

杭品生活科技股份有限公司

HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

(Incorporated in Bermuda with limited liability 於百慕達註冊成立之有限公司)

股份代號 Stock Code :1682



中期報告
Interim Report

2020/21



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Kai Yeung (*Chief Executive Officer*)

Mr. Situ Shilun (*Chief Operation Officer*)

Mr. Zhi Hua (*Chairman*)

(*Retired on 31 July 2020*)

Independent Non-Executive Directors

Mr. Chau On Ta Yuen

Dr. Lam Lee G.

Mr. Chan Kin

AUDIT COMMITTEE

Dr. Lam Lee G. (*Chairman*)

Mr. Chau On Ta Yuen

Mr. Chan Kin

REMUNERATION COMMITTEE

Mr. Chau On Ta Yuen (*Chairman*)

Dr. Lam Lee G.

Mr. Chan Kin

Mr. Zhi Hua

(*Retired on 31 July 2020*)

NOMINATION COMMITTEE

Mr. Chan Kin (*Chairman*)

(*Appointed on 31 July 2020*)

Mr. Chau On Ta Yuen

Dr. Lam Lee G.

Mr. Zhi Hua (*Chairman*)

(*Retired on 31 July 2020*)

COMPANY SECRETARY

Mr. Lam Kai Yeung

AUTHORISED REPRESENTATIVES

Mr. Lam Kai Yeung

Mr. Situ Shilun

LEGAL ADVISERS AS TO HONG KONG LAW

Paul Hastings

Chungs Lawyers in association with

DeHeng Law Offices

AUDITOR

Elite Partners CPA Limited

PRINCIPAL BANKER

Bank of East Asia

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Chiyu Banking Corporation Ltd

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM 08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2101, 21/F., China Merchants Tower

Shun Tak Centre

No. 168-200 Connaught Road Central

Hong Kong

STOCK CODE

1682

COMPANY WEBSITE

<http://www.hk01682.com>

Management Discussion and Analysis

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2020 (the **"Reporting Period"**).

BUSINESS REVIEW

The Group is principally engaged in (i) garment sourcing; and (ii) provision of financial services.

(i) Garment Sourcing

During the Reporting Period, the global economic growth had contracted significantly. As affected by the Sino-US trade disputes, the trading atmosphere had remained tense and the international policy had been highly uncertain. The increasing trade barriers, which coupled with the outbreak of COVID-19 pandemic and faster-than-expected economic contraction in certain major economies, constituted the continuous weakening of business confidence and the dampening of consumer's sentiments. In Mainland China, the economy first contracted and then rebounded. As impacted by negative factors such as the COVID-19 pandemic, consumption and investment need decreased, supply chains were disturbed, economic activities were greatly reduced and market confidence was damaged. As a result, the operating performance of retailers was adversely affected, especially for those engaged in the trading of non-daily necessities, such as apparel products. Some retailers even had to shut down their large retail stores and to realise their real assets as they are plunged into liquidity crisis. Facing the unfavorable market conditions resulted from the undesirable business environment, wholesalers are also cautious in placing orders. In addition, attributed to the increasing popularity of online shopping, customers have significantly higher expectation on speediness, quality and pricing of products and services, which also posed challenges to our business. In Hong Kong, the operating atmosphere of the Group deteriorated materially in the midst of the outbreak of COVID-19 pandemic. As affected by such, part of the Group's business also suffered a serious setback, 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.

Management Discussion and Analysis (Continued)

(ii) Provision of Financial Services

The Board from time to time reviews its existing operations and explores other business opportunities with a view to diversify the Group's 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 Board considers that the demand for financial services is significant and the industry is vibrant in both China and Hong Kong. The Board is of the view that 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.

Management Discussion and Analysis (Continued)

PROSPECTS

The International Monetary Fund (IMF) issued the latest “World Economic Outlook” in October 2020 and predicted that global economy will shrink by 4.4% in 2020, which increased by 0.8% comparing to its forecast in June 2020. China will be the only major economy in the world to realise positive growth. IMF emphasised that, there needs to be more cooperation between different international communities to drive a sustainable recovery of the global economy, and IMF forecasted that the global economy will hopefully grow by 5.2% in 2021. Here in Hong Kong, it is expected there will be a negative growth of 4% to 7% in the economy in 2020 because of the enduring effects of the pandemic and no sign of Guangdong-Hong Kong-Macao Quarantine-free arrangement in the short term.

Notwithstanding the signing of the “Phase 1” agreement between the world’s two largest economies, and the end of the U.S. Election, yet it might be too soon to declare an all-clear on the impact of political front. The Sino-United States conflicts go beyond trade and will remain even after the signing of the “Phase 1” agreement and in the “Phase 2” negotiations. Regarding impacts of the pandemic on supply chain, the Group understands that the production activities of our suppliers are not severely impacted by the pandemic and the recovery is beyond expectation, and therefore, we are not expecting a delay in supply chain.

The Regional Comprehensive Economic Partnership which covers one-third of aggregated value of the global economy has been signed recently and it is generally believed that the Partnership will be beneficial to the global economy. However, the situation of COVID-19 around the world is getting more serious and vaccine is said to be launched to the public in April next year. The Group is cautious about the outlook of business in 2020. At present, the Group is closely monitoring the market conditions and assessing the operational and financial impacts of the pandemic to the Group. Looking forward, global monetary policy easing should tend to incentivise investment, production and consumption and vaccine will be launched to control the pandemic. 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.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

During the Reporting Period, revenue of the Group amounted to approximately HK\$63,683,000 (2019: approximately HK\$59,725,000); revenue from garment sourcing amounted to approximately HK\$62,758,000, representing an increase of approximately 10.17% (2019: approximately HK\$56,963,000); revenue from provision of financial services amounted to approximately HK\$925,000, representing a decrease of approximately 66.51% (2019: approximately HK\$2,762,000), mainly due to the disposal of the P2P financing business. Gross profit margin of garment sourcing was approximately 1.96%, representing a decrease of approximately 0.56% (2019: approximately 2.52%). Other income amounted to approximately HK\$1,709,000 (2019: approximately HK\$576,000), which was mainly attributable to the gain on investment corporate bonds. Foreign exchange loss amounted to approximately HK\$103,000 (2019: approximately HK\$1,519,000), mainly due to the depreciation of US\$ during the Reporting Period. Selling and distribution costs nil (2019: approximately HK\$1,002,000), mainly due to the decrease of advertising and promotion costs. Administrative expenses amounted to approximately HK\$5,793,000, representing a decrease of approximately 19.56% (2019: approximately HK\$7,202,000), mainly as a result of stringent control on costs of the Group. Due to the aforesaid reasons, the loss for the year attributable to owners of the Company amounted to approximately HK\$2,059,000 (2019: approximately HK\$5,742,000).

Liquidity and Financial Resources

As at 30 September 2020, the Group had total assets of approximately HK\$130,963,000 (at 31 March 2020: approximately HK\$111,736,000) (including cash and cash equivalent of approximately HK\$26,968,000 (at 31 March 2020: approximately HK\$21,736,000)) which were financed by current liabilities of approximately HK\$37,927,000 (at 31 March 2020: approximately HK\$16,842,000), non-current liabilities of approximately HK\$130,000 (at 31 March 2020: approximately HK\$239,000) and shareholders' equity of approximately HK\$92,906,000 (at 31 March 2019: approximately HK\$94,655,000).

The Group generally services its debts primarily through cash generated from its operations. As at 30 September 2020, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 2.14:1 (as at 31 March 2020:4.91:1). The gearing ratio of the Group, based on total debts (including lease liabilities) over total equity, was 1.46% (as at 31 March 2020: 0.94%), which was at a healthy level. The Group also approaches other investors, especially strategic investors to invest in the Company, hoping to bring in more funds. Therefore, the Directors believe that the Group has sufficient fund for developing existing business.

Management Discussion and Analysis (Continued)

Treasury Policy

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

Foreign Exchange and Risk Management

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

Foreign exchange risks arising from trading in different currencies can be managed by the Group through the use of foreign exchange hedge contracts. Pursuant to the Group's current policy, foreign exchange hedge contracts or any other financial derivatives contracts can be entered into by the Group for hedging purpose. The Group had not entered into any financial derivative contract during the Reporting Period and there was no outstanding financial derivative contract as at 30 September 2020.

Capital Expenditure and Commitments

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

As at 30 September 2020, the Group had no commitment (as at 31 March 2020: Nil) in respect of acquisition of new machineries and no significant capital commitments.

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

Charges on Assets

As at 30 September 2020, the Group had no pledged assets (at 31 March 2020: Nil).

Management Discussion and Analysis (Continued)

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 September 2020 (at 31 March 2020: Nil).

Important Events Affecting the Group after the Reporting Period

On 6 October 2020, Golden Maximum Finance Limited (the “**Lender**”), a wholly-owned subsidiary of the Company, entered into a facility agreement with a borrower, pursuant to which the Lender agreed to provide to the borrower a revolving loan facility of up to HK\$20,000,000. For further details, please refer to the announcement of the Company dated 6 October 2020.

Save as disclosed above, there were no other important events affecting the Group since 30 September 2020 and up to the date of this report.

Significant Investments, Material Acquisitions and Disposals

For the six months ended 30 September 2020, save as disclosed in this report, there were no material investments, material acquisition and disposal of subsidiaries, associates and joint ventures by the Group.

Employee Information

As at 30 September 2020, the Group employed approximately 9 employees (excluding the Directors). The Group offers its employees competitive remuneration schemes which are generally structured with reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on the Group's and the individual's performance. The Group incurred staff costs (excluding Directors' remuneration) of approximately HK\$1,257,000 for the six months ended 30 September 2020. The Group encourages its staff to attend training courses which can achieve self-improvement and enhance their skill and knowledge.

The Company maintains the Share Option Scheme, pursuant to which share options may be granted to selected eligible participants including employees of the Group, with a view to providing those eligible participants with appropriate incentive to contribute to the success of the Group.

As at 30 September 2020, there were a total of 20,768,000 outstanding share options under the Share Option Scheme. During the Reporting Period, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme.

Other Disclosures

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) which were required to be notified to the Group and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity in which interests are held	Number of shares held and class of securities	Number of shares held under equity derivatives <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Lam Kai Yeung	Beneficial owner		5,192,000 (L) <i>(Note 2)</i>	0.79%*

* The percentage has been calculated based on 655,927,000 issued Shares as at 30 September 2020.

Notes:

1. The letter "L" denotes the Directors' long position in the Shares.
2. It represents 5,192,000 share options granted on 16 January 2018 pursuant to the Share Option Scheme on 2 June 2010 and are exercisable at the price of HK\$0.854 per share, and a ten years validity period from 16 January 2018.

Save as disclosed above in this report, as at 30 September 2020, none of the Directors nor the chief executive of the Group had any interests or short positions in the Shares and underlying shares of the Group or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Group and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Group and the Stock Exchange.

Other Disclosures (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executive of the Company) had interests or short positions in the Shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of shares held and class of securities (Note 1)	Approximate percentage of shareholding
Rosy Lane International Limited	Beneficial owner	322,409,404 Shares (L) (Note 2)	49.15%*
Mr. Zhi Hua	Interest of controlled corporation	322,409,404 Shares (L) (Note 2)	49.15%*
Mr. Ng Leung Ho	Beneficial owner	103,950,000 Shares (L) (Note 3)	15.85%*
Mr. Ng Tsze Lun	Beneficial owner	50,173,000 Shares (L)	7.65%*
Ms. Yau Yuk Chun Carole	Interest of spouse	50,173,000 Shares (L) (Note 4)	7.65%*

* The percentage has been calculated based on 655,927,000 issued Shares as at 30 September 2020.

Notes:

- The letter "L" denotes the individual's or the corporation's long position in the Shares.
- Rosy Lane International Limited is a company incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned by Mr. Zhi Hua. Mr. Zhi Hua is deemed to be interested in such Shares held by Rosy Lane International Limited under SFO.
- Apart from 103,950,000 Shares of the Company, there are also 322,326,500 Shares of the Company charged to Mr. Ng Leung Ho under a share charge as security for a loan from Bloom Dragon Finance Limited. Bloom Dragon Finance Limited is owned as to 50% by Mr. Ng Chi Lung and 50% by Good Fellow Group Limited. Good Fellow Group Limited is owned as to 99.99% by Hillbrow Securities Limited.
- Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun. Under the SFO, Ms. Yau Yuk Chun Carole is deemed to be interested in the same number of shares in which Mr. Ng Tsze Lun is interested.

Other Disclosures (Continued)

Save as disclosed above, as at 30 September 2020, there was no other person who was recorded in the register of the Group as having interests or short positions in the Shares or underlying shares of the Group which would fall to be disclosed to the Group under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Group, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010. The annual general meeting held on 28 September 2018 approved the refreshment of the scheme limit under the Share Option Scheme of the Company. 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. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption.

Details of the share options of the Company granted, exercised, lapsed and cancelled during the Reporting Period were as follows:

Name of Grantee	Date of grant	Exercise price (HK\$/per share)	Exercise period	Vesting period	Number of options			
					Outstanding at 31 March 2020	Exercised during the period	Lapsed/cancelled during the period	Outstanding at 30 September 2020
Directors								
Mr. Lam Kai Yeung	16/01/2018	0.854	16/01/2018- 15/01/2028	16/01/2018- 15/01/2028	5,192,000	-	-	5,192,000
Others								
Other participants in aggregate	16/01/2018	0.854	16/01/2018- 15/01/2028	16/01/2018- 15/01/2028	15,576,000	-	-	15,576,000

Other Disclosures (Continued)

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions (the “**Code Provisions**”) under the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Lam Lee G. (chairman), Mr. Chau On Ta Yuen and Mr. Chan Kin. The Audit Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2020 including the accounting principles and practices adopted by the Group and this report.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Chan Kin (chairman), Mr. Chau On Ta Yuen and Dr. Lam Lee G.. Mr. Zhi Hua retired as the chairman of Nomination Committee on 31 July 2020 and was replaced by Mr. Chan Kin. The Nomination Committee was established on 19 March 2012 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Nomination Committee can be found in the websites of the Stock Exchange and the Company.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Chau On Ta Yuen (chairman), Dr. Lam Lee G. and Mr. Chan Kin. Mr. Zhi Hua retired as a member of Remuneration Committee on 31 July 2020. The Remuneration Committee was established by the Board on 8 September 2010 and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Remuneration Committee can be found in the websites of the Stock Exchange and the Company.

Other Disclosures (Continued)

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as set out below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Dr. Lam Lee G. ("Dr. Lam")

Save as disclosed in the 2020 annual report of the Company, on 2 July 2020, Dr. Lam re-designated as an independent non-executive director from non-executive director of Alset International Limited (formerly known as Singapore eDevelopment Limited, Stock Code: 40V), a listed company on the Singapore Exchange.

Other Disclosures (Continued)

APPRECIATION

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

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

On behalf of the Board

Hang Pin Living Technology Company Limited

Lam Kai Yeung

Chief Executive Officer and Executive Director

Hong Kong, 27 November 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	NOTES	For the six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	63,683	59,725
Cost of sales		(61,530)	(56,295)
Gross profit		2,153	3,430
Other income	4	1,709	576
Net foreign exchange loss		(103)	(1,519)
Selling and distribution costs		–	(1,002)
Administrative and operating expenses		(5,793)	(7,202)
Finance costs		(25)	(25)
Loss before tax		(2,059)	(5,742)
Income tax expense	5	–	–
Loss and total comprehensive expense for the period attributable to owners of the Company	6	(2,059)	(5,742)
Loss per share	8		
Basic (<i>HK cents</i>)		(0.31)	(0.88)
Diluted (<i>HK cents</i>)		(0.31)	(0.88)

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	NOTES	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Non-current assets			
Plant and equipment	9	10,323	10,850
Right-of-use assets		14,102	14,302
Loan and loan interest receivables	10	25,295	–
Amount due from a former subsidiary		–	3,972
		49,720	29,124
Current assets			
Trade receivables	11	35,135	54,118
Deposits, prepayments and other receivables		594	741
Amount due from a former subsidiary		3,972	–
Financial asset at fair value through profit or loss		14,574	6,017
Bank balances and cash		26,968	21,736
		81,243	82,612
Current liabilities			
Trade payables	12	34,449	14,151
Other payables, accruals and contract liabilities		1,052	837
Tax payable		1,200	1,200
Lease liabilities		1,226	654
		37,927	16,842
Net current assets		43,316	65,770
Total assets less current liabilities		93,036	94,894
Non-current liabilities			
Lease liabilities		130	239
Net assets		92,906	94,655
Capital and reserves			
Share capital	13	6,559	6,559
Reserves		86,347	88,096
Total equity		92,906	94,655

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note i)	Share option reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	6,559	101,350	18,787	1,058	(1,393)	(9,816)	116,545
Recognition of equity-settled share-based payments	-	-	-	412	-	-	412
Loss and total comprehensive expense for the period	-	-	-	-	-	(5,742)	(5,742)
At 30 September 2019 (unaudited)	6,559	101,350	18,787	1,470	(1,393)	(15,558)	111,215
At 1 April 2020 (audited)	6,559	101,350	18,787	1,811	(137)	(33,715)	94,655
Recognition of equity-settled share-based payments	-	-	-	310	-	-	310
Loss and total comprehensive expense for the period	-	-	-	-	-	(2,059)	(2,059)
At 30 September 2020 (unaudited)	6,559	101,350	18,787	2,121	(137)	(35,774)	92,906

Note (i): The special reserve represents (a) the reserve arising from a previous group reorganisation; and (b) cancellation of share premium, less special dividend in prior years.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash generated from operating activities	12,906	12,631
Net cash (used in)/generated from investing activities:		
Interest income	2	84
Purchase of financial asset at fair value through profit or loss	(7,176)	–
Payments of right-of-use assets	(938)	–
Cash flow from disposal of subsidiaries	–	7,004
	(8,112)	7,088
Net cash generated from/(used in) financing activities:		
Payment of lease liabilities	(500)	(174)
New lease entered	938	–
	438	(174)
Net increase in cash and cash equivalents	5,232	19,545
Exchange alignment	–	1,115
Cash and cash equivalents at beginning of the period	21,736	3,705
Cash and cash equivalents at end of the period, represented by bank balances and cash	26,968	24,365

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange goods.

Except described below, the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

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

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

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

3. SEGMENT INFORMATION

Information reported internally to the directors of the Group (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

- garment sourcing
- provision of financial service

Segment revenues reported below represents revenue generated from external customers. There were no intersegment sales for both periods.

Segment result represents the profit/(loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, share based payment, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment revenues and results

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

For the six months ended 30 September 2020

	Garment sourcing HK\$'000	Provision of financial service HK\$'000	Total HK\$'000
Revenue	62,758	925	63,683
Segment results	(82)	923	841
Unallocated other revenue and gains			1,706
Unallocated administrative and other expenses			(4,581)
Loss from operations			(2,034)
Finance costs			(25)
Loss before tax			(2,059)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

3. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (continued)

For the six months ended 30 September 2019

	Garment sourcing HK\$'000	Provision of financial service HK\$'000	Total HK\$'000
Revenue	56,963	2,762	59,725
Segment results	385	(161)	224
Unallocated other revenue and gains			574
Unallocated administrative and other expenses			(6,515)
Profit from operations			(5,717)
Finance costs			(25)
Profit before tax			(5,742)

4. OTHER INCOME

	NOTES	For the six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000
Bank interest income		2	84
Government grant		324	–
Gain on disposal of subsidiaries	14	–	492
Gain arising on change in fair value of financial assets at fair value through profit or loss		1,383	–
		1,709	576

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

5. INCOME TAX EXPENSE

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

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

6. LOSS FOR THE PERIOD

	For the six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Loss for the period has been arrived at after charging/(crediting):		
Directors' remuneration	1,288	1,245
Other staff costs	1,257	2,583
Total staff costs	2,545	3,828
Cost of inventories sold	61,530	55,528
Depreciation of right-of-use assets	1,138	137
Depreciation of plant and equipment	527	289
Allowance for ECLs, net	127	216
Interest income (included in other income)	(2)	(84)
Government grant (included in other income)	(324)	-

7. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period (six months ended 30 September 2019: Nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(2,059)	(5,742)

	For the six months ended 30 September	
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	655,927,000	655,927,000

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

9. PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group disposed of plant and equipment of approximately HK\$nil (six months ended 30 September 2019: HK\$446,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

10. LOAN AND LOAN INTEREST RECEIVABLES

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Loan and loan interest receivables (current not past due)		
– Principal	25,000	–
– Interest	295	–
Less: Loss allowance for ECLs	–	–
	25,295	–

The loan receivable as at 30 September 2020 was interest-bearing at 10% per annum, available for drawdown for the period of 3 years commencing on 18 May 2020 and contain a repayment on demand clause, guaranteed by independent third party.

11. TRADE RECEIVABLES

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

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Trade receivables	35,135	54,118
Less: Allowance for ECLs	–	–
	35,135	54,118

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
0 – 30 days	14,643	23,871
31 – 60 days	10,675	14,433
61 – 90 days	9,817	15,814
	35,135	54,118

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

12. TRADE PAYABLES

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
0 – 60 days	24,823	14,151
61 – 90 days	9,626	–
	34,449	14,151

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each Authorised:		
At 1 April 2019, 31 March 2020 and 30 September 2020	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 30 September 2020	655,927,000	6,559

All shares rank pari passu in all respects.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2020

14. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2019, the Group disposed of 杭州華之贏投資管理有限公司 and its subsidiaries (the “**Disposal Group**”) which carried out P2P financing business.

Analysis of assets and liabilities over which the Group lost control:

Disposal Group

	HK\$'000
Non-current assets	
Goodwill	1,606
Plant and equipment	5,853
	7,459
Current assets	
Prepayments and other receivables	835
Tax recoverable	9
Bank balances and cash	436
	1,280
Current liabilities	
Other payables	(390)
Amount due to former subsidiaries	(1,193)
	(1,583)
Net assets disposed of	7,156
Exchange difference	(208)
Consideration received	7,440
Gain on disposal	492

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

The significant events took place subsequent to the end of the reporting period is as follows:

On 6 October 2020, the Group entered into a facility agreement with the borrower to provide to a revolving loan facility of up to HK\$20,000,000 to the borrower (the “**Loan**”). The Loan is interest bearing at 10% per annum and available for drawdown for the period of 2 years commencing on 6 October 2020 and contain a repayment on demand clause.

Glossary

Abbreviation	Definition
Audit Committee	audit committee of the Group established by the Board on 8 September 2010 with written terms of reference, as amended from time to time
Board	the board of Directors
Company	Hang Pin Living Technology Company Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Nomination Committee	nomination committee of the Group established by the Board on 19 March 2012 with written terms of reference, as amended from time to time
PRC	the People's Republic of China, which for the purpose of this report excludes Hong Kong, Macau and Taiwan

Glossary (Continued)

Abbreviation	Definition
Remuneration Committee	remuneration committee of the Group established by the Board on 8 September 2010 with written terms of reference, as amended from time to time
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Share(s)	ordinary share(s) of HK\$0.01 each in the share capital of the Company
Share Option Scheme	share option scheme conditionally adopted by the Company on 2 June 2010 which became effective upon the Shares were listed on the Stock Exchange on 5 October 2010
Shareholder(s)	holder(s) of the Share(s) in issue
Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$	United States dollars, the lawful currency of the United States of America
%	per cent

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