



2022/23

中期報告
Interim Report



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



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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

AUDIT COMMITTEE

Dr. Lam Lee G. (*Chairman*)
Mr. Chan Kin
Mr. Chau Chi Yan Benny

REMUNERATION COMMITTEE

Mr. Chau Chi Yan Benny (*Chairman*)
Dr. Lam Lee G.
Mr. Chan Kin

NOMINATION COMMITTEE

Mr. Chan Kin (*Chairman*)
Dr. Lam Lee G.
Mr. Chau Chi Yan Benny

COMPANY SECRETARY

Ms. Huang Huajuan

AUTHORISED REPRESENTATIVES

Mr. Lam Kai Yeung
Mr. Situ Shilun

LEGAL ADVISERS AS TO HONG KONG LAW

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
17/F, Far East Finance Centre
16 Harcourt Road
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 2022 (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, although the coronavirus disease 2019 ("**COVID-19**") surges were still prevalent globally, most of the world adapted to a new normal. Inflation has soared globally due to the bottlenecks of supply chains aggravated by the Russia-Ukraine conflict and the nagging COVID-19 epidemic. The Federal Reserve of the United States signaled to taper its monetary policy while certain major central banks were more hesitant to shift so decisively, global economy was still full of uncertainties.

Under such circumstances, the Group was inevitably affected. The performance of the Group fell short of our expectations during the Reporting Period due to the weak demands and difficulties in the delivery of products caused by lockdown measures. As affected by the Sino-US trade disputes, the trading atmosphere had remained tense and the international policy had been highly uncertain. Due to the increasing trade barriers, which coupled with the outbreak of COVID-19 pandemic, 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 realise their real assets as they are plunged into liquidity crisis, which led to the continuous weakening of business confidence and the dampening of consumer's sentiments. Facing the unfavorable market conditions resulted from the undesirable business environment, wholesalers are also cautious in placing orders. In addition, online shopping 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 our business. To meet such challenges, the Company established new procedures for supplier selection with the aim to enhance business growth in a sustainable manner. The management of the Company decided to only select suppliers who are reputable and financially sound, possess a proven solid track record, and are willing to offer favorable terms.

Management Discussion and Analysis (Continued)

In Mainland China, in first half of 2022, COVID-19 continued to mutate and spread rapidly, resulting in the ups and downs of the pandemic in China. Moreover, in late March 2022, the market was still overshadowed by the liquidity problems of the real estate enterprises, and China's economy was under significant pressure in the second quarter of 2022 as lockdown measures due to the COVID-19 pandemic were imposed in major business hubs such as Shanghai and Shenzhen. According to the National Bureau of Statistics, China's gross domestic product (GDP) in the second quarter of 2022 grew by 0.4%, well below the growth rate of 4.8% in the first quarter of 2022. China's GDP grew by only 2.5% year-on-year in the first half of 2022. Nonetheless, thanks to the effective coordination of the epidemic prevention and control with the economic and social development, China's economy and total retail sales of consumer goods have been showing a momentum of recovery since May 2022. The fundamentals of China's long-term sound economic growth have not changed despite macroeconomic headwinds.

Here in Hong Kong, for the first quarter of 2022, despite the launch of vaccination programs on massive scales, the epidemic of COVID-19 was still nagging with emergence of the more contagious variants. With the social-distancing measures and border restrictions being in force, the pedestrian flow was inevitably throttled and customer spending was marred. Many companies had to shorten their business hours or even be closed temporarily. In any case, market shoppers were few and shopping sentiment was damp. After entering second half of 2022, the situation of the COVID-19 pandemic was stabilised gradually in Hong Kong, with the successive relaxation of various anti-pandemic measures, the market started to turn around. However, due to global supply chain strains, the overall market conditions still could not be restored to their pre-pandemic levels.

Despite the confluence of challenges presented, the Group proved to be resilient and flexible during this crisis. 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. The operation of the Group has been stable. However, due to intermittent outbreaks of the pandemic, the customers still adopted a more conservative approach when placing their orders.

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 commenced the business segment of provision of financial services in 2018 which mainly includes money lending business. 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.

Under the money lending business, Golden Maximum Finance Limited ("**Golden Maximum**"), an indirectly wholly-owned subsidiary of the Group and a money lender license holder under the Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong), offers both secured and unsecured loans to borrowers, which primarily include individuals and corporations in Hong Kong or the PRC. The borrowers of Golden Maximum under the money lending business are mainly introduced to the Group by referral by the close business partners or customers of the Group and are with sound credit records. The money lending business generates revenue and profit by way of interest income. The money lending business is financed by the internal resources of the Group.

During the year ended 31 March 2022 and the six months ended 30 September 2022, the Group (i) had not recorded any default of interest or principal from its borrowers and (ii) had no write-off of loans from the money lending business.

Management Discussion and Analysis (Continued)

Internal Controls for Money Lending Business

(A) *Credit risk assessment*

Golden Maximum has adopted a credit risk assessment policy to manage its money lending business.

When a potential borrower is referred to Golden Maximum by the close business partners or customers of the Group, a loan application form will be submitted to Golden Maximum for approval, setting out the potential borrower's personal information and financial position, including his/her source of income and amount of income, the market value of the assets, and details of the outstanding mortgages (if any) with banks or other financing companies. For a corporation, its operating history, identity of its shareholder(s) and guarantor(s) and its other financial and asset information will be submitted for approval. Together with the loan application form, the following documents will be verified or reviewed:

- (a) copy of identity card or passport;
- (b) copy of income proof, such as tax demand note, salary payroll receipt, employment contract or tenancy agreement;
- (c) copy of residential address proof dated within the last three months, such as utility bills, tax return or bank statement;
- (d) legal search for the credit worthiness assessment; and
- (e) land search report for the proof of property ownership.

Golden Maximum will also observe the requirement to comply with the anti-money laundering or counter terrorist financing regulations for its money lending business. Furthermore, to promote the potential borrower's awareness of the requirements of the Money Lenders Ordinance, a summary of provisions of the Money Lenders Ordinance will be attached, for the potential borrower's reference, to the loan agreement to be entered into between Golden Maximum and the potential borrower.

Management Discussion and Analysis (Continued)

(B) Granting/renewing of unsecured loans

Before granting unsecured loans to the borrower, Golden Maximum must objectively assess all expected material factors having regard to the information provided by the potential borrowers and guarantors, information obtained from registers and information systems used for the assessment of the ability to make repayments and other information available to Golden Maximum that might affect the potential borrowers and guarantors' ability to make repayments, in particular, such factors as sustainable income, credit history and potential changes (increase and decrease) of income of the potential borrowers and guarantors. For renewing unsecured loans, apart from reassessing the factors discussed above, Golden Maximum will also consider the repayment history of the borrowers.

Golden Maximum will use a debt-to-income ratio ("**DTI**") as a tool in decision making. To calculate the DTI, Golden Maximum adds up all the potential borrower's annual debt payments and divide them by their gross annual income. Their gross annual income is generally the amount of money they have earned before taxes and other deductions are taken out. Unless approved on an exceptional basis by the Board, applications by the potential borrower with DTI in excess of 80% should be declined. In any case, DTI must not exceed 90%.

(C) Ongoing monitoring of loans

With a view to minimise the risks of delinquent loans, Golden Maximum actively carries out post-lending management. There will be continuous monitoring on the repayments from borrowers, regular communication with the borrowers, and regular review on credit limit of the loan granted and market value of the borrowers' assets. Each quarter, the finance department of Golden Maximum will check whether there is any overdue repayment of principal or interest and provide a quarterly report of all outstanding loans to the credit committee of the Company. The credit committee shall inform the Board if there are any non-performing loans in the quarterly report.

Management Discussion and Analysis (Continued)

(D) *Loan collection*

If there is an outstanding loan, Golden Maximum will have internal discussions on a case-by-case basis as to what recovery actions to take and recover the most in a timely manner. Golden Maximum will keep a close contact with the borrowers to keep the relevant parties informed of the current development and seek a proper solution to resolve the issue. Where appropriate, a reminder letter and a statutory reminder letter will be issued to the borrower. Where appropriate, legal action will be brought against the borrower to recover the amount due and take possession of the borrower's assets. Seizure of the borrower's assets and liquidation of underlying assets will also be done. Where appropriate, Golden Maximum will also apply to the court to wind up the borrower and/or guarantor.

(E) *Determination of terms of unsecured loans*

When determining the terms of unsecured loans, Golden Maximum will place particular focus on the terms of interest rate and repayment.

Interest rate:

The base interest rate comprises the cost of funds, operational costs and the minimum rate of return desired. The further spread will take into account the factors in the ability to make repayments of the potential borrower in the form of risk premium, including:

- (a) Credit rating: Before accepting any new borrower, Golden Maximum uses an internal credit rating system to assess the potential borrower's credit quality and defines credit limits for the new borrower. The internal credit rating system is a matrix of factors by performing background search and considering historical creditworthiness information and industry recognition;
- (b) Repayment history: If a potential borrower already has a loan account with Golden Maximum, the performance of the borrower on the existing repayments shall be evaluated; and
- (c) Amount applied and tenor of the loan: The interest rate shall also factor in the amount of loan and the number of months that the loan shall be repaid in.

Repayment:

The borrower shall repay all the outstanding principal together with interest upon demand.

Management Discussion and Analysis (Continued)

PROSPECTS AND DEVELOPMENT PLAN

The International Monetary Fund (IMF) issued the latest “World Economic Outlook” in October 2022, global growth is forecast to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis, the growth of China is forecast to slow from 8.1% in 2021 to 3.2% in 2022 and 4.4% in 2023. About a third of the world economy faces two consecutive quarters of negative growth. Global inflation is forecast to rise from 4.7% in 2021 to 8.8% in 2022, but decline to 6.5% in 2023 and to 4.1% in 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging market and developing economies. Risks to the outlook remain unusually large and to the downside.

Here in Hong Kong, economy showed a widened year-on-year contraction in the third quarter of 2022 as real gross domestic product (GDP) fell by 4.5% from the previous quarter and fell by 3.3% year-on-year for the first three quarters of 2022. The real GDP growth forecast for 2022 as a whole is revised down to -3.2% by the government. The markedly deteriorating external environment will continue to pose immense pressure on Hong Kong’s export performance. Nonetheless, the relaxed COVID-19 testing and quarantine arrangements for incoming visitors should provide some support to exports of services. Tightened financial conditions will affect local demand. However, the improving labor market conditions and the consumption voucher scheme will provide support for private consumption. As long as the epidemic continues to be controlled, economic activities should gradually return to normal.

While COVID-19 surges were still prevalent globally, most of the world adapted to a new normal, and demands in our markets are expected to rise to pre-pandemic levels, the Group is cautious about the outlook of business in 2022. At present, the Group is closely monitoring the market conditions and assessing the operational and financial impacts of the pandemic to the Group. 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. Looking forward, stabilizing economy measure in Mainland China should tend to incentivize investment, production and consumption. Subsequent to the termination of tenancy agreement and disposal of assets in the PRC, the Group return back to light assets business model which enabled the Group to demonstrate operational resilience in an uncertain market environment and cautiously deal with the “New Normal” of the COVID-19 pandemic, to control the quality of supply chain to ensure its excellent product quality is consistently maintained, to meet the consumers’ expectations as well as to adhere to the customer-orientation principle. In light of the unprecedented economic and business challenges, the new business model has reduced both inventory pressure and operating costs so as to improve the Group’s competitive advantage. The Group will endeavor to raise the level of operations for our two principal businesses and will endeavor to search for new business opportunities and expand profit channels with the goal to strive for greater returns for shareholders of the Company.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

During the Reporting Period, revenue of the Group amounted to approximately HK\$58,419,000 (2021: approximately HK\$59,539,000): revenue from garment sourcing amounted to approximately HK\$56,163,000, representing a decrease of approximately 1.96% (2021: approximately HK\$57,283,000); revenue from provision of financial services amounted to approximately HK\$2,256,000 (2021: approximately HK\$2,256,000). Gross profit margin was approximately 4.73%, representing a decrease of approximately 0.75 percentage points (2021: approximately 5.48%). Other income amounted to approximately HK\$90,000 (2021: approximately HK\$642,000), which was mainly attributable to the government grants. Due to the commencement of business of our wholly-owned subsidiary in the PRC, selling and distribution costs amounted to approximately HK\$89,000 (2021: approximately HK\$86,000); administrative and operating expenses amounted to approximately HK\$6,477,000, representing an increase of approximately 19.28% (2021: approximately HK\$5,430,000). Due to the aforesaid reasons, the loss for the period attributable to the owners of the Company amounted to approximately HK\$3,713,000 (2021: approximately HK\$1,616,000).

Liquidity and Financial Resources

As at 30 September 2022, the Group had total assets of approximately HK\$122,925,000 (as at 31 March 2022: approximately HK\$135,124,000) (including cash and cash equivalents of approximately HK\$42,956,000 (as at 31 March 2022: approximately HK\$34,462,000)) which were financed by current liabilities of approximately HK\$29,424,000 (as at 31 March 2022: approximately HK\$38,319,000) and shareholders' equity of approximately HK\$93,501,000 (as at 31 March 2022: approximately HK\$96,805,000).

The Group generally services its debts primarily through cash generated from its operations. As at 30 September 2022, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 4.15:1 (as at 31 March 2022: 2.87:1), which was at a healthy level. The Directors believe that the Group has sufficient funds for developing existing business.

As at 30 September 2022, the Group had no bank or other borrowings (as at 31 March 2022: Nil) and hence no gearing ratio was presented.

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 2022.

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 2022, the Group had no commitment (as at 31 March 2022: Nil) in respect of acquisition of new machineries and no significant capital commitments.

Charges on Assets

As at 30 September 2022, the Group had no pledged assets (as at 31 March 2022: Nil).

Management Discussion and Analysis (Continued)

Contingent Liabilities

As at 30 September 2022, the Group did not have any contingent liabilities (as at 31 March 2022: Nil).

Significant Investments Held

The information of the Group's significant investments held as at 30 September 2022 is as follows:

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 2022	% of fair value to the Group's total assets as at 30 September 2022	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	HK\$'000
0883	CNOOC Limited (Note 1)	Investment in shares	500,000	0.0011	5,127	4,705	3.83	(724) (Note 2)	(422)	1,381 (Note 3)
Note Issuer	Place of Listing of note	Principal	Cost	Fair value as at 30 September 2022	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 fair value to the Group's total assets as at 30 September 2022
Redco Properties Group Limited (Note 4)	Singapore Exchange Securities Trading Limited	15,600	13,196	3,112	957	(353)	11%	6 August 2023	296	2.53

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. *During the Reporting Period, the Group disposed on the open market a total of 800,000 CNOOC Limited shares and recognized a loss of approximately HK\$724,000.*
3. *During the Reporting Period, the Group received a dividend of approximately HK\$1,381,000 for holding a total of 1,300,000 CNOOC Limited shares.*
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.*

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

There were no other important events affecting the Group since 30 September 2022 and up to the date of this report.

Material Acquisitions and Disposals

For the six months ended 30 September 2022, 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\$2,597,000 for the Reporting Period. The Group encourages its staff to attend training courses which can achieve self-improvement and enhance their skill and knowledge. As at 30 September 2022, the Group employed approximately 22 employees (excluding Directors).

Other Disclosures

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: Nil).

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

As at 30 September 2022, 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 Company 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>	0.66%*

* The percentage has been calculated based on 785,927,000 issued Shares as at 30 September 2022.

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 2022, 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 Company 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 2022, 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
Mr. Ng Leung Ho	Beneficial owner	103,950,000 Shares (L)	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 2)	6.38%*

* The percentage has been calculated based on 785,927,000 issued Shares as at 30 September 2022.

Notes:

1. The letter "L" denotes the individual's long position in the Shares.
2. 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.

Save as disclosed above, as at 30 September 2022, there was no other person who was recorded in the register of the Company as having interests or short positions in the Shares 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, 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 Company, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Other Disclosures (Continued)

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. 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 2022, 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 during the Reporting Period were as follows:

Name of Grantee	Date of grant	Exercise price (HK\$/share)	Exercise period	Vesting period	Number of options			
					Outstanding at 31 March 2022	Exercised during the Reporting Period	Lapsed/cancelled during the Reporting Period	Outstanding at 30 September 2022
Director								
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 C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman of the Board and the chief executive officer of the Company 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 D.2.5, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee has a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. No significant deficiency was identified under the latest review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

Code Provision F.2.2 requires that the chairman of the board of the company should attend the annual general meeting. Due to the vacancy of the chairman of the Board, Mr. Lam Kai Yeung, an executive Director, acted as the chairman of 2022 annual general meeting in accordance with the bye-laws of the Company (the “**Bye-Laws**”).

Under Code Provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Bye-Laws. However, as the risk management and internal control systems of our Group is effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

Other Disclosures (Continued)

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. 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 2022 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), Dr. Lam Lee G. and Mr. Chau Chi Yan Benny. The Nomination Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Nomination Committee can be found on the websites of the Stock Exchange and the Company.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Chau Chi Yan Benny (chairman), Dr. Lam Lee G. and Mr. Chan Kin. The Remuneration Committee's duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions. The terms of reference of Remuneration Committee can be found on the websites of the Stock Exchange and the Company.

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

The Company has established a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 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, 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 2022 annual report of the Company, Dr. Lam was appointed as an independent non-executive director of RENHENG Enterprise Holdings Limited (stock code: 3628) on 30 June 2022, and resigned as an independent non-executive director of National Arts Group Holdings Limited (stock code: 8228) on 25 July 2022, the shares of all of which are listed on the Stock Exchange.

APPRECIATION

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

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

By Order of the Board

Hang Pin Living Technology Company Limited

Lam Kai Yeung

Chief Executive Officer and Executive Director

Hong Kong, 25 November 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	NOTES	For the six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	58,419	59,539
Cost of sales		(55,656)	(56,279)
Gross profit		2,763	3,260
Other income and other net gain/(loss)	4	90	642
Selling and distribution costs		(89)	(86)
Administrative and operating expenses		(6,477)	(5,430)
Finance costs		–	(2)
Loss before tax		(3,713)	(1,616)
Income tax expense	5	–	–
Loss and total comprehensive expense for the period attributable to owners of the Company	6	(3,713)	(1,616)
Loss per share	8		
Basic (<i>HK cents</i>)		(0.47)	(0.21)
Diluted (<i>HK cents</i>)		(0.47)	(0.21)

Condensed Consolidated Statement of Financial Position

As at 30 September 2022

	NOTES	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Non-current assets			
Plant and equipment		707	807
Right-of-use assets	9	154	185
Loan receivables	10	–	24,294
		861	25,286
Current assets			
Trade receivables	11	23,887	32,072
Deposits, prepayments and other receivables		547	538
Amount due from a former subsidiary		3,128	4,190
Loan receivables	10	43,729	19,435
Financial asset at fair value through profit or loss		7,817	19,141
Bank balances and cash		42,956	34,462
		122,064	109,838
Current liabilities			
Trade payables	12	23,781	31,754
Other payables, accruals and contract liabilities		1,443	2,365
Tax payable		4,200	4,200
		29,424	38,319
Net current assets		92,640	71,519
Net assets		93,501	96,805
Capital and reserves			
Share capital	13	7,859	7,859
Reserves		85,642	88,946
Total equity		93,501	96,805

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Share option reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
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
At 1 April 2022 (audited)	7,859	116,695	18,787	3,447	365	(50,348)	96,805
Recognition of equity-settled share-based payments	-	-	-	409	-	-	409
Loss and total comprehensive expense for the period	-	-	-	-	-	(3,713)	(3,713)
At 30 September 2022 (unaudited)	7,859	116,695	18,787	3,856	365	(54,061)	93,501

Note: 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 2022

	For the six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash used in operating activities	(2,663)	(2,142)
Net cash generated from investing activities:		
Interest income	35	2
Dividend income	2,399	–
Purchase of financial asset at fair value through profit or loss	(11,425)	(586)
Proceeds from disposal of financial asset at fair value through profit or loss	19,359	–
Proceeds from disposal of plant and equipment	–	9,900
Proceeds from disposal of right-of-use assets	–	11,375
	11,561	20,691
Net cash used in financing activities:		
Payment of lease liabilities	–	(68)
	–	(68)
Net increase in cash and cash equivalents	8,494	18,481
Cash and cash equivalents at beginning of the period	34,462	15,243
Cash and cash equivalents at end of the period, represented by bank balances and cash	42,956	33,724

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022.

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 HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
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

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 therein.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

3. SEGMENT INFORMATION

Information reported internally to the Directors, being the chief operating decision maker (the “**CODM**”) for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

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

- garment sourcing
- provision of financial service

Segment revenue reported below represents revenue generated by each segment from external customers. There were no inter-segment 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 CODM for the purposes of resource allocation and assessment of segment performance.

Segment revenues and results

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

For the six months ended 30 September 2022

	Garment sourcing HK\$'000	Provision of financial service HK\$'000	Total HK\$'000
Revenue	56,163	2,256	58,419
Segment results	(933)	2,243	1,310
Unallocated other revenue and gains			481
Unallocated administrative and other expenses			(5,504)
Loss from operations			(3,713)
Finance costs			–
Loss before tax			(3,713)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

3. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (continued)

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)

4. OTHER INCOME AND OTHER NET GAIN/(LOSS)

	For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Bank interest income	35	7
Government grant	407	–
Gain arising on change in fair value of financial assets at fair value through profit or loss	202	791
Foreign exchange gain/(loss)	63	(156)
Charity donation	(617)	–
	90	642

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

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 both periods or at the end of both periods.

6. LOSS FOR THE PERIOD

	For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Loss for the period has been arrived at after charging/(crediting):		
Directors' remuneration	1,140	1,288
Other staff costs	2,597	1,809
Total staff costs	3,737	3,097
Cost of inventories sold	55,606	56,276
Depreciation of right-of-use assets	31	615
Depreciation of plant and equipment	100	100
Bank interest income (included in other income)	(35)	(7)
Government grant (included in other income)	(407)	–

7. DIVIDENDS

No dividends were paid, declared or proposed during the Reporting Period (for the six months ended 30 September 2021: Nil). The Board has determined that no dividend will be paid in respect of the Reporting Period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

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	
	2022 HK\$'000	2021 HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	(3,713)	(1,616)

	For the six months ended 30 September	
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	785,927,000	785,927,000

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

9. RIGHT-OF-USE ASSETS

On 15 November 2019, Putian Jingaofeng Garment Co. Ltd.* (莆田金高峰服飾有限公司) (“**Putian Jingaofeng**”), 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**”) at an aggregate rent of HK\$14 million for a lease period of 10 years 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 six months ended 30 September 2021, there was no gain or loss upon the termination of the Tenancy Agreement.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

10. LOAN AND LOAN INTEREST RECEIVABLES

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Loan receivables	45,000	45,000
Less: Loss allowance for ECLs	(1,271)	(1,271)
	43,729	43,729
Less: Current portion	(43,729)	(19,435)
Non-current portion	–	24,294

As at 30 September 2022, the Group had loan receivables as follows:

- (i) Loan to a private company incorporated in Hong Kong, which is an independent third party, with a principal amount of HK\$25,000,000. The loan is unsecured, interest-bearing at 10% per annum, repayable in May 2023 and guaranteed by an independent third party; 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. On 6 October 2022, the Company and the borrower signed the supplemental agreement, pursuant to which, the availability period of the loan facility was extended for 12 months to 36 months commencing on 6 October 2020, other terms remain unchanged.

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 period:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
0 – 30 days	12,351	12,301
31 – 60 days	11,536	19,771
	23,887	32,072

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

12. TRADE PAYABLES

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

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
0 – 60 days	23,781	31,754
	23,781	31,754

13. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 30 September 2022	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 30 September 2022	785,927,000	7,859

All shares rank pari passu in all respects.

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
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
RMB	Renminbi, the lawful currency of the PRC
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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