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 2022

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 2022 (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 2022

		2022	2021
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**122,339**	120,057
Cost of sales		**(116,211)**	(114,754)
Gross profit		**6,128**	5,303
Other income and other gain or loss	*6*	**(3,922)**	2,618
Selling and distribution costs		**(174)**	–
Administrative and operating expenses		**(11,413)**	(12,017)
(Allowance for)/reversal of expected credit loss, net		**(3,290)**	3,164
Finance costs		**(2)**	(28)
Loss before taxation		**(12,673)**	(960)
Income tax expense	*7*	**–**	(3,000)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	*8*	**(12,673)**	(3,960)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**395**	107
Other comprehensive income for the year		**395**	107
Total comprehensive expense for the year attributable to owners of the Company		**(12,673)**	(3,853)
Loss per share			
Basic and diluted (HK cents)	*10*	**(1.61)**	(0.60)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**807**	1,008
Right-of-use assets		**185**	12,220
Loan receivables	*12*	**24,294**	44,343
		25,286	57,571
CURRENT ASSETS			
Trade and other receivables	*11*	**32,610**	22,278
Amount due from a former subsidiary		**4,190**	7,769
Loan receivables	*12*	**19,435**	-
Financial assets at fair value through profit or loss ("**FVTPL**")		**19,141**	23,801
Cash and cash equivalents		**34,462**	15,243
		109,838	69,091
CURRENT LIABILITIES			
Trade and other payables	*13*	**34,119**	14,084
Tax payables		**4,200**	4,200
Lease liabilities		**-**	113
		38,319	18,397
NET CURRENT ASSETS		**71,519**	50,694
TOTAL ASSETS LESS CURRENT LIABILITIES		**96,805**	108,265
NET ASSETS		**96,805**	108,265
CAPITAL AND RESERVES			
Share capital		**7,859**	7,859
Reserves		**88,946**	100,406
TOTAL EQUITY		**96,805**	108,265

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 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 annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform– Phase 2

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	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong 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]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

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

2 Effective for annual periods beginning on or after 1 January 2022.

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

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

4. REVENUE

	2022	2021
	HK$'000	*HK$'000*
Reveue from contracts with customers		
Revenue from sourcing of garment products	**117,839**	116,938
Revenue from other source		
Interest income from loan receivables	**4,500**	3,119
Total revenue	**122,339**	120,057

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 of the Company, 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. Theyare 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 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 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)

For the year ended 31 March 2021

	Garment sourcing	Provision of financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	116,938	3,119	120,057
Segment results	(12,327)	(1,154)	(3,481)
Unallocated other income			5,755
Unallocated administrative and other expenses			(3,206)
Finance costs			(28)
Loss before taxation			(960)

Segment assets and liabilities

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

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**

As at 31 March 2021

	Garment sourcing	Provision of financial services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	43,724	46,234	89,958
Unallocated corporate assets			36,704
Consolidated assets			126,662
Segment liabilities	14,632	1,060	15,692
Unallocated corporate liabilities			2,705
Consolidated liabilities			18,397

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, certain tax payables and lease liabilities).

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.

	Revenue from external customers		**Non-current assets**	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**")	**76,698**	–	**–**	11,944
Hong Kong	**45,641**	120,057	**992**	1,284
	122,339	120,057	**992**	13,228

Other segment information

	Garment sourcing		Provision of financial services		Unallocated		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**–**	1,045	**–**	–	**201**	75	**201**	1,120
Depreciation of right-of-use assets	**568**	1,365	**–**	–	**92**	599	**660**	1,964
Allowance for/(reversal of) expected credit loss, net	**–**	–	**614**	657	**2,676**	(3,821)	**3,290**	(3,164)
Loss on termination of right-of-use assets	**–**	–	**–**	–	**–**	118	**–**	118
(Gain)/loss on disposal of plant and equipment	**–**	(1,219)	**–**	–	**–**	7	**–**	(1,212)
Additions to non-current assets	**–**	–	**–**	–	**–**	1,066	**–**	1,066
Amounts regularly provided to the CODM but not included in the measure of segment results:								
Bank interest income	**(65)**	(4)	**–**	–	**(1)**	(1)	**(66)**	(5)
Finance costs	**–**	–	**–**	–	**2**	28	**2**	28

Information about major customers

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

	2022	2021
	HK$'000	*HK$'000*
Sourcing of garment products:		
Customer A	**67,276**	N/A#
Customer B	**N/A#**	22,989
Customer C	**41,141**	93,949

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

6. OTHER INCOME AND OTHER GAIN OR LOSS

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**66**	5
Government grants (Note)	**–**	324
Gain on disposal of plant and equipment	**–**	1,212
Fair value changes on financial assets at FVTPL	**(6,260)**	313
Interest income from financial assets at FVTPL	**1,287**	1,143
Dividend income from financial assets at FVTPL	**1,088**	–
Loss on termination of right-of-use assets	**–**	(118)
Foreign exchange loss, net	**(141)**	(261)
Sundry income	**38**	–
	(3,922)	2,618

Note: During the year ended 31 March 2021, the Group recognised government grants of HK$324,000 inrespect of Covid-19-related subsidies relating to Employment Support Scheme provided by the Hong Kong Government.

7. INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**–**	–
– Under-provision in prior years	**–**	3,000
	–	3,000

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 2022 and 2021 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 2022 and 2021 as the Group has no assessable profit arising in PRC.

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

	2022	2021
	HK$'000	*HK$'000*
Loss before taxation	**(12,673)**	(960)
Tax at Hong Kong Profits Tax rate of 16.5%	**(2,091)**	(158)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**(45)**	(122)
Tax effect of expenses not deductible for tax purpose	**1,185**	361
Tax effect of income not taxable for tax purpose	**(12)**	(656)
Tax effect of tax losses not recognised	**1,096**	575
Utilisation of tax losses previously not recognised	**(133)**	–
Under-provision in prior years	**–**	3,000
Income tax expense for the year	**–**	3,000

The Group has unused tax losses arising in Hong Kong of approximately HK$61,038,000 (2021: HK$55,258,000) and unused tax losses arising in the PRC of approximately HK$863,000 (2021: nil) that are available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these unused tax losses due to unpredictability of the future profit streams. The unrecognised tax loss arising in Hong Kong can be carried forward indefinitely while the unrecognised tax loss arising in the PRC can be carried forward until year 2027 (2021: year 2026).

8. LOSS FOR THE YEAR

	2,022	2,021
	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	**2,460**	2,466
– salaries and wages	**3,038**	1,927
– retirement benefit schemes contributions	**139**	103
– staff welfare	**38**	19
– equity-settled share-based payment expense	**223**	223
Total staff costs	**5,898**	4,738
(b) Other Items		
Auditor's remuneration	**530**	530
Depreciation of plant and equipment	**201**	1,120
Depreciation of right-of-use assets	**660**	1,964
Allowance for/(reversal of) expected credit loss on:		
– loan receivables	**614**	657
– other receivables	**–**	126
– amount due from a former subsidiary	**2,676**	(3,947)
	3,290	(3,164)
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 2022 and 2021, 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:

	2022	2021
	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	**(12,673)**	(3,960)

	2022	2021
	HK$'000	*HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**785,927**	665,543

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 2022 and 2021.

11. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	HK$'000
Trade receivables from contract with customers (Note (a))	**32,072**	11,838
Less: Allowance for credit losses	**–**	–
	32,072	11,838
Other receivables, net	**4**	4
Receivables from disposal of plant and equipment	**–**	9,900
Interest receivables	**281**	281
Deposits	**253**	255
	32,610	22,278

(a) Trade receivables from contract with customers

As at 31 March 2022, the Group's trade receivables from contract with customers denominated in Renminbi ("**RMB**") (2021: United States Dollar ("**US$**")).

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$4,648,000.

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:

	2022	2021
	HK$'000	*HK$'000*
0 – 30 days	**12,301**	11,838
31 – 60 days	**19,771**	–
	32,072	11,838

12. LOAN RECEIVABLES

	2022	2021
	HK$'000	HK$'000
Loan receivables	**45,000**	45,000
Less: Allowance for credit losses	**(1,271)**	(657)
	43,729	44,343
Less: non-current portion	**(24,294)**	(44,343)
Current portion	**19,435**	–

As at 31 March 2022 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.

13. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables (Note (a))	**31,754**	11,606
Accruals and other payables	**1,103**	1,426
Interest in advance	**1,262**	1,052
	34,119	14,084

As at 31 March 2022, accruals and other payables of approximately HK$51,000 (2021: HK$19,000) 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:

	2022	2021
	HK$'000	*HK$'000*
0-60 days	**31,754**	11,606

The average credit period on purchases of goods is 30 days (2021: 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 procurement, and (ii) provision of financial services.

(I) GARMENT SOURCING

During the Reporting Period, the global path to economic recovery was unstable. The protracted COVID-19 pandemic devastated the global economy, disrupted the global supply chain, and dampened consumer sentiments. The Omicron variant, first discovered in late 2021, is spreading across the globe as at the date of this announcement and we cannot predict when and how it will dissipate. Factories in South East Asia and China experienced different levels of disruptions due to surges of the fast-spreading Delta and subsequent Omicron variant. These disruptions included increased absenteeism due to community lockdowns or illnesses, and intermittent requests by local governments to close production lines to limit the spread of COVID-19 in the community. Meanwhile, significant additional costs and resources were expended for regular testing, isolation and containment requirements to keep our operations running. Additionally, over the past year, the spike in global demand has driven up global commodities prices and made input material costs of suppliers rise significantly. Furthermore, the well-documented global supply chain crisis had resulted in astronomical freight costs and substantially longer lead time in shipment from materials to finished 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 operating performance of retailers was adversely affected by the increasing international trade barriers, the outbreak of COVID-19 pandemic and damaged market confidence, especially for those engaged in the trading of necessity good, such as apparel products. Some retailers even had to shut down their large retail stores and to realise their assets as they are plunged into liquidity crisis, resulting in 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 is becoming increasingly popular. The pandemic has fueled the growth of the "stay-at-home" economy and 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 of the Company, 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 consumer market maintained a moderate recovery in the first half of 2021. However, in the second half of the year, multiple resurgences of the COVID-19 pandemic, the catastrophic flood in Henan in July, the debt crisis of the Chinese property industry in the fourth quarter, the ongoing trade war between the United States and China and other factors led to a weak domestic consumption again. The recovery of consumption was significantly slower. Consumers maintained a cautious consumption attitude and pursued products with great discounts and high price-performance value amid the sluggish consumer demand. Hence, the pressure on the gross profit of the industry in China has not decreased, and the overall growth of the industry was still hindered. The "dynamic zero" strategy adopted in Mainland China was successful in preventing the spread of COVID-19 and the market remained generally stable during the year. The overall economy had been however overshadowed by the liquidity problems of the real estate market and the increasingly-stringent regulatory measures introduced in the middle of the year. The apparel business has not seen significant improvement.

Here in Hong Kong, despite the launch of vaccination programs on massive scales, the epidemic of COVID-19 was still nagging with the emergence of the more contagious variants. With the social-distancing measures and border restrictions being in force, the pedestrian flow was inevitably throttled and customer spending was marred. Many companies had to shorten their business hours or even be closed temporarily. In any case, market shoppers were few and shopping sentiment was damp, the market conditions still could not be restored to their pre-pandemic levels.

As affected by such, part of the Group's business has also been difficult, particularly for the business segment of garment sourcing. 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 operation, it has been stable and got improvement in the overall sales as compared with last year, however, due to intermittent outbreaks of the pandemic, the customers still adopted a 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 diversifying 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 market, 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.

PROSPECTS AND DEVELOPMENT PLAN

According to the latest "World Economic Outlook" issued by the International Monetary Fund (IMF) in April 2022, global growth is projected to 3.6% in 2022 and 2023, which is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January, respectively, and China was predicted to grow by 4.4%, 0.4 percentage points lower for 2022 than projected in January. The downward revision reflects the immediate humanitarian impacts, and that the war will severely set back the global recovery, slowing growth and increasing inflation even further. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential. However, regarding Mainland China, where effective preventive measures have successively brought the pandemic under control, the Group is not overly pessimistic about the prospect of the apparel business in view of the economic growth that has ensued.

Here in Hong Kong, the fifth wave of the COVID-19 pandemic has brought a severe impact on the economic performance in the first few months of 2022. The three driving forces supporting the economy, namely exports, private consumption and fixed investment, all performed unfavorably, leading the economy to contract by 4% year-on-year in the first quarter of 2022, and that ended the improving trend from the previous four quarters. Economic data for April are expected to remain relatively weak due to the pandemic. Hong Kong's real GDP growth forecast for 2022 has been revised to 1-2% from 2-3.5%. This means that the momentum of Hong Kong's economic recovery will be weaker than expected after 6.3% real GDP growth in 2021. However, as long as the epidemic is brought under control and confidence is maintained, Hong Kong's economy is expected to stabilise and grow slightly. While it is hard for us to control external changes, as long as we manage the risks and do our job well, pressures and challenges will only make our economy even more flexible and resilient.

While COVID-19 pandemic was still prevalent globally, most of the world adapted to a new normal, and demands in our markets are expected to rise to pre-pandemic levels. The Group is cautious about the outlook of business in 2022. At present, the Group is closely monitoring the market conditions and assessing the operational and financial impacts of the pandemic on the Group. Regarding impacts of the pandemic on the 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 the supply chain. Looking forward, stabilizing economic measures in mainland China should tend to incentivize investment, production and consumption. Subsequent to the termination of the tenancy agreement and disposal of assets in PRC in 2021, the Group returns to a light assets business model and enabled the Group to demonstrate operational resilience in an uncertain market environment which cautiously deal with the "New Normal" of the COVID-19 pandemic, meet the consumers' expectations, 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 competitive 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.

The past two years has been a challenge for most businesses, especially apparel retailers. We must commend our business partners and staff for their steadfastness. There is no telling what lies ahead in 2022 and beyond. Still, we are confident that our strategic plans are correct, our financial health sound, our people vigilant, and our business and profitability will continue to improve.

FINANCIAL REVIEW

During the Reporting Period, the revenue of the Group amounted to approximately HK$122,339,000 (2021: approximately HK$120,057,000): revenue from the garment sourcing amounted to approximately HK$117,839,000, representing an increase of approximately 0.77% (2021: approximately HK$116,938,000); revenue from the provision of financial services amounted to approximately HK$4,500,000, representing an increase of approximately 44.28% (2021: approximately HK$3,119,000), mainly due to expansion of loan business. The gross profit margin was approximately 5.01%, representing an increase of approximately 0.59% (2021: approximately 4.42%). Other expenses amounted to approximately HK$3,922,000 (2021: other income amounted to approximately HK$2,618,000), which was mainly attributable to the unrealised loss from financial assets at FVTPL. Due to the commencement of business of our wholly owned subsidiary in the PRC, selling and distribution costs amounted to approximately HK$174,000 (2021: nil); administrative salaries and wages amounted to approximately HK$3,038,000, representing an increase of approximately 57.65% (2021: approximately HK$1,927,000). Allowance for expected credit loss amounted to approximately HK$3,290,000 (2021: reversal of expected credit loss amounted to approximately HK$3,164,000), which was mainly attributable to the impairment loss recognised from former subsidiaries. Due to the aforesaid reasons, the loss for the year attributable to the owners of the Company amounted to approximately HK$12,673,000 (2021: approximately HK$3,960,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had total assets of approximately HK$135,124,000 (as at 31 March 2021: approximately HK$126,662,000) (including cash and cash equivalent of approximately HK$34,462,000 (as at 31 March 2021: approximately HK$15,243,000)) which were financed by current liabilities of approximately HK$38,319,000 (as at 31 March 2021: approximately HK$18,397,000) and shareholders' equity of approximately HK$96,805,000 (as at 31 March 2021: approximately HK$108,265,000).

The Group generally services its debts primarily through cash generated from its operations. As at 31 March 2022, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 2.87:1 (as at 31 March 2021:3.76:1), which was at a healthy level. The Directors believe that the Group has sufficient funds for developing existing business.

As at 31 March 2022, the Group had no bank or other borrowings (as at 31 March 2021: nil).

TREASURY POLICY

The Group adopts a prudent financial management strategy in implementing the treasury policy. Thus, a sound liquidity position was able to be maintained throughout the year ended 31 March 2022. 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 2022.

CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 March 2022, the Group had no commitment (as at 31 March 2021: 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 2022 the Group had no pledged assets (as at 31 March 2021: nil).

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 March 2022 (for the year ended 31 March 2021: nil).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any material contingent liabilities (as at 31 March 2021: nil).

EVENTS AFTER THE REPORTING PERIOD

On 19 May 2022, the Group acquired 1,000,000 shares of CNOOC Limited at an aggregate consideration of approximately HK$10,868,000 (exclusive of transaction costs). Please refer to the announcement of the Company dated 19 May 2022 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 2022 were as follows:

					Number of shares issuable under the share options				
Name of Grantee	**Date of grant**	**Exercise Price (HK$)**	**Exercise period**	**Vesting period**	**As at 1 April 2021**	**Granted during the year**	**Exercised during the year**	**Lapsed/ cancelled during the year**	**As at 31 March 2022**
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 2022 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 ("**CG Code**") throughout the year ended 31 March 2022, except for the following deviations:

Code Provision A.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 C.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 E.1.2 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 2021 AGM in accordance with 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/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.

On 1 January 2022, the amendments to CG Code (the "**New CG Code**") came into effect and the requirement under the New CG Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasing tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

AUDIT COMMITTEE AND COMPLIANCE WITH LISTING RULES

The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Lam Lee G. (chairman), Mr. Chan Kin and Mr. Chan 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 PRC while the Company itself is listed on the Stock Exchange.

During the Reporting Period, following the resignation of Mr. Chau On Ta Yuen, the then independent non-executive Director, with effect from 12 April 2021, (i) the number of the independent non-executive Director s has fallen below the minimum number required under Rules 3.10(1) of the Listing Rules; (ii) there is a vacancy of chairman of the Remuneration Committee as required under Rule 3.25 of the Listing Rules; and (iii) the number of members of the Audit Committee has fallen below the minimum number required under Rule 3.21 of the Listing Rules.

The Company has taken remedial steps by actively identifying an appropriate candidate to fill such a vacancy following Mr. Chau On Ta Yuen's resignation. Upon the appointment of Mr. Chau Chi Yan Benny as an independent non-executive Director, chairman of the Remuneration Committee, a member of the Remuneration Committee and Nomination Committee with effect from 16 April 2021, the Company has then re-complied with the relevant provisions.

Save as disclosed above, during the Reporting Period, the Board had complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of a minimum of three independent non-executive Directors and at least one independent non-executive Director, the chairman of the Audit Committee, having appropriate professional accounting or financial management experience.

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 2022, 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 2022 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, 29 June 2022

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.