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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)**

### **(1) PROFIT WARNING**

### **(2) DISCLOSEABLE AND CONNECTED TRANSACTIONS**

#### **(1) PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

Based on the preliminary assessment by the Group's management and the unaudited consolidated management accounts of the Group for the six months ended 30 September 2019, the Board wishes to inform the Shareholders that the Group is expected to record a net loss as compared to a net profit of approximately HK\$4.4 million for the six months ended 30 September 2018, which was mainly attributable to (i) the decline in sales revenue of approximately 48% as a result of the trade war between USA and China which has dampened the sentiment of consumers; and (ii) significant decline in other incomes and revenue.

The information contained in this announcement is only based on the preliminary assessment by the Group's management and such information is subject to the finalisation of the interim results announcement of the Group for the six months ended 30 September 2019, which is expected to be published before the end of November 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **(2) DISCLOSEABLE AND CONNECTED TRANSACTIONS**

### **(i) Tenancy Agreement**

The Board announces that, on 15 November 2019, the Company and Good Fellow Garment (Fujian) as landlord entered into a Tenancy Agreement for a leasing period of 10 years at an aggregate rent of HK\$14 million commencing from the date that all necessary resolution(s) has been passed by the Independent Shareholders of the Company at the SGM. The Company shall set up Putian Jinggaofeng Garment, a wholly-owned subsidiary of the Company, and the subject premises of the Tenancy Agreement shall be used by Putian Jinggaofeng Garment for manufacturing and sales of garment products.

### **(ii) Transfer Agreement**

The Board announces that, on 15 November 2019, the Company and Good Fellow Garment (Fujian) as transferor entered into a Transfer Agreement. Pursuant to which the Company has agreed to acquire and Good Fellow Garment (Fujian) has agreed to sell the Target Assets at a total consideration of HK\$11 million.

## **LISTING RULES IMPLICATIONS**

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a lessee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16. Under the Listing Rules, the entering into of lease transaction by the Group as lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules, and may constitute a notifiable transaction of the Company under the Listing Rules depending on the size of the lease transaction. Moreover, pursuant to Rule 14.22 of the listing Rules, the transactions contemplated under the Tenancy Agreement and the Transfer Agreement should be aggregated. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5% but is lower than 25%, the Acquisition shall constitute a discloseable transaction for the Company and is subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Good Fellow Garment (Fujian) is wholly-owned by Holt Hire Holdings Limited, which is owned as to 100% by Mr. Ng, who is a substantial shareholder of the Company. Hence, Good Fellow Garment (Fujian) is an associate of the connected person of the Company under Chapter 14A of the Listing Rules. Moreover, pursuant to Rule 14A.81 of the listing Rules, the transactions contemplated under the Tenancy Agreement and the Transfer Agreement should be aggregated.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Tenancy Agreement and the Transfer Agreement when aggregated are more than 5%, the transactions contemplated under the Tenancy Agreement and the Transfer Agreement constitute connected transactions of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **GENERAL**

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms and conditions of the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder.

Messis Capital Limited has been appointed as the independent financial adviser to advise the Board and the Independent Shareholders as to whether the terms and conditions of the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

A circular containing, among other things, (i) further details about the Tenancy Agreement and the Transfer Agreement; (ii) the recommendations of the Independent Board Committee on the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder; and (iv) the notice convening the SGM, is expected to be despatched to the Shareholders on or before 6 December 2019.

**(1) PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

Based on the preliminary assessment by the Group's management and the unaudited consolidated management accounts of the Group for the six months ended 30 September 2019, the Board wishes to inform the Shareholders that the Group is expected to record a net loss as compared to a net profit of approximately HK\$4.4 million for the six months ended 30 September 2018, which was mainly attributable to (i) the decline in sales revenue of approximately 48% as a result of the trade war between USA and China which has dampened the sentiment of consumers; and (ii) significant decline in other incomes and revenue.

The information contained in this announcement is only based on the preliminary assessment by the Group's management and such information is subject to the finalisation of the interim results announcement of the Group for the six months ended 30 September 2019, which is expected to be published before the end of November 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

**(2) DISCLOSEABLE AND CONNECTED TRANSACTION**

**(i) TENANCY AGREEMENT**

The Board announces that, on 15 November 2019, the Company and Good Fellow Garment (Fujian) entered into a Tenancy Agreement, the principal terms of which are summarised as follows:

Date: 15 November 2019

Parties: Good Fellow Garment (Fujian) as the landlord;

The Company to set up Putian Jinggaofeng Garment, a wholly-owned subsidiary of the Company and will be the tenant

Term: The Tenancy Agreement shall have a term of 10 years commencing from the date that all necessary resolution(s) has been passed by the Independent Shareholders of the Company at the SGM, subject to both parties shall have the right to early terminate the Tenancy Agreement by giving six (6) months' prior written notice to the others provided that the Tenancy Agreement shall not be terminated before the expiration of one year from the commencement of the tenancy term or the respective rights of the Company and Good Fellow Garment (Fujian) to terminate the Tenancy Agreement upon an event of default caused by the other parties as specified therein

Location of the subject premises:	Jinwei Industrial Zone, No. 1478 Xiang'an Road, Jiao Wei Town, Xianyou County, Putian, Fujian Province, PRC (中國福建省莆田市仙游縣郊尾鎮香安路1478號金威工業園)
Land use right certificate number of the subject premises:	<ul style="list-style-type: none"> <li>• Xianzheng Fangquan Certificate GY No. 2002232;</li> <li>• Xianzheng Fangquan Certificate GY No. 2002257; and</li> <li>• Xianzheng Fangquan Certificate GY No. 990063</li> </ul>
Total rent:	The aggregate rent during the term of the Tenancy Agreement is HK\$14 million (excluding value-added tax)
Payment Terms:	<p>Within 7 days upon the Lease Agreement becomes effective, the transferee shall pay a total of HK\$1.4 million;</p> <p>Within 6 months upon the Lease Agreement becomes effective, the transferee shall pay the remaining balance of the rent</p>
Pricing basis:	The rental payable under the Tenancy Agreement is determined by both parties on normal commercial terms and with reference to among other things, the valuation of the rent of the subject premises conducted by independent professional valuer and the prevailing market rates of similar properties in the locality and the expected rate of inflation during the term of the Tenancy Agreement.

## (ii) TRANSFER AGREEMENT

### **Date**

15 November 2019

### **Parties**

- (i) Good Fellow Garment (Fujian), as transferor
- (ii) The Company to set up Putian Jinggaofeng Garment, a wholly-owned subsidiary of the Company and will be the transferee

### **Information of the assets to be acquired**

Pursuant to the Transfer Agreement, the transferee has conditionally agreed to purchase and the transferor has conditionally agreed to sell the Target Assets owned by the transferor.

The Target Assets under the Transfer Agreement is the non-current assets owned by the transferor, including but not limited to various specialized purpose-built machineries for the manufacturing of garment products and office equipment.

There is no charge, pledge or other limitation on transfer regarding the abovementioned non-current assets.

### **Considerations and payment terms**

The Consideration under the Transfer Agreement is HK\$11 million, which shall be satisfied by the internal resource as follows:

- (i) within seven (7) days upon the Transfer Agreement becomes effective, the transferee shall pay a total of HK\$1.1 million (10% of the total consideration);
- (ii) within 6 months upon the Transfer Agreement becomes effective, the transferee shall pay the remaining HK\$9.9 million (90% of the total consideration).

The consideration of the Transfer Agreement was determined by both parties with reference to, the appraised value of Target Assets evaluated by independent valuer and the prevailing market value of similar machinery and office equipment.

### **Conditions Precedent**

Completion shall be conditional upon satisfaction of certain conditions, including:

- (i) the passing of all necessary resolution(s) of the Board of the Company;  
and
- (ii) the passing of all necessary resolution(s) by the Independent Shareholders of the Company at the SGM.

## **Reasons for entering into the Tenancy Agreement and the Transfer Agreement**

The Company intends to set up a wholly-owned subsidiary, namely Putian Jinggaofeng Garment. The subject premises, together with the Target Assets acquired, shall be used by Putian Jinggaofeng Garment for manufacturing and sales of garment products. The Company is of the view that such expansion is in line with the long-term business strategy of the Group and will have its own garment manufacturing capability and strengthen the Group's position in the garment industry.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their opinion after considering the advice from the independent financial adviser), consider that the terms of the Tenancy Agreement and the Transfer Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a lessee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16. Under the Listing Rules, the entering into of lease transaction by the Group as lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules, and may constitute a notifiable transaction of the Company under the Listing Rules depending on the size of the transaction. Moreover, pursuant to Rule 14.22 of the listing Rules, the transactions contemplated under the Tenancy Agreement and the Transfer Agreement shall be aggregated. Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5% but is lower than 25%, the Acquisition shall constitute a discloseable transaction for the Company and is subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Good Fellow Garment (Fujian) is wholly-owned by Holt Hire Holdings Limited, which is owned as to 100% by Mr. Ng, who is a substantial shareholder of the Company. Hence, Good Fellow Garment (Fujian) is an associate of the connected person of the Company under Chapter 14A of the Listing Rules. Moreover, pursuant to Rule 14A.81 of the listing Rules, the transactions contemplated under the Tenancy Agreement and the Transfer Agreement shall be aggregated.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Tenancy Agreement and the Transfer Agreement when aggregated are more than 5%, the transactions contemplated under the Tenancy Agreement and the Transfer Agreement constitute connected transactions of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION OF THE PARTIES**

### **The Group**

The Group is principally engaged in (i) the garment sourcing business and (ii) provision of financial services which include, among others, asset management, finance lease, pawn, and money lending business.

### **The Company**

The Company is a limited company incorporated in Bermuda and is an investment holding company.

### **Putian Jinggaofeng Garment**

Putian Jinggaofeng Garment, a wholly-owned subsidiary to be set up by the Company, and is expected to be principally engaged in the business of manufacturing and sales of garment products.

### **Good Fellow Garment (Fujian)**

Good Fellow Garment (Fujian) is a limited company established in the PRC and is principally engaged in manufacturing and sales of garment products.

### **Holt Hire Holdings Limited**

Holt Hire Holdings Limited is a limited company established in the British Virgin Islands and is an investment holding company.

## **GENERAL**

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms and conditions of the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder.

Messis Capital Limited has been appointed as the independent financial adviser to advise the Board and the Independent Shareholders as to whether the terms and conditions of the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

A circular containing, among other things, (i) further details about the Tenancy Agreement and the Transfer Agreement; (ii) the recommendations of the Independent Board Committee on the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder; and (iv) the notice convening the SGM, is expected to be despatched to the Shareholders on or before 6 December 2019.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder is required to abstain from voting on the relevant resolutions at the SGM. Since Mr. Ng has material interest in the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder, Mr. Ng and his associates must abstain from voting on the resolutions approving the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder at the SGM. To the best knowledge, information and belief of the Directors, save as disclosed in this announcement, none of the other Shareholders must abstain from voting on the relevant resolutions.

## **DEFINITIONS**

“associate”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Hang Pin Living Technology Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto in the Listing Rules
“connected transaction(s)”	has the meaning as ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“HK\$” or “HK dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards, which set out the accounting principles applicable in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Good Fellow Garment (Fujian)”	Good Fellow Garment (Fujian) Co., Ltd, a company incorporated in the PRC
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder

“Independent Shareholder(s)”	Shareholder(s) other than Mr. Ng and his respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Mr. Ng”	Mr. Ng Leung Ho, being a substantial shareholder of the Company holding approximately 15.85% equity interest in the Company
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, Macau and Taiwan
“Putian Jinggaofeng Garment”	Putian Jinggaofeng Garment Co. Ltd.* (莆田金高峰服飾有限公司), a wholly-owned subsidiary to be set up by the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if appropriate, to approve the Tenancy Agreement and the Transfer Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Substantial shareholder(s)”	has the meaning as ascribed thereto in the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the garment manufacturing machineries and equipment and office equipment owned by Good Fellow Garment (Fujian)

“Tenancy Agreement”	the tenancy agreement entered into between the Company and Good Fellow Garment (Fujian), details of which are set out in the section headed “Tenancy Agreement” in this announcement
“Transfer Agreement”	the transfer agreement entered into between the Company and Good Fellow Garment (Fujian), details of which are set out in the section headed “Transfer Agreement” in this announcement
“%”	per cent

By Order of the Board  
**Hang Pin Living Technology Company Limited**  
**Zhi Hua**  
*Chairman*

Hong Kong, 15 November 2019

*As at the date of this announcement, the Board comprises Mr. Zhi Hua, Mr. Lam Kai Yeung and Mr. Ma Jun as executive directors, Mr. Chau On Ta Yuen, Dr. Lam Lee G and Mr. Chan Kin as independent non-executive directors.*