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HANG PIN LIVING TECHNOLOGY COMPANY LIMITED
杭品生活科技股份有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1682)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Hang Pin Living Technology Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021 (the “**Reporting Period**”) with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue	4	120,057	122,097
Cost of sales		<u>(114,754)</u>	<u>(117,339)</u>
Gross profit		5,303	4,758
Other income and other net gain	6	2,860	4,945
Exchange difference, net		(261)	(3,493)
Selling and distribution costs		–	(965)
Administrative and operating expenses		(11,998)	(24,985)
Reversal of/(allowance for) expected credit loss, net		3,164	(4,118)
Finance costs		<u>(28)</u>	<u>(51)</u>
Loss before taxation		(960)	(23,909)
Income tax expense	7	<u>(3,000)</u>	<u>(93)</u>

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Loss for the year attributable to owners of the Company		<u>(3,960)</u>	<u>(24,002)</u>
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		107	(245)
Reclassification adjustments relating to foreign operations disposed of during the year		<u>–</u>	<u>1,501</u>
Other comprehensive income for the year		<u>107</u>	<u>1,256</u>
Total comprehensive expense for the year attributable to owners of the Company		<u><u>(3,853)</u></u>	<u><u>(22,746)</u></u>
Loss per share			
Basic and diluted (HK cents)	<i>10</i>	<u><u>(0.60)</u></u>	<u><u>(3.66)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Plant and equipment		1,008	10,850
Right-of-use assets		12,220	14,302
Amount due from a former subsidiary	<i>11</i>	–	3,972
Loan receivables	<i>12</i>	44,343	–
		<u>57,571</u>	<u>29,124</u>
CURRENT ASSETS			
Trade and other receivables	<i>11</i>	30,047	54,859
Financial asset at fair value through profit or loss (“FVTPL”)		23,801	6,017
Cash and cash equivalents		15,243	21,736
		<u>69,091</u>	<u>82,612</u>
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	14,084	14,988
Tax payables		4,200	1,200
Lease liabilities		113	654
		<u>18,397</u>	<u>16,842</u>
NET CURRENT ASSETS		<u>50,694</u>	<u>65,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>108,265</u>	<u>94,894</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	—	239
	—	239
NET ASSETS	108,265	94,655
CAPITAL AND RESERVES		
Share capital	7,859	6,559
Reserves	100,406	88,096
TOTAL EQUITY	108,265	94,655

NOTES:

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Rosy Lane International Limited is the controlling shareholder of the Company, a company incorporated in the British Virgin Islands (the “BVI”) with limited liability, which is ultimately controlled by Mr. Zhi Hua. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at Room 2101, 21/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are garment sourcing and provision of financial services.

The consolidated financial statements are presented in Hong Kong Dollar (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$000) except otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each Reporting Period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are in accordance with HKFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶

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

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

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

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

⁶ Effective for annual periods beginning on or after 1 April 2021.

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

4. REVENUE

Disaggregation of the Group's revenue from contracts with customers for the year by major products or service line and reconciliation of total revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from sourcing of garment products	116,938	119,216
Financial service income	<u>–</u>	<u>2,316</u>
Revenue from contracts with customers	116,938	121,532
Interest income from loan receivables	<u>3,119</u>	<u>565</u>
Total revenue	<u>120,057</u>	<u>122,097</u>

All of the revenue from contracts with customers is recognised at a point in time for both years.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for sourcing of garment products and financial services such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for sourcing of garment products and financial services that had an original expected duration of one year or less.

5. SEGMENT INFORMATION

Information reported internally to the directors (chief operating decision maker (the “CODM”)) 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 segments under HKFRS 8 are as follows:

- garment sourcing
- provision of financial service

The Group’s reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Segment revenues reported below represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment result represents the loss incurred by each segment without allocation of corporate income and central administration expenses including directors’ emoluments, equity-settled share-based payment expense and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segments:

For the year ended 31 March 2021

	Garment sourcing HK\$’000	Provision of financial service HK\$’000	Total HK\$’000
Revenue	116,938	3,119	120,057
Segment results	(2,327)	(1,154)	(3,481)
Unallocated other income			5,755
Unallocated administrative and other expenses			(3,206)
Finance costs			(28)
Loss before taxation			(960)

For the year ended 31 March 2020

	Garment sourcing <i>HK\$'000</i>	Provision of financial service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>119,216</u>	<u>2,881</u>	<u>122,097</u>
Segment results	<u>(6,574)</u>	<u>(937)</u>	(7,511)
Unallocated other income			5,050
Unallocated administrative and other expenses			(21,397)
Finance costs			<u>(51)</u>
Loss before taxation			<u>(23,909)</u>

Segment assets and liabilities

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

As at 31 March 2021

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

As at 31 March 2020

	Garment sourcing <i>HK\$'000</i>	Provision of financial service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	80,138	–	80,138
Unallocated corporate assets			<u>31,598</u>
Consolidated assets			<u><u>111,736</u></u>
Segment liabilities	14,165	–	14,165
Unallocated corporate liabilities			<u>2,916</u>
Consolidated liabilities			<u><u>17,081</u></u>

For the purpose of monitoring resource allocation and assessment of segment performance:

- all assets are allocated to reportable segments other than unallocated corporate assets (mainly comprising certain plant and equipment, certain right-of-use assets, financial asset at FVTPL, amount due from a former subsidiary, certain deposits, prepayment and other receivables and cash and cash equivalents); and
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly comprising certain accruals and other payables, tax payables and lease liabilities).

Geographical information

The Group's revenue from external customers is mainly derived from its operations in Hong Kong. Information about the Group's non-current assets is presented based on:

	Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The People's Republic of China (the "PRC")	11,944	24,134
Hong Kong	<u>1,285</u>	<u>1,018</u>
	<u><u>13,229</u></u>	<u><u>25,152</u></u>

Note: Non-current assets excluded amount due from a former subsidiary and loan receivables.

Other segment information

	Garment sourcing		Provision of financial service		Unallocated		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:								
Depreciation of plant and equipment	1,045	212	-	128	75	99	1,120	439
Depreciation of right-of-use assets	1,365	341	-	-	599	482	1,964	823
(Reversal of)/allowance for expected credit loss, net	-	114	657	(145)	(3,821)	4,149	(3,164)	4,118
(Gain)/loss on disposal of plant and equipment	(1,219)	-	-	-	7	447	(1,212)	447
Additions to non-current assets (<i>note</i>)	-	24,650	-	63	1,066	1,014	1,066	25,727
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:								
Bank interest income	(4)	1	-	4	(1)	189	(5)	194
Finance costs	-	-	-	-	28	51	28	51

Note: Non-current assets excluded amount due from a former subsidiary and loan receivables.

Information about major customers

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

	2021	2020
	HK\$'000	HK\$'000
Sourcing of garment products:		
Customer A*	N/A	39,560
Customer B	22,989	55,002
Customer C	93,949	22,653

Except disclosed above, no other customer contributed 10% or more to the Group's revenue for both years.

* Revenue derived from Customer A did not contribute over 10% or more of total revenue of the Group during the year ended 31 March 2021.

6. OTHER INCOME AND OTHER NET GAIN

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	5	194
Government grants (<i>Note</i>)	324	–
Gain on disposal of subsidiaries	–	4,608
Gain on disposal of plant and equipment	1,212	–
Fair value change on financial assets at FVTPL	313	143
Interest income from financial assets at FVTPL	1,143	–
Loss on disposal of right-of-use assets	(137)	–
	<u>2,860</u>	<u>4,945</u>

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

7. INCOME TAX EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	–	93
– Under-provision in prior years	3,000	–
	<u>3,000</u>	<u>93</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made as the Group’s subsidiaries operating in Hong Kong resulted in estimated tax losses for the year ended 31 March 2021 and 2020.

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

No provision for PRC Enterprise Income Tax has been made for the year ended 31 March 2021 and 2020 as the Group has no assessable profit arising in PRC.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before taxation	<u>(960)</u>	<u>(23,909)</u>
Tax at Hong Kong Profits Tax rate of 16.5%	(158)	(3,945)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(122)	(862)
Tax effect of expenses not deductible for tax purpose	361	3,636
Tax effect of income not taxable for tax purpose	(656)	(870)
Tax effect of tax losses not recognised	575	2,455
Utilisation of tax losses previously not recognised	–	(321)
Under-provision in prior years	<u>3,000</u>	<u>–</u>
Income tax expenses for the year	<u>3,000</u>	<u>93</u>

At the end of the Reporting Period, the Group had unused tax losses of approximately HK\$55,258,000 (2020: HK\$51,773,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unrecognised tax losses can be carried forward indefinitely.

8. LOSS FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company has been arrived at after charging/(crediting):		
a) Staff costs (include directors' remuneration)		
– salaries and wages	4,393	13,255
– retirement benefit scheme contributions	103	421
– staff welfare	19	15
– equity-settled share-based payment expense	223	260
Total staff costs	4,738	13,951
b) Other Items		
Auditor's remuneration		
– audit services	530	530
Cost of inventories sold	114,754	116,590
Depreciation of plant and equipment	1,120	439
Depreciation of right-of-use assets	1,964	823
(Gain)/loss on disposal of plant and equipment	(1,212)	447
(Reversal of)/allowance for expected credit losses on:		
– trade receivables	–	397
– loan receivables	657	(175)
– other receivables	126	(253)
– amount due from a former subsidiary	(3,947)	4,149
	(3,164)	4,118
Equity-settled share-based payment expense to customers/supplier	595	596

9. DIVIDEND

No final/interim dividend was paid or proposed for the year ended 31 March 2021, nor has any dividend been proposed since the end of the Reporting Period (2020: Nil).

10. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><u>(3,960)</u></u>	<u><u>(24,002)</u></u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>665,543</u></u>	<u><u>655,927</u></u>

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 March 2021 and 2020.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from contract with customers (<i>Note (a)</i>)	11,838	54,118
Less: Allowance for credit losses	—	—
	<u>11,838</u>	<u>54,118</u>
Other receivables, net	4	354
Amount due from a former subsidiary, net	7,769	3,972
Receivables from disposal of plant and equipment	9,900	—
Interest receivables	281	—
	<u>29,792</u>	<u>58,444</u>
Prepayments	—	79
Deposits	255	308
	<u>30,047</u>	<u>58,831</u>
Represented by:		
Non-current	—	3,972
Current	30,047	54,859
	<u>30,047</u>	<u>58,831</u>

(a) **Trade receivables from contract with customers**

As at 31 March 2021 and 2020, the Group's trade receivables from contract with customers denominated in United States Dollar ("US\$").

The Group normally grants credit terms to its customers ranging from 30 to 150 days. The aging analysis of the trade receivables from contract with customers (net of allowance for credit losses) based on invoice date which approximates the respective revenue recognition dates were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	11,838	23,871
31 – 60 days	–	14,433
61 – 90 days	–	15,814
	<u>11,838</u>	<u>54,118</u>

12. LOAN RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan receivables	45,000	–
Less: Allowance for credit losses	<u>(657)</u>	<u>–</u>
	<u>44,343</u>	<u>–</u>

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 contain a repayment on demand clause, guaranteed by an independent third party.
- (ii) Loan to an individual, who is an independent third party, with a principal amount of HK\$20,000,000. The loan is unsecured, interest-bearing at 10% per annum and repayable in October 2022, contain a repayment on demand clause.

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	11,606	14,151
Accruals and other payables	1,426	837
Contract liabilities	1,052	–
	<u>14,084</u>	<u>14,988</u>

As at 31 March 2021, accrual and other payables with the amounts of approximately HK\$19,000 (2020: HK\$13,000) was denominated in RMB.

a) Trade payables

The following is an aging analysis of trade payables presented based on the invoice date at the end of the Reporting Period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 60 days	<u>11,606</u>	<u>14,151</u>
	<u>11,606</u>	<u>14,151</u>

The average credit period on purchases of goods is 30 days (2020: 30 days).

BUSINESS REVIEW

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

(I) GARMENT SOURCING

During the Reporting Period, the worldwide COVID-19 outbreak affected the macro economy. The global economic growth had contracted significantly. The Group also faced severe challenge like its peers. As affected by the Sino-US trade disputes, the trading atmosphere had remained tense and the international policy had been highly uncertain. The increasing trade barriers, which coupled with the outbreak of COVID-19 pandemic and faster-than-expected economic contraction in certain major economies, consumption and investment need decreased, supply chains were disturbed, economic activities were greatly reduced and market confidence was damaged. As a result, the operating performance of retailers was adversely affected, especially for those engaged in the trading of non-daily necessities, such as apparel products. Some retailers even had to shut down their large retail stores and to realise their real assets as they are plunged into liquidity crisis, constituted 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 become more and more popular, the pandemic has fueled the growth of the "stay-at-home" economy, further drove the development of online retail business, customers have significantly higher expectation on speediness, quality and pricing of products and services, which also posed challenges to our business. In Mainland China, the economy first contracted and then rebounded, and demonstrated strong resilience and became the only major economy in the world that achieved positive economic growth in 2020. The market continued to pick up and the total retail sales of consumer goods turned around quarter over quarter. However, the apparel and allied industry, which has yet to catch up with the overall retail recovery, was still struggling. In Hong Kong, the operating atmosphere of the Group deteriorated materially in the midst of the outbreak of COVID-19 pandemic, 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. Even when the situation improved when the pandemic eased in the second half of the year, market conditions could not be restored to their pre-pandemic levels.

As affected by such, part of the Group's business also suffered a serious setback, particularly for the business segment of garment sourcing. Fortunately, the Group was able to adjust sales strategies promptly by adopting the strategy of "lower profit margin, larger sales volume", which successfully mitigated the risks.

As for manufacturing of the garment products business in Mainland China, subsequent to the entering of the Tenancy Agreement and the Transfer Agreement in November 2019, the unexpected outbreak of COVID-19 pandemic had disrupted the market, unexpectedly reduced the demand of garment products. Moreover, the extended quarantine measures and travel restriction measures to control COVID-19 pandemic made it difficult for the management of the Company, which are based in Hong Kong to effectively and efficiently manage the operation of the manufacturing in the PRC. Coupled with the continuous Sino-US trade disputes, there remains a significant degree of uncertainty over the global economic outlook, including the garment industry. Therefore, the manufacturing of the garment products at this stage may not be able to generate a positive operating profit. Accordingly, instead of incurring costs in the manufacturing of the garment products, the Termination and the Disposal will enable the Company to realise its assets and to use the proceeds for development of its principal business activities. For further details, please refer to the announcement of the Company dated 30 March 2021.

(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 the its business. The Group commenced a new business segment of provision of financial services which includes asset management, finance lease, pawn and money lending business in 2018. Against this backdrop, the Group has been focusing on accelerating its strategic plan in the China and Hong Kong market, further enriching its product offerings and enhancing its financial service system, with an aim to rapidly enhance its business scale and seize the PRC and Hong Kong market. The Group considers that the demand for financial services is significant and the industry is vibrant in both China and Hong Kong. These new business activities will provide a good opportunity for the Group to diversify its revenue stream, which is expected to benefit the Company and its shareholders (the “**Shareholders**”) as a whole.

PROSPECTS AND DEVELOPMENT PLAN

According to the latest “World Economic Outlook” issued by the International Monetary Fund (IMF) in March 2021, global economic growth is projected at 6% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than those as projected in October 2020 and China’s economy was predicted to grow at 8.4%. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activities to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. Regarding Mainland China, where effective preventive measures have successively brought the pandemic under control, the Group is not overly pessimistic about the prospect of the garment sourcing business in view of the economic growth that has ensued.

Here in Hong Kong, it is expected there will be a growth of 3.5% to 5.5% in the economy in 2021, because the economy will still face significant challenges in the first half of the year as cross-boundary and tourism activities take time to resume to normal. However, as far as people work together to control the epidemic and social stability is maintained, the economic recovery will likely gain a stronger momentum in the second half of the year.

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

The Regional Comprehensive Economic Partnership which covers one-third of the aggregated value of the global economy has been signed and it is generally believed that the Partnership will be beneficial to the global economy. However, the situation of COVID-19 around the world is still relatively unstable. The Group is cautious about the outlook of its business in 2021. At present, the Group is closely monitoring the market conditions and assessing the operational and financial impacts of the pandemic to the Group. Looking forward, global monetary policy easing should tend to incentivise investment, production and consumption and it is expected that the roll-out and the full use of effective COVID-19 vaccines will gradually control the pandemic. Subsequent to the termination of tenancy agreement and disposal of assets in PRC, the Group returns back to light assets business model which enables the Group to demonstrate operational resilience in an uncertain market environment and cautiously deal with the “New Normal” of the COVID-19 pandemic, to strictly control the quality of supply chain to ensure its excellent product quality is consistently maintained, to meet the consumers’ expectations as well as to adhere to the customer-orientation principle. In light of the unprecedented economic and business challenges, this 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 the Shareholders.

FINANCIAL REVIEW

During the Reporting Period, revenue of the Group amounted to approximately HK\$120,057,000 (2020: approximately HK\$122,097,000); revenue from the garment sourcing amounted to approximately HK\$116,938,000, representing a decrease of approximately 1.91% (2020: approximately HK\$119,216,000); revenue from provision of financial services amounted to approximately HK\$3,119,000, representing an increase of approximately 8.26% (2020: approximately HK\$2,881,000), mainly due to expansion of loan business. Gross profit margin was approximately 4.42%, representing an increase of approximately 0.52% (2020: approximately 3.90%). Other income amounted to approximately HK\$2,860,000 (2020: approximately HK\$4,945,000), which was mainly attributable to the gain on disposal of plant and equipment and interest income from financial assets at FVTPL. Exchange difference, net amounted to approximately HK\$261,000 (2020: approximately HK\$3,493,000), mainly due to the fluctuation of RMB exchange rate during the Reporting Period. Selling and distribution costs nil (2020: approximately HK\$965,000), mainly due to the decrease of advertising and promotion costs. Administrative expenses amounted to approximately HK\$11,998,000, representing a decrease of approximately 51.98% (2020: approximately HK\$24,985,000), mainly due to stringent control on administrative costs of the Group and no costs for collecting trade receivable. Reversal of expected credit loss amounted to approximately HK\$3,164,000 (2020: allowance for expected credit loss of approximately HK\$4,118,000), which was mainly attributable to the reversal of impairment loss recognised from former subsidiaries. Due to the aforesaid reasons, the loss for the year attributable to owners of the Company amounted to approximately HK\$3,960,000 (2020: approximately HK\$24,002,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had total assets of approximately HK\$126,662,000 (as at 31 March 2020: approximately HK\$111,736,000) (including cash and cash equivalent of approximately HK\$15,243,000 (as at 31 March 2020: approximately HK\$21,736,000)) which were financed by current liabilities of approximately HK\$18,397,000 (as at 31 March 2020: approximately HK\$16,842,000), nil non-current liabilities (as at 31 March 2020: approximately HK\$239,000) and Shareholders' equity of approximately HK\$108,265,000 (as at 31 March 2020: approximately HK\$94,655,000).

The Group generally services its debts primarily through cash generated from its operations. As at 31 March 2021, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 3.76:1 (as at 31 March 2020:4.91:1). The gearing ratio of the Group, based on total debts (including lease liabilities) over total equity, was 0.10% (as at 31 March 2020:0.94%), which was at a healthy level. The Group also approaches other investors, especially strategic investors to invest in the Company, hoping to bring in more funds. Therefore, the directors of the Company believe that the Group has sufficient fund for developing existing business.

As at 31 March 2021, the Group had no bank or other borrowings.

TREASURY POLICY

The Group adopts a prudent financial management strategy in implementing the treasury policy. Thus, a sound liquidity position was able to be maintained throughout the year ended 31 March 2021. The Group continues to assess its customers' credit and financial positions so as to minimise the credit risks. In order to control the liquidity risks, the Board would closely monitor the liquidity position of the Group to ensure its assets, liabilities and other flow structure committed by the Group would satisfy the funding needs from time to time.

FOREIGN EXCHANGE AND RISK MANAGEMENT

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

Foreign exchange risks arising from sales and purchases transacted in different currencies may be managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward contracts or any other financial derivative contracts may be entered into by the Group for hedging purpose. The Group had not entered into any financial derivative contracts throughout the Reporting Period and had no outstanding financial derivative contracts as at 31 March 2021.

CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 March 2021, the Group had no commitment (as at 31 March 2020: Nil) in respect of acquisition of new plant and equipment and no significant capital commitments.

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

CHARGES ON ASSETS

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

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 March 2021 (for the year ended 31 March 2020: Nil).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material contingent liabilities (as at 31 March 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

There is no important event affecting the Group which has occurred after the Reporting Period.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the Company's shares were listed on the Stock Exchange on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants, including eligible Directors, eligible employees and any other eligible persons, for their contributions to the Group.

Subject to the terms and conditions of the Share Option Scheme, the total number of Shares Options which may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the Shares in issue as at the date of the approval of the limit as "refreshed".

The aggregate number of shares issuable under the share options granted on 16 January 2018 under the Share Option Scheme was 22,068,000 shares, representing approximately 3.36% of the issued share capital of the Company as at the date. The Company obtained a fresh approval of scheme limit under the Share Option Scheme in an annual general meeting held on 28 September 2018. Details of the share options of the Company granted, exercised, lapsed and cancelled pursuant to the Share Option Scheme during the year ended 31 March 2021 were as follows:

Name of Grantee	Date of grant	Exercise Price (HK\$)	Exercise period	Vesting period	Number of shares issuable under the share options				
					As at 1 April 2020	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	As at 31 March 2021
Directors									
Mr. Lam Kai Yeung	16/01/2018	0.854 per share	16/01/2018-15/01/2028	16/01/2018-15/01/2028	5,192,000	-	-	-	5,192,000
Other participants in aggregate	16/01/2018	0.854 per share	16/01/2018-15/01/2028	16/01/2018-15/01/2028	15,576,000	-	-	-	15,576,000

None of the share options was granted, exercised, lapsed and cancelled under the Share Option Scheme throughout the year ended 31 March 2021 and up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions (“**Code Provisions**”) under the Corporate Governance Code throughout the year ended 31 March 2021, except for the following deviations:

Code Provision A.6.7 stipulates, among others, that independent non-executive Directors and other non-executive Directors should attend general meetings. Due to his other business engagement, Mr. Chau On Ta Yuen, a then independent non-executive Director, was unable to attend the annual general meeting (“**AGM**”) held on 31 July 2020 (“**2020 AGM**”).

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 current period's review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

Code Provision E.1.2 requires that the chairman of the board of the company should attend the annual general meeting. The then chairman of the Board, Mr. Zhi Hua, was unable to attend 2020 AGM due to his other business engagements. Mr. Lam Kai Yeung, an executive Director, acted as the chairman of 2020 AGM in accordance with the Bye-Laws of the Company.

AUDIT COMMITTEE AND COMPLIANCE WITH LISTING RULES

The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Lam Lee G. (chairman), Mr. Chan Kin and Mr. Chan Chi Yan Benny. It was established by the Board on 8 September 2010 and its duties are clearly defined in its revised written terms of reference which have been prepared and adopted according to the Code Provisions. The revised terms of reference of Audit Committee can be found in the websites of the Stock Exchange and the Company.

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong and PRC while the Company itself is listed on the Stock Exchange.

To the best knowledge of the Directors, during the year ended 31 March 2021, 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.

The Audit Committee provides an important link between the Board and the Company's external auditor in matters coming within the scope of the Group's audit. It also reviews the annual and interim results of the Company prior to recommending them to the Board for approval, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year ended 31 March 2021, the Audit Committee has convened 3 meetings and conducted the following major work:

- reviewed the interim and annual reports of the Company together with the external auditor and management of the Company;
- reviewed the audit plans and findings of the external auditor of the Company as well as development in accounting standards and its effects on the Group;
- reviewed the effectiveness of the risk management and internal control system together with the external auditor of the Company; and
- made recommendations to the Board on the appointment and re-appointment of the external auditor.

There was no disagreement between the Board's and the Audit Committee's view on the selection, appointment and resignation of external auditor.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 March 2021 with the management and the external auditor of the Company and recommended its adoption to the Board.

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

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

By Order of the Board
Hang Pin Living Technology Company Limited
Lam Kai Yeung
Chief Executive Officer & Executive Director

Hong Kong, 23 June 2021

As at the date of this announcement, the Board comprises Mr. Lam Kai Yeung and Mr. Situ Shilun as executive Directors, Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny as independent non-executive Directors.