

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

Interim Report

2021/22

中期報告



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Mr. Situ Shilun (*Chief Operation Officer*)

Independent Non-Executive Directors

Dr. Lam Lee G.

Mr. Chan Kin

Mr. Chau Chi Yan Benny

(*Appointed on 16 April 2021*)

Mr. Chau On Ta Yuen

(*Resigned on 12 April 2021*)

AUDIT COMMITTEE

Dr. Lam Lee G. (*Chairman*)

Mr. Chan Kin

Mr. Chau Chi Yan Benny

(*Appointed on 16 April 2021*)

Mr. Chau On Ta Yuen

(*Resigned on 12 April 2021*)

REMUNERATION COMMITTEE

Mr. Chau Chi Yan Benny (*Chairman*)

(*Appointed on 16 April 2021*)

Dr. Lam Lee G.

Mr. Chan Kin

Mr. Chau On Ta Yuen (*Chairman*)

(*Resigned on 12 April 2021*)

NOMINATION COMMITTEE

Mr. Chan Kin (*Chairman*)

Dr. Lam Lee G.

Mr. Chau Chi Yan Benny

(*Appointed on 16 April 2021*)

Mr. Chau On Ta Yuen

(*Resigned on 12 April 2021*)

COMPANY SECRETARY

Ms. Huang Huajuan

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

Bank of China (Hong Kong) Limited

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 2021 (the “**Reporting Period**”).

BUSINESS REVIEW

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

(i) Garment Sourcing

During the Reporting Period, the efforts and effect of the global vaccination programs has been felt. It created a more favorable operating conditions which in turn steadily improved the performance of retailers. In addition, online shopping becomes more and more popular. The pandemic has fueled the growth of the “stay-at-home” economy and further driven 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 the business of the Group. In Mainland China, in the first quarter of 2021, economy grew a record of 18.3% growth year-on-year, but slowed down to 7.9% in second quarter of 2021. The growth of total retail sales of consumer goods has also shown signs of slowing down in the second quarter of 2021. The overall industry was still struggling and increased sales and promotional efforts were still necessary. Worse still, the apparel and allied industry has yet to catch up with the overall retail recovery. Here in Hong Kong, the COVID-19 pandemic was basically under control. Yet the shopping sentiment was still damp. Although improvement can be seen since the second half of 2021, market conditions was unable to restore to their pre-pandemic levels. As affected by such, part of the Group’s business performance was still out of expectation, 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 Group from time to time reviews its existing operations and explores other business opportunities with a view to diversify its business. The Group has been engaged in the provision of financial services which includes asset management, finance lease, pawn and money lending business since 2018. Against this backdrop, the Group has been focusing on accelerating its strategic plan in the China and Hong Kong market, further enriching its financial product offerings and enhancing its financial service system, with an aim to rapidly enhance its business scale and seize the China and Hong Kong market. The Group considers that the demand for financial services is significant, and the industry is vibrant in both China and Hong Kong. These 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 AND DEVELOPMENT PLAN

The International Monetary Fund (IMF) issued the latest “World Economic Outlook” in October 2021. The global economy is projected to grow at 5.9% in 2021 and 4.9% in 2022, 0.1 percentage point lower for 2021 than its July forecast and China was predicted to grow at 8% and 5.6% in 2021 and 2022 respectively. The downward revision for 2021 reflects a downgrade for advanced economies — in part due to supply disruptions — and for low-income developing countries, largely due to the worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Rapid spread of Delta variant of COVID-19 and the threat of new variants have increased uncertainty when the pandemic could be overcome. Policy choices have become more difficult, with limited room to maneuver.

Regarding Mainland China, thanks to appropriate preventive and control measures, the pandemic has consistently been kept in check despite intermittent outbreaks. To take advantage of the normalised economic activities that ensued, the Group will develop its garment sourcing business in China Mainland mainly by enhancing product quality and streamlining sales channels.

Here in Hong Kong, economic recovery became more entrenched in the third quarter, with real GDP expanding further by 5.4% year-on-year alongside the continued revival of global economic activity and stable local epidemic situation. Exports of goods sustained notable year-on-year growth in the third quarter, while consumption-related activities revived further. Improving employment and income conditions, together with the Consumption Voucher Scheme, should remain supportive to consumption-related sectors in the near term and the global economic recovery should render further support to Hong Kong's merchandise exports. However, inbound tourism remained virtually frozen, posing a constraint on the pace of economic recovery.

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, the Group is not expecting a delay in supply chain.

Looking ahead, the pandemic development especially the threat of the more infectious variants, together with supply bottlenecks in many economies, will continue to pose downside risks to the global economic outlook. Moreover, the surge in energy prices and elevated inflation pressures in the US and Europe have cast uncertainties over the future course of major central banks' monetary policies. Developments in China-US relations and geopolitical tensions also require attention. In light of such economic and business challenges, the Group has adjusted its business model which reduced both inventory pressure and operating costs so as to enhance the Group's competition advantage. The Group will endeavor to raise the level of operations for our two principal businesses and will endeavor to search for new business opportunities and expand profit channels with the goal to strive for greater returns for Shareholders.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

During the Reporting Period, revenue of the Group amounted to approximately HK\$59,539,000 (2020: approximately HK\$63,683,000); revenue from garment sourcing amounted to approximately HK\$57,283,000, representing a decrease of approximately 8.72% (2020: approximately HK\$62,758,000); revenue from provision of financial services amounted to approximately HK\$2,256,000, representing an increase of approximately 143.89% (2020: approximately HK\$925,000), mainly due to expansion of loan business. Gross profit margin was approximately 5.48%, representing an increase of approximately 3.38% (2020: approximately 2.10%). Other income amounted to approximately HK\$798,000 (2020: approximately HK\$1,709,000), which was mainly attributable to the interest income from financial assets at FVTPL. Foreign exchange loss amounted to approximately HK\$156,000 (2020: approximately HK\$103,000), mainly due to the fluctuation of RMB exchange rate during the Reporting Period. Selling and distribution costs amounted to approximately HK\$86,000 (2020: nil), mainly due to the commencement of business of our wholly owned subsidiary in the PRC. Administrative expenses amounted to approximately HK\$5,430,000, representing a decrease of approximately 6.27% (2020: approximately HK\$5,793,000), mainly due to stringent control on administrative costs of the Group. Due to the aforesaid reasons, the loss for the year attributable to owners of the Company amounted to approximately HK\$1,616,000 (2020: approximately HK\$2,059,000).

Liquidity and Financial Resources

As at 30 September 2021, the Group had total assets of approximately HK\$145,983,000 (as at 31 March 2021: approximately HK\$126,662,000) (including cash and cash equivalent of approximately HK\$33,724,000 (as at 31 March 2021: approximately HK\$15,243,000)) which were financed by current liabilities of approximately HK\$38,925,000 (as at 31 March 2021: approximately HK\$18,397,000) and shareholders' equity of approximately HK\$107,058,000 (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 30 September 2021, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 2.58:1 (as at 31 March 2021: 3.76:1). The gearing ratio of the Group, based on total debts (including lease liabilities) over total equity, was 0.04% (as at 31 March 2021: 0.10%), 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 2021.

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 2021, the Group had no commitment (as at 31 March 2021: Nil) in respect of acquisition of new machineries and no significant capital commitments.

Save as disclosed in this report, the Group had no plan for any material investments or capital assets as at 30 September 2021.

Charges on Assets

As at 30 September 2021, the Group had no pledged assets (as at 31 March 2020: Nil).

Management Discussion and Analysis (Continued)

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 September 2021 (as at 31 March 2021: Nil).

Significant Investments Held

The information of the Group's significant investments held as at 30 September 2021 is as follow:

Listed equity securities in Hong Kong

Stock code	Name of investment	Nature of investment	Number of shares	% of total share capital	Investment cost	Fair value as at 30 September 2021	% of fair value to the Group's total assets as at 30 September 2021	Realised	Unrealised	Dividend
								gain/(loss) during the Reporting Period	gain/(loss) during the Reporting Period	received during the Reporting Period
					HK\$'000	HK\$'000				
								HK\$'000	HK\$'000	HK\$'000
0883	CNOOC Limited (Note 1)	Investment in shares	800,000	0.0018	6,511	6,960	4.77	318 (Note 3)	449	225
0941	China Mobile Limited (Note 2)	Investment in shares	230,000	0.0011	11,650	10,799	7.40	-	(851)	458

Note Issuer	Place of Listing of note	Principal	Cost	Market value as at 30 September 2021	Realised gain/(loss) during the Reporting Period	Unrealised gain/(loss) during the Reporting Period	Yield per annum	Maturity date	Interest received during the Reporting Period	% of market value to the Group's total assets as at
										30 September 2021
			HK\$'000	HK\$'000	HK\$'000	HK\$'000				30 September 2021
Redco Properties Group Limited (Note 4)	Singapore Exchange Securities Trading Limited	7,800	7,549	7,420	-	(129)	11%	6 August 2022	43	5.08

Management Discussion and Analysis (Continued)

Notes:

1. *CNOOC Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in the exploration, development, production and sale of crude oil and natural gas.*
2. *China Mobile Limited is a company incorporated in Hong Kong with limited liability and is a leading provider of mobile telecommunications and related services in Mainland China.*
3. *During the period from 27 September 2021 to 28 September 2021, the Group disposed on the open market a total of 700,000 CNOOC Limited shares and recognized a gain of approximately HK\$318,000.*
4. *Redco Properties Group Limited is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 1622) and is principally engaged in property development, property management services, property investment, project management services and healthcare services in Mainland China.*

For details, please refer to the announcements of the Company dated 31 July 2020, 23 March 2021 and 28 September 2021.

The Directors believe that significant investments held by the Group are of low risk and stable return. The Group will continue to maintain such investment style and strategy and diversify our investment in stable return generating investment in order to improve our capital efficiency.

Important Events Affecting the Group after the Reporting Period

On 22 October 2021, the Company acquired the notes issued by Redco Properties Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 1622), in the principal amount of US\$1 million (equivalent to approximately HK\$7.80 million) in the secondary market at an aggregated consideration of US\$699,500 (equivalent to approximately HK\$5.456 million). The acquired notes will mature on 6 August 2022 with an interest rate of 11% per annum. The interest will be paid on 6 February 2022 and 6 August 2022. For more details, please refer to the announcement of the Company dated 25 October 2021.

Save as disclosed in this report, there were no other important events affecting the Group since 30 September 2021 and up to the date of this report.

Material Acquisitions and Disposals

For the six months ended 30 September 2021, save as disclosed in this report, there were no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group.

Employee Information

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\$1,809,000 for the Reporting Period. The Group encourages its staff to attend training courses which can achieve self-improvement and enhance their skill and knowledge.

Other Disclosures

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: Nil).

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

As at 30 September 2021, 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 (Note 1)	Approximate percentage of shareholding
Mr. Lam Kai Yeung	Beneficial owner	–	5,192,000 (L) (Note 2)	0.66%*

* The percentage has been calculated based on 785,927,000 issued Shares as at 30 September 2021.

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-year validity period from 16 January 2018.

Save as disclosed above in this report, as at 30 September 2021, 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 2021, 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 and 3)	41.02%*
Mr. Zhi Hua	Interest of controlled corporation	322,409,404 Shares (L) (Note 2 and 3)	41.02%*
Mr. Ng Leung Ho	Beneficial owner	103,950,000 Shares (L) (Note 3)	13.23%*
Mr. Ng Tsze Lun	Beneficial owner	50,173,000 Shares (L)	6.38%*
Ms. Yau Yuk Chun Carole	Interest of spouse	50,173,000 Shares (L) (Note 4)	6.38%*

* The percentage has been calculated based on 785,927,000 issued Shares as at 30 September 2021.

Notes:

- The letter "L" denotes the individual's or the corporation's long position in the Shares.
- Rosy Lane International Limited ("**Rosy Lane International**") 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 under SFO.
- As at 30 September 2021, apart from 103,950,000 Shares of the Company, there are also 322,326,500 Shares of the Company held by Rosy Lane International charged to Mr. Ng Leung Ho under a share charge as security for a loan from Bloom Dragon Finance Limited ("**Bloom Dragon Finance**"). Bloom Dragon Finance 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. On 27 October 2021 Bloom Dragon Finance placed all Shares of the Company held by Rosy Lane International to 11 parties and, Rosy Lane International no longer holds any Share. Accordingly, each of Rosy Lane International and Mr. Zhi Hua has ceased to be a controlling shareholder of the Company.
- 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 2021, 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.

As at 30 September 2021, there were a total of 20,768,000 outstanding share options under the Share Option Scheme. During the Reporting Period, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. Details of the share options of the Company were as follows:

Name of Grantee	Date of grant	Exercise price (HK\$/share)	Exercise period	Vesting period	Number of options			
					Outstanding at 31 March 2021	Exercised during the Reporting Period	Lapsed/ cancelled during the period	Outstanding at 30 September 2021
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 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 on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. No significant deficiency was identified under the latest review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Lam Lee G. (chairman), Mr. Chan Kin and Mr. Chau Chi Yan Benny. Mr. Chau Chi Yan Benny was appointed as a member of the Audit Committee on 16 April 2021 to replace Mr. Chau On Ta Yuen, who resigned on 12 April 2021. 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 2021 including the accounting principles and practices adopted by the Group and this report.

Other Disclosures (Continued)

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Chan Kin (chairman), Dr. Lam Lee G. and Mr. Chau Chi Yan Benny. Mr. Chau Chi Yan Benny was appointed as a member of the Nomination Committee on 16 April 2021 to replace Mr. Chau On Ta Yuen, who resigned on 12 April 2021. The Nomination Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Nomination Committee can be found 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 Chi Yan Benny (chairman), Dr. Lam Lee G. and Mr. Chan Kin. Mr. Chau Chi Yan Benny was appointed as the chairman of the Remuneration Committee on 16 April 2021 to replace Mr. Chau On Ta Yuen, who resigned on 12 April 2021. The Remuneration Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Remuneration Committee can be found in the websites of the Stock Exchange and the Company.

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business is mainly conducted by the subsidiaries of the Company in Hong Kong, the United States and the PRC, and the Company itself is listed on the Stock Exchange. To the best knowledge of the Directors 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.

Other Disclosures (Continued)

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 2021 annual report of the Company, Dr. Lam was appointed as an independent non-executive director of Huarong International Financial Holdings Limited (Stock Code: 993) on 1 September 2021 and a non-executive director of on Hong Kong Aerospace Technology Group Limited (Stock Code: 1725) on 13 May 2021, the shares of all of which are listed on the Stock Exchange. Dr. Lam resigned as an independent non-executive director of Sunwah International Limited (Stock Code: SWH, a company listed on the Toronto Stock Exchange) on 30 June 2021 and retired from the board of each of Tianda Pharmaceuticals Limited (Stock Code: 455, a company listed on the Stock Exchange) on 26 August 2021 and Top Global Limited (Stock Code: BHO, a listed company on the Singapore Exchange and the privatization was completed on 17 August 2021) on 31 August 2021.

Mr. Lam Kai Yeung (“Mr. Lam”)

Save as disclosed in the 2021 annual report of the Company, Mr. Lam was appointed as a director of Sunway International Holdings Limited (Stock Code: 58) on 27 August 2021, and he will retire as the independent non-executive director of Holly Futures (Stock Code: 3678) on 23 December 2021, the shares of all of which are listed on the Stock Exchange.

USE OF PROCEEDS BROUGHT FORWARD FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 22 February 2021, to raise capital to meet any future development opportunities and obligation, broaden shareholders' base and the capital base of the Company, the Company and Kingston Securities Limited (the “**Placing Agent**”) entered into the placing agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best efforts basis, of up to 130,000,000 placing shares at the placing price of HK\$0.131 per placing share. The aggregate nominal value of the placing shares is HK\$1,300,000. On 4 March 2021, a total of 130,000,000 placing shares have been successfully placed by the Placing Agent to not less than six independent placees who are professional institutional or other investors at the placing price of HK\$0.131 per placing share pursuant to the terms and conditions of the placing agreement. The market price of the share was HK\$0.146 as at the date of the placing agreement.

Other Disclosures (Continued)

As set out in the announcements of the Company dated 22 February 2021 and 4 March 2021, the net proceeds, after deducting commission and other expenses of the placing, amounted to approximately HK\$16.63 million was generated from the placing of new shares. Approximately HK\$15.63 million of such proceeds was brought forward to the Reporting Period. The following table set forth details of the use of such proceeds and the Company's intended timetable for use of brought forward proceeds from the placing as at 30 September 2021:

Intended use of net proceeds	Allocation of net proceeds	Balance of net proceeds unutilised as at 31 March 2021	Amount of net proceeds utilised during the Reporting Period	Balance of net proceeds unutilised as at 30 September 2021	Intended timetable for use of the unutilised net proceeds
		<i>HK\$ in million</i>			
The development of the existing garment sourcing business, the provision of financial services business and general working capital	16.63	15.63	13.60	2.03	Before 31 March 2022

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, 26 November 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	NOTES	For the six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	59,539	63,683
Cost of sales		(56,279)	(61,530)
Gross profit		3,260	2,153
Other income	4	798	1,709
Net foreign exchange loss		(156)	(103)
Selling and distribution costs		(86)	–
Administrative and operating expenses		(5,430)	(5,793)
Finance costs		(2)	(25)
Loss before tax		(1,616)	(2,059)
Income tax expense	5	–	–
Loss and total comprehensive expense for the period attributable to owners of the Company	6	(1,616)	(2,059)
Loss per share	8		
Basic (<i>HK cents</i>)		(0.21)	(0.31)
Diluted (<i>HK cents</i>)		(0.21)	(0.31)

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	NOTES	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Non-current assets			
Plant and equipment		907	1,008
Right-of-use assets	9	231	12,220
Loan receivables	10	44,343	44,343
		45,481	57,571
Current assets			
Trade receivables	11	31,732	11,838
Deposits, prepayments and other receivables		9,868	18,029
Financial asset at fair value through profit or loss		25,178	23,801
Bank balances and cash		33,724	15,243
		100,502	69,091
Current liabilities			
Trade payables	12	31,241	11,606
Other payables, accruals and contract liabilities		3,436	2,478
Tax payable		4,203	4,200
Lease liabilities		45	113
		38,925	18,397
Net current assets		61,577	50,694
Net assets		107,058	108,265
Capital and reserves			
Share capital	13	7,859	7,859
Reserves		99,199	100,406
Total equity		107,058	108,265

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Attributable to owners of the Company							Total HK\$'000
	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		
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	
At 1 April 2021 (audited)	7,859	116,695	18,787	2,629	(30)	(37,675)	108,265	
Recognition of equity-settled share-based payments	-	-	-	409	-	-	409	
Loss and total comprehensive expense for the period	-	-	-	-	-	(1,616)	(1,616)	
At 30 September 2021 (unaudited)	7,859	116,695	18,787	3,038	(30)	(39,291)	107,058	

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 2021

	For the six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(2,142)	12,906
Net cash generated from/(used in) investing activities:		
Interest income	2	2
Purchase of financial asset at fair value through profit or loss	(586)	(7,176)
Proceeds from disposal of plant and equipment	9,900	–
Proceeds from disposal/(payment) of right-of-use assets	11,375	(938)
	20,691	(8,112)
Net cash (used in)/generated from financing activities:		
Payment of lease liabilities	(68)	(500)
New lease entered	–	938
	(68)	438
Net increase in cash and cash equivalents	18,481	5,232
Cash and cash equivalents at beginning of the period	15,243	21,736
Cash and cash equivalents at end of the period, represented by bank balances and cash	33,724	26,968

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

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 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform - Phase 2

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 2021

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 2021

	Garment sourcing HK\$'000	Provision of financial service HK\$'000	Total HK\$'000
Revenue	57,283	2,256	59,539
Segment results	21	2,245	2,266
Unallocated other revenue and gains			791
Unallocated administrative and other expenses			(4,671)
Loss from operations			(1,614)
Finance costs			(2)
Loss before tax			(1,616)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

3. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (continued)

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)

4. OTHER INCOME

For the six months ended
30 September

	2021 HK\$'000	2020 HK\$'000
Bank interest income	7	2
Government grant	–	324
Gain arising on change in fair value of financial assets at fair value through profit or loss	791	1,383
	798	1,709

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

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	
	2021 HK\$'000	2020 HK\$'000
Loss for the period has been arrived at after charging/(crediting):		
Directors' remuneration	1,288	1,288
Other staff costs	1,809	1,257
Total staff costs	3,097	2,545
Cost of inventories sold	56,276	61,530
Depreciation of right-of-use assets	615	1,138
Depreciation of plant and equipment	100	527
Allowance for ECLs, net	–	127
Interest income (included in other income)	(7)	(2)
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 2020: Nil). The Board has 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 2021

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	
	2021	2020
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(1,616)	(2,059)

	For the six months ended 30 September	
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	785,927,000	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. RIGHT-OF-USE ASSETS

On 15 November 2019, Putian Jinggaofeng Garment Co. Ltd.* (莆田金高峰服飾有限公司) ("Putian Jinggaofeng"), an indirect wholly-owned subsidiary of the Company, and Good Fellow Garment (Fujian) Co., Ltd.* (金威服裝(福建)有限公司) ("Good Fellow Garment (Fujian)"), a company of which a substantial shareholder of the Company is the ultimate beneficiary, entered into a tenancy agreement (the "Tenancy Agreement") for a leasing period of 10 years at an aggregate rent of HK\$14 million commencing from 9 January 2020.

On 30 March 2021, the Company served a notice to Good Fellow Garment (Fujian) to early terminate the Tenancy Agreement with a repayment of HK\$11,375,000 from Good Fellow Garment (Fujian) pursuant to the provision in the Tenancy Agreement with effect from 30 September 2021. The amount has been fully repaid by Good Fellow Garment (Fujian) to the Group during the interim period ended 30 September 2021, there was no gain or loss upon the termination.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

10. LOAN AND LOAN INTEREST RECEIVABLES

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Loan receivables	45,000	45,000
Less: Loss allowance for ECLs	(657)	(657)
	44,343	44,343

As at 31 March 2021, 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; and
- (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.

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 2021 HK\$'000	31 March 2021 HK\$'000
Trade receivables	31,732	11,838
Less: Allowance for ECLs	–	–
	31,732	11,838

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
0 – 30 days	–	11,838
31 – 60 days	18,002	–
61 – 90 day	13,730	–
	31,732	11,838

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

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 2021 HK\$'000	31 March 2021 HK\$'000
0 – 60 days	17,739	11,606
61 – 90 days	13,502	–
	31,241	11,606

13. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 30 September 2021	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2020 and 30 September 2020	655,927,000	6,559
Issue of shares under placing (<i>note</i>)	130,000,000	1,300
At 31 March 2021 and 30 September 2021	785,927,000	7,859

All shares rank pari passu in all respects.

Note: On 22 February 2021, the Company entered into a placing agreement with a placing agent whereby the Company conditionally agreed to place through the placing agent, on a best endeavour basis, up to 130,000,000 new shares, to not less than six placees at a price of HK\$0.131 per placing share. The placing was completed on 4 March 2021. A total of 130,000,000 placing shares have been placed to not less than six independent placees at the placing price of HK\$0.131 per placing share. The net proceeds from the placing after deducting commission and other relevant expenses of HK\$386,000 amounted to approximately HK\$16.63 million and will be used for the development of its existing garment sourcing business, the provision of financial services business and general working capital.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

Acquisition of notes issued by Redco Properties Group Limited

On 22 October 2021, the Company, through Credit Suisse (Hong Kong) Limited, acquired the 11% senior notes due 2022 issued by Redco Properties Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1622), and is a third party independent of the Company and its connected persons in the principal amount of US\$1 million (equivalent to approximately HK\$7.80 million) at an aggregated consideration of US\$699,500 (equivalent to approximately HK\$5.456 million).

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	the United States of America
US\$	United States dollars, the lawful currency of the US
%	per cent

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