 2023, the Group had no pledged assets (as at 31 March 2023: Nil).

Contingent Liabilities

As at 30 September 2023, the Group did not have any contingent liabilities (as at 31 March 2023: Nil).

Important events affecting the Group after the Reporting Period

There were no other important events affecting the Group since 30 September 2023 and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 2 June 2010. The annual general meeting held on 28 September 2018 approved the refreshment of the scheme limit under the Share Option Scheme. The purpose of the Share Option Scheme was to provide incentives and rewards to eligible participants, including eligible Directors, eligible employees and any other eligible persons, for their contributions to the Group.

Since the Share Option Scheme had lapsed, no share options were available for grant under the Share Option Scheme at the beginning and the end of the Reporting Period. The number of Shares that may be issued in respect of the options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is 2.64%. As at 30 September 2023, there were a total of 20,768,000 outstanding share options under the Share Option Scheme. During the Reporting Period, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme.

Details of the share options of the Company were as follows:

Name of Grantee	Date of grant	Exercise price (HK\$/ share)	Exercise period	Vesting period	Outstanding at 31 March 2023	Number of options		Outstanding at 30 September 2023
						Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	
Directors								
Mr. Lam Kai Yeung	16/01/2018	0.854	16/01/2018 – 15/01/2028	16/01/2018 – 15/01/2028	5,192,000	–	–	5,192,000
Others								
Other participants in aggregate	16/01/2018	0.854	16/01/2018 – 15/01/2028	16/01/2018 – 15/01/2028	15,576,000	–	–	15,576,000

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions (the “**Code Provisions**”) under the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the Reporting Period 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 were 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 on the internal control system annually. The review covers major financial, operational controls in rotation basis and

also the risk management functions. No significant deficiency was identified under the latest 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 should attend the annual general meeting. Due to the vacancy of the chairman of the Board, Mr. Lam Kai Yeung, an executive Director, acted as the chairman of 2023 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 the Directors. Currently, the Company does not have insurance cover for legal action against the 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/she may sustain or incur in or about the execution of his/her 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 AND REVIEW OF FINANCIAL INFORMATION

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. The Audit Committee’s duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2023 including the accounting principles and practices adopted by the Group and this announcement.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) currently comprises three independent non-executive Directors, namely Mr. Chan Kin (chairman), Dr. Lam Lee G. and Mr. Chau Chi Yan Benny. The Nomination Committee’s duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Nomination Committee can be found on the websites of the Stock Exchange and the Company.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) currently comprises three independent non-executive Directors, namely Mr. Chau Chi Yan Benny

(chairman), Dr. Lam Lee G. and Mr. Chan Kin. The Remuneration Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Remuneration Committee can be found on the websites of the Stock Exchange and the Company.

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 Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules. Having made specific enquiries with the Directors, all Directors confirmed that they had complied with the required standard set out in such code during the Reporting Period.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business is mainly conducted by the subsidiaries of the Company in Hong Kong, the United States and the PRC, and the Company itself is listed on the Stock Exchange. To the best knowledge of the Directors, during the Reporting Period, there was no material breach of or non-compliance by the Group with the applicable laws and regulations that has a significant impact on the business and operation of the Group.

APPRECIATION

In closing, on behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management team and employees for their commitments, hard work and loyalty to the Group during the Reporting Period.

I would also like to extend my deepest thanks to our customers, bankers, business partners and shareholders for their continual support.

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

Hong Kong, 28 November 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.

** for identification purposes only*