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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 2024

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 (collectively, the “**Group**”) for the six months ended 30 September 2024 (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 2024

	NOTES	For the six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	44,026	61,051
Cost of sales		(43,444)	(59,151)
Gross profit		582	1,900
Other income and other gain or loss	4	8,577	3,275
Selling and distribution costs		(79)	(83)
Administrative and operating expenses		(5,301)	(7,242)
Profit / (Loss) before taxation		3,779	(2,150)
Income tax expense	5	-	-
Profit / (Loss) and total comprehensive income / (expense) for the period attributable to the owners of the Company	6	3,779	(2,150)
Earnings / (Loss) per share			
Basic and diluted (HK cents)	8	0.48	(0.27)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2024*

	NOTES	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Non-current assets			
Plant and equipment		744	1,062
Current assets			
Trade and other receivables	9	7,556	13,979
Amount due from a former subsidiary		310	1,130
Financial assets at fair value through profit or loss ("FVTPL")		23,047	29,340
Cash and cash equivalents		69,483	60,238
		100,396	104,687
Current liabilities			
Trade and other payables	10	8,070	16,458
Tax payables		1,200	1,200
		9,270	17,658
Net current assets		91,126	87,029
Net assets		91,870	88,091
Capital and reserves			
Share capital	11	7,859	7,859
Reserves		84,011	80,232
Total equity		91,870	88,091

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 D2 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 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024.

Application of Amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”)

In the current interim period, 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 or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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

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 expenses. 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 2024

	Garment sourcing HK\$’000	Provision of financial services HK\$’000	Total HK\$’000
Revenue	44,026	-	44,026
Segment results	282	(23)	259
Unallocated other income			8,466
Unallocated administrative and other expenses			(4,946)
Profit before taxation			3,779

For the six months ended 30 September 2023

	Garment sourcing HK\$’000	Provision of financial services HK\$’000	Total 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 before taxation			(2,150)

4. OTHER INCOME AND OTHER GAIN OR LOSS

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Bank interest income	1,106	343
Dividend income from financial assets at FVTPL	1,927	2,150
Fair value changes on financial assets at FVTPL	5,491	(2,218)
Gain on disposal of plant and equipment	56	-
Reverse of provision	-	3,000
Others	(3)	-
	8,577	3,275

5. INCOME TAX EXPENSE

No provision for income tax expense has been made for both periods as the Group has no assessable profits. In addition, the Group has no significant unrecognised deferred tax assets and liabilities for both periods.

6. PROFIT / (LOSS) FOR THE PERIOD

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Profit / (Loss) for the period attributable to the owners of the Company has been arrived at after charging / (crediting):		
Directors' remuneration	1,148	1,152
Other staff costs	2,343	3,015
Total staff costs	3,491	4,167
Cost of inventories sold	43,410	59,135
Depreciation of plant and equipment	164	97
Bank interest income (included in other income and other gain or loss)	(1,106)	(343)
Gain on disposal of plant and equipment (included in other income and other gain or loss)	(56)	-

7. DIVIDENDS

No dividend has been paid or proposed by the Company for the six months ended 30 September 2024 (for the six months ended 30 September 2023: Nil).

8. EARNINGS / (LOSS) PER SHARE

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

	For the six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Profit / (Loss)		
Profit / (Loss) for the period attributable to the owners of the Company for the purpose of calculating basic and diluted earnings / (loss) per share	3,779	(2,150)
	For the six months ended 30 September	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings / (loss) per share	785,927,000	785,927,000

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2024 as the Company had no potentially dilutive ordinary shares in issue during the period.

For the six months ended 30 September 2023, 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.

9. TRADE AND OTHER RECEIVABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Trade receivables from contract with customers (Note (a))	7,092	13,646
Deposits, prepayments and other receivables	464	333
	7,556	13,979

(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 trade receivables from contract with customers (net of allowance for credit losses) based on invoice date which approximates the respective revenue recognition dates is as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
0-30 days	-	9,195
31-60 days	7,092	4,451
	7,092	13,646

10. TRADE AND OTHER PAYABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Trade payables (Note (a))	6,993	13,500
Accruals and other payables	1,077	2,958
	8,070	16,458

(a) Trade payables

The aging analysis of trade payables presented based on the invoice date is as follow:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
0-30 days	-	9,096
31-60 days	6,993	4,404
	6,993	13,500

11. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2023, 31 March 2024 and 30 September 2024	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2023, 31 March 2024 and 30 September 2024	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 apparel industry faced a complex and challenging external environment characterized by heightened inflationary pressures, escalating geopolitical tensions, increasing international trade barriers, and global economic growth falling short of expectations. The destocking process in international markets had largely concluded, with demand gradually recovering. The international textile and apparel industrial chain and supply chain underwent accelerated restructuring, leading to a slow improvement in exports compared to the same period last year.

In Mainland China, China's overall economy showed a steady trend of progress, but still faced challenges such as insufficient effective demand in the domestic market, and weak social expectations. According to the National Bureau of Statistics, China's gross domestic product (GDP) in the first half of 2024 grew by 5.0% year on year, while the GDP growth decreased from 5.3% in the first quarter to 4.7% in the second quarter, falling short of market expectations and reflecting the increasing difficulties and challenges in the current economic environment.

Despite the resilience shown by China's economy in the first half of the year, the weak recovery trend continued. The sluggish real estate market and the unsatisfactory employment situation dampened consumer confidence, suppressing domestic demand and slowing the growth of household consumption expenditure. In the first half of 2024, the total retail sales of consumer goods grew by 3.7% year on year, lower than the GDP growth rate. Retail sales of commodities increased by 3.2% year on year. By retail format, the retail sales of department stores and branded stores fell by 3.0% and 1.8%, respectively, which further reflected the slow recovery of consumption demand. In a weak recovery environment, the importance of price in consumer decision-making increased significantly. Residents' income and consumption capacity were under slow recovery, and consumer behaviour was gradually evolving towards a trend of rational consumption focused on low-priced practicality. The overall consumer market sentiment was cautious, and the business environment for sub-essential underwear retails was challenging.

Here in Hong Kong, retail sector encountered a series of unique and complex challenges. Consumer behavior was significantly affected by various external factors, such as geopolitical tensions, rising interest rates due to the U.S. rate hike cycle, and declines in the financial and property markets. As the COVID-19 pandemic subsided and daily life returned to normal, a surge in outbound travel emerged after the full reopening of boundary control points. Consequently, many residents began traveling abroad during weekends and public holidays, leading to a decline in local consumption. Additionally, evening foot traffic and spending levels have yet to recover to pre-pandemic standards, indicating that Hong Kong citizens have likely adjusted to the lifestyle changes resulting from the pandemic.

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, 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, constituted 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 are also cautious in placing orders. In addition, online shopping become more and more popular, the pandemic has fueled the growth of the "stay-at-home" economy, 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 meet such challenge, the Company established new procedures for supplier selection with the aim to enhance business growth in a sustainable manner. The management decided to only select suppliers who are reputable and financially sound, possess a proven solid track record, and are willing to offer favorable terms.

As affected by such, part of the Group's business has also been difficult, particularly for the business segment of garment sourcing.

(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. 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 2024 and the six months ended 30 September 2024, 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

The International Monetary Fund (IMF) issued the latest “World Economic Outlook” in October 2024, the baseline forecast is for growth to fall from 3.3% in 2023 to 3.2% in 2024, and also keep at 3.2% in 2025. Global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, in particular, the largest European countries. Likewise, in emerging market and developing economies, disruptions to production and shipping of commodities—especially oil—conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa. These have been compensated for by upgrades to the forecast for emerging Asia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has bolstered growth, a trend supported by substantial public investment in China and India. Five years from now, global growth should reach 3.1% —a mediocre performance compared with the academic average.

The economic growth for China is forecasted to fall from 5.2% in 2023 to 4.8% in 2024, and to 4.5% in 2025. The Chinese government launched a series of policies in the first half of the year to boost the real estate market and stimulate domestic demand. These policies are expected to gradually be implemented in the second half of the year, accelerating consumption growth from a low base. It is likely that China’s economy will remain stable and consumer trends will show modest growth. Nevertheless, market uncertainties may increase. As rationality and pragmatism become the mainstream consumer mindset, and consumers remain cautious in the short term, the growth rate of the sub-essential underwear market is expected to be slower than that of the overall market.

Here in Hong Kong, the Hong Kong economy continued to expand, though at a moderated pace, in the third quarter of 2024 over a year earlier. According to the estimates, real GDP grew by 1.8% year-on-year in the third quarter. For the first three quarters as a whole, real GDP grew by 2.6% over a year earlier. On a seasonally adjusted quarter-to-quarter basis, real GDP declined by 1.1% in the third quarter. Looking ahead, the economy should continue to grow in the remainder of the year. While global economic uncertainties and trade conflicts may affect our exports of goods, monetary easing across major central banks and an improved outlook for the Mainland economy following the recent introduction of a wide range of stimulus measures would help support sentiment and activities in our domestic market. Specifically, gradually easing financial conditions should bode well for fixed asset investment. A possible easing of the Hong Kong dollar alongside the US dollar, coupled with the Central Government’s various measures benefitting Hong Kong, the SAR Government’s various initiatives to boost market sentiment and increasing employment earnings are conducive to spending by both residents and visitors in the domestic market, though the change in their consumption patterns will continue to pose challenges.

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 due to the potential

for recession in the U.S., ongoing geopolitical tensions between China and the U.S., and high interest rates that significantly increase borrowing costs, adding uncertainty to the global economic outlook. The Chinese government launched a series of policies in the first half of the year to boost the real estate market and stimulate domestic demand. These policies are expected to gradually be implemented in the second half of the year, accelerating consumption growth from a low base. It is likely that China's economy will remain stable and consumer trends will show modest growth. Subsequent to the termination of tenancy agreement and disposal of assets in PRC, the Group return back to 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.

FINANCIAL REVIEW

During the Reporting Period, revenue of the Group amounted to approximately HK\$44,026,000 (2023: approximately HK\$61,051,000): revenue from garment sourcing amounted to approximately HK\$44,026,000, representing a decrease of approximately 26.29% (2023: approximately HK\$59,726,000), which was mainly attributable to the sluggish retail demand in the PRC; revenue from provision of financial services amounted to zero (2023: approximately HK\$1,325,000), which was mainly attributable to the shrink of money lending business. Gross profit margin was approximately 1.32%, representing a decrease of approximately 1.79 percentage points (2023: approximately 3.11%). Other income amounted to approximately HK\$8,577,000 (2023: approximately HK\$3,275,000), which was mainly attributable to the fair value changes on financial assets at fair value through profit or loss, the dividend income from financial assets at fair value through profit or loss and the bank interest income. Selling and distribution costs amounted to approximately HK\$79,000 (2023: approximately HK\$83,000). Administrative and operating expenses amounted to approximately HK\$5,301,000, representing a decrease of approximately 26.80% (2023: approximately HK\$7,242,000), which was mainly attributable to the reduction in administrative and operating expenses with corresponding decrease in revenue. Due to the aforesaid reasons, the profit for the period attributable to the owners of the Company amounted to approximately HK\$3,779,000 (2023: the loss for the period amounted to approximately HK\$2,150,000).

Liquidity and Financial Resources

As at 30 September 2024, the Group had total assets of approximately HK\$101,140,000 (as at 31 March 2024: approximately HK\$105,749,000) (including cash and cash equivalents of approximately HK\$69,483,000 (as at 31 March 2024: approximately HK\$60,238,000)) which were financed by current liabilities of approximately HK\$9,270,000 (as at 31 March 2024: approximately HK\$17,658,000) and shareholders' equity of approximately HK\$91,870,000 (as at 31 March 2024: approximately HK\$88,091,000).

The Group generally services its debts primarily through cash generated from its operations. As at 30 September 2024, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 10.83:1 (as at 31 March 2024: 5.93:1), which was at a healthy level. The Directors believe that the Group has sufficient funds for developing its existing business.

As at 30 September 2024, the Group had no bank or other borrowings (as at 31 March 2024: 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 2024.

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 2024, the Group had no commitment (as at 31 March 2024: Nil) in respect of acquisition of new machineries and no significant capital commitments.

Charges on Assets

As at 30 September 2024, the Group had no pledged assets (as at 31 March 2024: Nil).

Contingent Liabilities

As at 30 September 2024, the Group did not have any contingent liabilities (as at 31 March 2024: Nil).

Important events affecting the Group after the Reporting Period

There were no other important events affecting the Group since 30 September 2024 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 2024 (for the six months ended 30 September 2023: 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. As at 30 September 2024, there was no outstanding share options under the Share Option Scheme due to a total of 15,576,000 share options automatically lapsed and 5,192,000 share options cancelled under the voluntary unconditional general cash offer by Brilliant Sunshine International Limited (For details, please refer to the composite document dated 27 August 2024; and the joint announcement dated 10 September 2024 and 24 September 2024). 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 2024	Number of options		Outstanding at 30 September 2024
						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	0
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	0

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 Part 2 to Appendix C1 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 2024 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 Mr. Chau Chi Yan Benny (chairman), Mr. Chan Kin and Ms. Wong Ping Fan. 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 2024 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), Mr. Chau Chi Yan Benny and Ms. Wong Ping Fan. 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), Mr. Chan Kin and Ms. Wong Ping Fan. 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 C3 of the Listing Rules. Having made specific enquiries with the Directors, except for Dr. Lam Lee G., who has resigned as an independent executive Director on 21 October 2024, 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, 22 November 2024

As at the date of this announcement, the Board comprises Mr. Lam Kai Yeung, Mr. Ng Hoi and Mr. Zhang Kaiyuan as executive Directors; Mr. Chan Kin, Mr. Chau Chi Yan Benny and Ms. Wong Ping Fan as independent non-executive Directors.

** for identification purposes only*