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## **HOPE LIFE INTERNATIONAL HOLDINGS LIMITED**

**曠逸國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1683)

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Hope Life International Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**FY2022**”), together with the audited figures for the year ended 31 December 2021 (the “**FY2021**”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	<b>190,994</b>	247,170
Cost of sales		<u><b>(156,128)</b></u>	<u>(200,016)</u>
Gross profit		<b>34,866</b>	47,154
Other income	4	<b>219</b>	893
Selling and distribution expenses		<b>(6,966)</b>	(8,924)
Other operating expenses		–	(905)
Impairment losses under expected credit loss model, net of reversal	6	<b>(3,263)</b>	(3,385)
Administrative expenses		<b>(18,111)</b>	(25,490)
Finance costs	5	<u><b>(5,046)</b></u>	<u>(393)</u>
Profit before taxation	6	<b>1,699</b>	8,950
Income tax expense	7	<u><b>(3,080)</b></u>	<u>(2,079)</u>
<b>(Loss)/profit for the year</b>		<u><b>(1,381)</b></u>	<u>6,871</u>
<b>Other comprehensive (loss)/income for the year, net of income tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(755)</b>	(109)
Exchange differences on inter-company loans to subsidiaries that form part of net investment in foreign operations		<u><b>(14,081)</b></u>	<u>2,903</u>
<b>Other comprehensive (loss)/income for the year</b>		<u><b>(14,836)</b></u>	<u>2,794</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(16,217)</b></u>	<u>9,665</u>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(4,172)</b>	4,987
Non-controlling interests		<u><b>2,791</b></u>	<u>1,884</u>
		<u><b>(1,381)</b></u>	<u>6,871</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company		<b>(18,780)</b>	7,754
Non-controlling interests		<u>2,563</u>	<u>1,911</u>
		<b><u>(16,217)</u></b>	<b><u>9,665</u></b>
(Restated)			
<b>(Loss)/earnings per share:</b>			
Basic and diluted ( <i>HK cents</i> )	9	<b><u>(1.07)</u></b>	<b><u>1.64</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>27,980</b>	33,593
Right-of-use assets		<b>2,175</b>	1,493
		<u><b>30,155</b></u>	<u>35,086</u>
<b>Current assets</b>			
Inventories		<b>144,775</b>	121,554
Loan receivables	10	–	65,672
Trade receivables	11	<b>29,017</b>	13,696
Contract assets		<b>8,660</b>	3,382
Deposits, prepayments and other receivables		<b>75,106</b>	55,900
Income tax recoverable		–	719
Cash and bank balances		<b>52,490</b>	21,920
		<u><b>310,048</b></u>	<u>282,843</u>
<b>Current liabilities</b>			
Trade payables	12	<b>36,853</b>	18,606
Other borrowings		<b>41,736</b>	40,000
Contract liabilities		<b>599</b>	6,295
Lease liabilities		<b>1,370</b>	560
Income tax payable		<b>740</b>	355
Accrued expenses and other payables		<b>9,604</b>	7,174
		<u><b>90,902</b></u>	<u>72,990</u>
<b>Net current assets</b>		<u><b>219,146</b></u>	<u>209,853</u>
Total assets less current liabilities		<u><b>249,301</b></u>	<u>244,939</u>
<b>Non-current liability</b>			
Lease liabilities		<u><b>885</b></u>	<u>977</u>
		<u><b>885</b></u>	<u>977</u>
<b>Net assets</b>		<u><u><b>248,416</b></u></u>	<u><u>243,962</u></u>

	<b>2022</b>	2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	<b>8,640</b>	7,200
Reserves	<b>235,316</b>	234,865
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>243,956</b>	242,065
Non-controlling interests	<b>4,460</b>	1,897
	<hr/>	<hr/>
<b>Total equity</b>	<b>248,416</b>	243,962
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 1. GENERAL INFORMATION

Hope Life International Holdings Limited (the “Company”) was incorporated in Cayman Islands on 19 January 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Flat 1703, 17th Floor, Wanchai Commercial Centre, Nos. 194–204 Johnston Road, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred hereafter as the “Group”) are principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, financial business and consumer goods business.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

### New and amendments to HKFRSs in issue but not yet effective

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

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

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.  
<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.  
<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

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

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

##### (a) *Analysis of revenue*

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Recognised on over time basis:		
Design and/or decoration service income	<b>432</b>	2,310
Design, fitting-out and decoration service income	<b>105,912</b>	166,395
	<b>106,344</b>	168,705
Recognised on point in time basis:		
Sales of wine products	<b>84,308</b>	73,677
	<b>190,652</b>	242,382
Revenue from other source:		
Interest income from loan financing	<b>342</b>	4,788
Total revenue recognised during the year	<b>190,994</b>	247,170

##### (b) *Performance obligations for contracts with customers*

*Revenue from provision of (i) design and/or decoration service income, and (ii) design, fitting-out and declaration service income*

Revenue from the provision of (i) design and/or decoration service income, and (ii) design, fitting-out and declaration service income are recognised on an over time basis, using an input method to measure progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method adopted by the Group recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

### *Revenue from sales of wine products*

Revenue from sales of wine products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (i.e. upon delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

#### *(c) Transaction price 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 contracts for sales of wine products, provision for design and/or decoration service and design, fitting-out and declaration service such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts that had an original expected duration of one year or less.

### **Segment information**

The executive directors of the Company, being the chief operating decision-makers ("CODM"), review the Group's internal reporting in order to assess performance and allocate resources. Information reported to the chief operating decision marker, for the purpose of resources allocation and performance assessment, focuses on the types of goods or services delivered or provided.

The Group's reportable and operating segments are as follows:

- (a) Construction and ancillary services – design, fitting-out, decoration, alteration and addition, construction and other related businesses.
- (b) Financial business – money lending business.
- (c) Consumer goods business – production and sales of wine products.

No operating segments have been aggregated in arriving at the above reportable segments of the Group.

### *Segment revenue and results*

	<b>Construction and ancillary services HK\$'000</b>	<b>Financial business HK\$'000</b>	<b>Consumer goods business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2022</b>				
Segment revenue	<u>106,344</u>	<u>342</u>	<u>84,308</u>	<u>190,994</u>
Segment results	<u>4,072</u>	<u>1,306</u>	<u>12,275</u>	17,653
Unallocated corporate income				75
Unallocated corporate expense				<u>(16,029)</u>
Profit before taxation				1,699
Income tax expense				<u>(3,080)</u>
Loss for the year				<u>(1,381)</u>



	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2021</b>				
Segment revenue	168,705	4,788	73,677	247,170
Segment results	9,731	4,888	8,331	22,950
Unallocated corporate income				4
Unallocated corporate expense				(14,004)
Profit before taxation				8,950
Taxation				(2,079)
Profit for the year				6,871

Unallocated corporate income mainly included certain unallocated bank interest income and government subsidies income.

Unallocated corporate expenses mainly include certain unallocated depreciation on property, plant and equipment and right-of-use assets, general office expenses, impairment losses under expected credit loss model, finance cost on lease liabilities and other borrowings and employee benefit expenses.

Segment results represent the profit earned by or loss from each segment without allocation of unallocated corporate income and unallocated corporate expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year.

#### *Segment assets and liabilities*

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2022</b>				
<b>Assets</b>				
Segment assets	40,756	728	298,491	339,975
Unallocated assets				228
Consolidated total assets				340,203
<b>Liabilities</b>				
Segment liabilities	35,663	121	7,311	43,095
Unallocated liabilities				48,692
Consolidated total liabilities				91,787

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2021</b>				
<b>Assets</b>				
Segment assets	24,977	70,857	216,693	312,527
Unallocated assets				5,402
Consolidated total assets				<u>317,929</u>
<b>Liabilities</b>				
Segment liabilities	18,219	506	11,504	30,229
Unallocated liabilities				43,738
Consolidated total liabilities				<u>73,967</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain unallocated property, plant and equipment, right-of-use assets, cash and bank balances and deposits, prepayment and other receivables); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising accrued expenses and other payables, lease liabilities and other borrowings).

**Other segment information**

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2022</b>					
Capital expenditure ( <i>note (a)</i> )	–	–	2,178	–	2,178
Depreciation of property, plant and equipment	12	6	3,310	6	3,334
Depreciation of right-of-use assets	805	137	115	136	1,193
Interest on lease liabilities	61	21	10	21	113
Interest on other borrowings	–	–	–	4,933	4,933
Allowance for/(reversal of) expected credit losses, net	555	(937)	2	3,643	3,263

	Construction and ancillary services <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consumer goods business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2021</b>					
Capital expenditure ( <i>note (a)</i> )	602	547	36,200	–	37,349
Depreciation of property, plant and equipment	155	12	3,157	–	3,324
Depreciation of right-of-use assets	3,126	277	–	–	3,403
Interest on lease liabilities	126	17	–	–	143
(Reversal of)/allowance for expected credit losses, net	–	(400)	11	3,774	3,385
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*Note:*

(a) Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

### ***Geographical information***

The Group's operations are located in Hong Kong and People's Republic of China (the "PRC").

The Group's geographical segments are classified according to the location of customers. There are two customer-based geographical segments. Segment revenue from external customers by the location of customers during the year is as follows:

#### *Revenue from external customers*

	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
Hong Kong	<b>106,253</b>	172,023
The PRC	<b>84,741</b>	75,147
	<u><b>190,994</b></u>	<u>247,170</u>

The Group's geographical segments are also classified by the location of assets, information about its non-current assets by geographical location are detailed below:

#### *Non-current assets*

	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
Hong Kong	<b>2,504</b>	1,547
The PRC	<b>27,651</b>	33,539
	<u><b>30,155</b></u>	<u>35,086</u>

### *Information about major customers*

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A <sup>1</sup>	<b>52,670</b>	31,845
Customer B <sup>2</sup>	<b>32,158</b>	12,036
Customer C <sup>1</sup>	<b>25,182</b>	–
Customer D <sup>1</sup>	<b>25,172</b>	78,179
Customer E <sup>2</sup>	<b>21,843</b>	26,108
Customer F <sup>1</sup>	<b>–</b>	57,212
	<b><u>          </u></b>	<b><u>          </u></b>

<sup>1</sup> Revenue from provision of design, fitting out and decoration service

<sup>2</sup> Revenue from wine products

#### **4. OTHER INCOME**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Bank interest income	<b>1</b>	4
Other operating income	<b>–</b>	888
Government subsidies ( <i>note (i)</i> )	<b>216</b>	–
Sundry income	<b>2</b>	1
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>          </u></b>	<b><u>          </u></b>
	<b>219</b>	893

*Note:*

(i) The government subsidies were granted from the Employment Support Scheme under the Anti-epidemic Fund of the Hong Kong Government which aims to retain employment and combat COVID-19 epidemic.

#### **5. FINANCE COSTS**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on other borrowings	<b>4,933</b>	250
Interest on lease liabilities	<b>113</b>	143
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>          </u></b>	<b><u>          </u></b>
	<b>5,046</b>	393

## 6. PROFIT BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	612	372
Salaries, wages and other benefits (excluding directors' emoluments)	10,172	16,765
Pension scheme contributions (excluding directors' emoluments)	141	216
	<u>10,313</u>	<u>16,981</u>
Auditors' remuneration		
Audit services	1,185	750
Cost of inventories of wine products recognised as expenses	62,993	54,102
Cost of materials used for construction and ancillary services (included in cost of sales)	15,673	56,391
Sub-contracting charges for construction and ancillary services (included in cost of sales)	77,462	87,543
Advertisement expenses (included in selling and distribution expense)	5,901	6,999
Research and development expenses (included in administrative expenses)	514	–
Depreciation of property, plant and equipment		
– Cost of sales	3,301	3,152
– Administrative expense	33	172
Depreciation of right-of-use assets (included in administrative expenses)	1,193	3,403
Expense relating to short-term leases (included in administrative expenses)	2,552	1,825
Provision for/(reversal of) impairment loss under expected credit loss model on:		
Trade receivables	582	(3)
Contract assets	(8)	11
Loan receivables (credit-impaired)	(607)	1,947
Loan receivables (not credit-impaired)	(330)	(2,347)
Deposits and other receivables (credit-impaired)	3,644	3,774
Deposits and other receivables (not credit-impaired)	(18)	3
	<u>3,263</u>	<u>3,385</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Over-provision in previous year	(20)	–
PRC Enterprise Income Tax (“EIT”)		
– Current income tax	3,100	2,079
Current tax expense	<u>3,080</u>	<u>2,079</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of the qualifying corporation in the Group are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The assessable profits of corporations in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for both years.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI both years.

Under the Law of the EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No deferred tax assets has been recognised as it is not considered probable that taxable profits will be available against which the deferred tax can be utilised.

## 8. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The computation of the basic (loss)/earnings per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$4,172,000 (2021: profit of HK\$4,987,000) and the weighted average number of ordinary shares of 389,391,781 (2021: 303,945,206) (restated) in issue during the year, which has been retrospectively adjusted to take into account the share consolidation (the “Share Consolidation”) on the basis that every two issued and unissued existing shares of HK\$0.01 each will be consolidated into one consolidated share of HK\$0.02 each, which was completed on 16 February 2023 after the current reporting period, details of which are disclosed in Note 13. The corresponding weighted average number of ordinary shares in issue for the year ended 31 December 2021 has also been retrospectively adjusted to reflect the Share Consolidation.

### (b) Diluted (loss)/earnings per share

For the years ended 31 December 2022 and 2021, the computation of diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as there were no potential ordinary shares outstanding during the years.

## 10. LOAN RECEIVABLES

The maturity profile of the loan receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables:		
– Due within one year	10,054	76,663
	<u>10,054</u>	<u>76,663</u>
Less: Allowance for expected credit losses	(10,054)	(10,991)
	<u>–</u>	<u>65,672</u>
Carrying amount analysed for reporting purpose:		
– Current assets	–	65,672
	<u>–</u>	<u>65,672</u>

The Group's loan receivables which arise from the money lending business of providing unsecured personal loans and unsecured corporate loans in Hong Kong are denominated in Hong Kong dollars and interest bearing at fixed rates ranging from 6% to 7% (2021: 6% to 10%) per annum and the loan period were from 1 year to 2 years (2021: 1 year to 2 years). All borrowers were independent third parties.

As at 31 December 2021, the loan receivable with net carrying amount of approximately HK\$63,807,000 was secured by a corporate guarantee by an independent third party.

As at 31 December 2022, included in the Group's loan receivables balance are debtors with aggregate gross carrying amount of HK\$10,054,000 (2021: HK\$12,747,000) which were past due more than 90 days and/or with history of default. The directors consider credit risks have increased significantly on these loans and considered the loans as credit-impaired. The Group has taken legal action against the debtor to recover the loan and interest receivables of gross carrying amount of HK\$8,714,000 (2021: HK\$8,714,000).

Before approving any loans to new borrowers, the Group has assessed the potential borrower's credit quality and defined credit limits individually.

Included in the carrying amount of loan receivables as at 31 December 2022 is allowance for expected credit losses of HK\$10,054,000 (2021: HK\$10,991,000).

## 11. TRADE RECEIVABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	<b>29,652</b>	13,749
Less: Allowance for expected credit losses	<b>(635)</b>	(53)
	<b>29,017</b>	13,696

At 1 January 2021, trade receivables from contracts with customers amounted to HK\$8,235,000.

The Group's credit term with its customers for construction and ancillary services is, in general, 7 to 30 days. For customers of sales of wine products, invoices are due within 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of the gross amount of trade receivables based on the invoice date, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 30 days	<b>14,881</b>	12,154
31–60 days	<b>3,564</b>	1,595
61–90 days	<b>3,551</b>	–
91–180 days	<b>6,795</b>	–
181–365 days	<b>861</b>	–
	<b>29,652</b>	13,749

As at 31 December 2022, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of HK\$302,000 (2021: HK\$8,749,000) which are past due as at the reporting date. Out of the past due balances, HK\$302,000 (2021: HK\$Nil) has been past due 90 days or more and is not considered as in default because the Group considers good cooperation relationships with these debtors exist and with good repayment record. The Group does not hold any collateral over these balances.

## 12. TRADE PAYABLES

	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Trade payables	<b>36,853</b>	18,606

The ageing analysis of trade payables, based on the invoice date is as follows:

	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Current to 30 days	<b>30,160</b>	18,271
31–60 days	–	272
61–90 days	–	18
Over 90 days	<b>6,693</b>	45
	<b>36,853</b>	18,606

The credit period on purchases of certain goods and services is within 7 to 90 days.

## 13. EVENTS AFTER THE REPORTING PERIOD

On 15 December 2022, the Board proposed to implement the Share Consolidation, pursuant to which every two (2) issued and unissued ordinary shares of HK\$0.01 each before the Share Consolidation (“Existing Share(s)”) will be consolidated into one (1) ordinary share of HK\$0.02 each (“Consolidated Share(s)”). Also, the Board proposed to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Existing Shares to HK\$60,000,000 divided into 6,000,000,000 Existing Shares (or 3,000,000,000 Consolidated Shares after the Share Consolidation becoming effective) (“Increase in Authorised Share Capital”). Subject to the Share Consolidation and the Increase in Authorised Share Capital having become effective, the Board proposed to offer for subscription of the Consolidated Shares to be allotted and issued (“Rights Share(s)”) on the basis of two (2) Rights Shares for every one (1) Consolidated Share held as at the date by reference to which provisional allotments under the Rights Issue were expected to be determined (the “Record Date”), at the subscription price (the “Subscription Price”) of HK\$0.140 per Rights Share (the “Rights Issue”), to raise up to approximately HK\$120.96 million before expenses by way of issuing up to 864,000,000 Rights Shares.

On 9 December 2022 (after trading hours of the Stock Exchange), the Company and the placing agent (the “Placing Agent”), CNI Securities Group Limited, entered into the placing agreement (“Placing Agreement”), pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Placing Shares (i.e. the number of unsubscribed Rights Shares(s) not taken up by the shareholders whose name(s) appeared on the register of members of the Company on the Record Date other than the overseas shareholders whom the Board considered necessary or expedient to exclude (“NQS”) from the Rights Issue (“Unsold Shares”) and/or the NQS Unsold Share(s) during the Rights Issue) on the terms and subject to the conditions set out in the Placing Agreement (the “Placing”). If all the Right Shares are already fully taken up in the Rights Issue through the provisional allotment letter(s), the Placing will not proceed.



Pursuant to an extraordinary general meeting on 14 February 2023, the proposed Increase in Authorized Share Capital, Share Consolidation and the Rights Issue have been duly passed by the shareholders by way of poll. The proposed Share Consolidation has taken effect on 16 February 2023, while the proposed Rights Issue and Placing were not yet completed as at the date of this announcement.

For details, please refer to the announcements of the Company dated 9 December 2022, 15 December 2022, 20 January 2023, 14 February 2023 and 16 February 2023 respectively, and the prospectus of the Company regarding the Rights Issue dated 28 February 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of the Group for the year ended 31 December 2022 (“FY2022”), together with the comparative figures for the year ended 31 December 2021 (“FY2021”).

### FINANCIAL REVIEW

During FY2022, the revenue of the Group decreased by HK\$56.2 million to HK\$191.0 million (FY2021: HK\$247.2 million) and the overall gross profit of the Group decreased by HK\$12.3 million to HK\$34.9 million (FY2021: HK\$47.2 million). The Group recorded loss for the year of HK\$1.4 million (FY2021: profit for the year of HK\$6.9 million) mainly due to the decrease in gross profit margin from construction and ancillary services and increase in finance costs from interest on other borrowings and provision for impairment loss under expected credit loss model.

### BUSINESS REVIEW

The Group has three major segments, namely construction and ancillary services, financial business and consumer goods business.

A breakdown of the revenue was listed below:

	Year ended 31 December 2022		Year ended 31 December 2021	
	HK\$'000	%	HK\$'000	%
Construction and ancillary services	106,344	55.7	168,705	68.3
Financial business	342	0.2	4,788	1.9
Consumer goods business	84,308	44.1	73,677	29.8
	<u>190,994</u>	<u>100</u>	<u>247,170</u>	<u>100</u>

#### Construction and ancillary services

Construction and ancillary services which include design, fitting out, decoration, alteration and addition, construction and other related business were the focus among our business segments in FY2022. During FY2022, the revenue from construction and ancillary services decreased by HK\$62.4 to HK\$106.3 million (FY2021: HK\$168.7 million). The decrease in revenue from this segment was mainly due to the decrease in revenue contributed from the construction and ancillary services of commercial projects.

## **Financial services**

### ***Money lending business***

The Group holds a money lenders licence in Hong Kong and provides loan facilities to prospective customers including enterprises and individuals.

Revenue from money lending business amounted to HK\$0.3 million (FY2021: HK\$4.8 million). As at 31 December 2022, the gross loans and interest receivable amounted to HK\$10.0 million (31 December 2021: HK\$76.7 million) and allowance for expected credit loss of HK\$10.0 million (FY2021: HK\$11.0 million).

On 18 December 2020, the Group and a borrower entered into the loan agreement pursuant to which the Group has agreed to grant the loan in the amount of HK\$60,000,000 to the borrower for a term of 24 months from the effective date (the “**Loan**”). For details of the loan agreement, please refer to the announcement dated 18 December 2020.

The Loan (its principal amount together with the interest accrued thereunder) was repaid in full in March 2022.

### **Consumer goods business**

The Company commenced the consumer goods business since the beginning of 2021. The Group’s consumer goods business is principally engaged in the production and sales of yellow wine products in the PRC which comprises yellow wines from medium to high grade with different flavors and modern-packaging designs to target young and middle-aged middle class to high class consumers. The Group’s consumer goods business has chosen to base in Jiangxi, which is one of the most popular areas in the PRC in respect of Chinese yellow wine, and operates a wine production plant in Jiangxi with yellow wine production capacity of approximately 3,000 tons per annum.

The Group’s yellow wine products are sold mainly under the brand labels “Minyue Hong” (閩越紅), “Xian Shisha” (縣石山) and “Xingyun Zhi Guang” (幸運之光). To continuously improve product quality and launch new products to cater for the demand of the market, the Group has a research and development department responsible for quality advancement as well as the development of new wine products.

The Group’s yellow wine products are sold mainly to wine dealers and distributors such as food wholesalers, supermarkets and department stores based in Fujian.

During the year ended 31 December 2022, revenue from the consumer goods business amounted to approximately HK\$84.3 million, representing an increase by 14.4% compared to the HK\$73.7 million revenue generated during the year ended 31 December 2021.

## **Selling and distribution expenses**

Selling and distribution expenses for consumer goods business decreased by HK\$1.9 million from HK\$8.9 million in FY2021 to HK\$7.0 million in FY2022, which is mainly due to the growing maturity of the consumer goods business and less advertisement expense is required compared to the initial commencement of the business in FY2021.

## **Administrative expenses**

The administrative expenses decreased by HK\$7.4 million from HK\$25.5 million in FY2021 to HK\$18.1 million in FY2022. The decrease was mainly due to the decrease in administrative expenses for construction and ancillary services and consumer goods business.

## **Finance costs**

The finance costs increased by HK\$4.6 million from HK\$0.4 million in FY2021 to HK\$5.0 million in FY2022. The increase was mainly due to the increase in interest on other borrowings.

## **(Loss)/profit for the year**

The Group recorded loss for the year of HK\$1.4 million in FY2022 as compared to the profit for the year of HK\$6.9 million in FY2021 mainly due to the decrease in gross profit margin from construction and ancillary services and increase in finance costs from interest on other borrowings and provision for impairment loss under expected credit loss model.

## **PROSPECTS**

With the COVID-19 pandemic coming to a slowdown with the lifting of various measures and restrictions in connection with the said pandemic, the economic environment in Hong Kong and the PRC, as well as around the world, is gradually recovering and a rebound of business activities and economic conditions is expected. We anticipate that the reopening of the border between Hong Kong and mainland China and the aforesaid expected recovery is likely to enhance our business performance, and the Group looks forward to commencing more construction projects and works ancillary to such projects in Hong Kong, which will help the Group to maintain a stable revenue stream in 2023.

The Group will continue to dedicate itself to maximise value for the Shareholders by adhering to its pragmatic and enterprising approach in executing its business strategies, and continuously searching for fresh business opportunities with exploration made in the consumer goods business and other businesses to broaden the revenue and profit base of the Group.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group had 66 employees (31 December 2021: 69) in Hong Kong and the PRC. The total remuneration paid by the Group to its employees (including Directors) for FY2022 was HK\$10.9 million (FY2021: HK\$17.0 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including Directors and senior management), the following factors are considered:

- workload, responsibility and job complexity;
- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- market rates and changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

In addition to salaries, provident fund scheme, medical insurance coverage and discretionary bonuses are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his/her own remuneration.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 15 December 2022, the Board proposed to implement the Share Consolidation, pursuant to which every two (2) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.02 each. Also, the Board proposed to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Existing Shares to HK\$60,000,000 divided into 6,000,000,000 Existing Shares (or 3,000,000,000 Consolidated Shares after the Share Consolidation becoming effective). Subject to the Share Consolidation and the Increase in Authorised Share Capital having become effective, the Board proposed to conduct the Rights Issue on the basis of two (2) Rights Shares for every one (1) Consolidated Share held as at the Record Date at the Subscription Price of HK\$0.140 per Rights Share, to raise up to approximately HK\$120.96 million before expenses by way of issuing up to 864,000,000 Rights Shares.

On 9 December 2022 (after trading hours of the Stock Exchange), the Company and the Placing Agent, CNI Securities Group Limited, entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Placing Shares (i.e. the Untaken Shares and/or the NQS Unsold Share during the Rights Issue) on the terms and subject to the conditions set out in the Placing Agreement. If all the Right Shares are already fully taken up in the Rights Issue through the provisional allotment letter(s), the placing will not proceed.

Pursuant to an extraordinary general meeting on 14 February 2023, the proposed increase in authorized share capital, Share Consolidation and the Rights Issue have been duly passed by the Shareholders by way of poll. The proposed Share Consolidation has taken effect on 16 February 2023, while the proposed Rights Issue and Share Placement were not yet completed as at the date of this announcement.

For details, please refer to the announcements of the Company dated 9 December 2022, 15 December 2022, 20 January 2023, 14 February 2023 and 16 February 2023 respectively, and the prospectus of the Company regarding the Rights Issue dated 28 February 2023.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2022, the Group had a total cash and bank balances of HK\$52.5 million (31 December 2021: HK\$21.9 million) mainly denominated in Hong Kong dollars.

The Group continued to maintain a healthy liquidity position. As at 31 December 2022, the Group had net current assets of HK\$219.1 million (31 December 2021: HK\$209.9 million). The Group had current ratio of approximately 3.4 times as at 31 December 2022 compared to that of approximately 3.9 times at 31 December 2021.

The gearing ratio of the Group is defined as a percentage of interest-bearing liabilities divided by total equity. As at 31 December 2022, the gearing ratio had gearing ratio of approximately 16.8% (31 December 2021: 16.4%). The Group's working capital requirements were mainly financed by internal resources.

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly earns revenue in Hong Kong dollars and Renminbi and also incurs cost in Hong Kong dollars and Renminbi. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

## **PLEDGING OF ASSETS**

There was no pledged asset as at 31 December 2022 (31 December 2021: nil).

## PLACING OF NEW SHARES

On 21 July 2022, the Company entered into the placing agreement with CNI Securities Group Limited, pursuant to which the Company appointed CNI Securities Group Limited as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 144,000,000 placing shares at the placing price of HK\$0.145 per placing share on a best effort basis in accordance with the terms and conditions of the placing agreement. The Company carried out the placing offers since it offered a good opportunity to raise further capital for broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as strengthening the financial position of the Group.

The placing was completed on 5 August 2022. An aggregate of 144,000,000 placing shares have been successfully placed to not less than six placees. The net proceeds from the placing were approximately HK\$20.6 million. The net proceeds were used as disclosed below.

Details of the placing have been set out in the announcements of the Company dated 21 July 2022 and 5 August 2022 respectively.

The proposed use of net proceeds from the placing of new shares, and details of the original allocation of the net proceeds, and the utilization of the net proceeds as at 31 December 2022 are set below:

	<b>Intended use as stated in the announcements of the Company dated 21 July and 5 August 2022 <i>Approximately HK\$ (million)</i></b>	<b>Utilised amount for the year ended 31 December 2022 <i>Approximately HK\$ (million)</i></b>	<b>Unutilised amount as at 31 December 2022 <i>Approximately HK\$ (million)</i></b>
<b>Use of proceeds</b>			
The net proceeds from the share placing are intended to be used for			
– as to approximately HK\$15.9 million for the operation and development of the Group’s consumer goods business	15.9	10.9	5.0
– as to the remaining balance of approximately HK\$4.7 million for the general working capital of the Group	4.7	4.7	–
	<u>20.6</u>	<u>15.6</u>	<u>5.0</u>
<b>Total</b>	<b><u>20.6</u></b>	<b><u>15.6</u></b>	<b><u>5.0</u></b>

As at 31 December 2022, the net proceeds of HK\$15.6 million raised have been utilised as intended for the year ended 31 December 2022. There was unutilized proceeds of HK\$5.0 million as at 31 December 2022. There is no material change between the intended use of proceeds and the actual use of proceeds.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 December 2022 (31 December 2021: nil).

## **CAPITAL COMMITMENTS**

The Group had no significant outstanding capital commitment as at 31 December 2022 (31 December 2021: nil).

## **DIVIDEND**

The Directors do not recommend any payment of final dividend for the year ended 31 December 2022 (31 December 2021: nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2022.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises two executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Listing Rules. During the year ended 31 December 2022 and up to the date of this announcement, the Company has complied with the code provisions under the CG Code.

The Company periodically reviews its corporate governance practices to ensure that it continues to meet the requirements under the Code Provisions.

## **COMPLIANCE WITH MODEL CODE**

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2022.



## **SCOPE OF WORK OF KTC PARTNERS CPA LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the FY2022 have been agreed by the Group's auditors, KTC Partners CPA Limited, to the amounts as set out in the Group's consolidated financial statements for the FY2022. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on the preliminary announcement.

## **CAPITAL EXPENDITURE, MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS**

The Group had no material capital expenditure, material investment, acquisition and disposal transactions during the year ended 31 December 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year ended 31 December 2022.

## **AUDIT COMMITTEE**

The primary responsibilities of the audit committee of the Company (the "Audit Committee") are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee currently consists of three members, namely, Mr. Cheung Ting Pong, Mr. Zhen Jian and Ms. Zhao Hongqin, all of whom are independent non-executive Directors. Mr. Cheung Ting Pong currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed with senior management of the Group, this announcement, the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of Group's consolidated financial statements for the FY2022.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hopelife.hk](http://www.hopelife.hk)) and the Company's annual report for FY2022 will be despatched to the shareholders of the Company and published on the Stock Exchange's and the Company's websites on or before 30 April 2023.

By order of the Board  
**Hope Life International Holdings Limited**  
**LIANG Zhichao**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. LIANG Zhichao and Ms. CHEN Wuyou as executive Directors; and Mr. CHEUNG Ting Pong, Mr. ZHEN Jian and Ms. ZHAO Hongqin as independent non-executive Directors.*