

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)

Executive Directors:

Mr. Lam Kai Yeung

Mr. Zhang Kaiyuan

Independent non-executive Directors:

Dr. Lam Lee G

Mr. Chan Kin

Mr. Chau Chi Yan Benny

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

168-200 Connaught Road Central,

Hong Kong

27 August 2024

To the Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY



金利豐證券

KINGSTON SECURITIES

ON BEHALF OF

BRILLIANT SUNSHINE INTERNATIONAL LIMITED

TO ACQUIRE ALL OF THE ISSUED SHARES OF

HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

(OTHER THAN THOSE ALREADY OWNED BY OR

TO BE ACQUIRED BY THE OFFEROR AND

PARTIES ACTING IN CONCERT WITH IT)

AND

FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE

OPTIONS OF THE COMPANY

1. INTRODUCTION

On 6 August 2024, the Board was informed by the Offeror that, following the purchase of Mr. Ng's Shares (i.e., the 103,950,000 Shares held by Mr. Ng immediately prior to the purchase) from Mr. Ng, who holds 50% shareholding interest in the Offeror and is the director of the Offeror, at HK\$0.08 per Share, the Offeror would like to make a voluntary conditional general cash offers in compliance with the Takeovers Code to (1) acquire all of the Offer Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it); and (2) cancel all the outstanding Share Options.

The purpose of this Composite Document is to provide you with, among other things:

- (a) information relating to the Group and the Offeror;
- (b) further information regarding the terms and procedures of the Offers;
- (c) a letter from Kingston Securities containing, among other things, details of the Offers;
- (d) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; and
- (e) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny, being all the independent non-executive Directors, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

The Independent Financial Adviser, INCU Corporate Finance Limited, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Offers pursuant to Rule 2.1 of the Takeovers Code and, in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

3. THE OFFERS

Consideration for the Offers

As set out in the “Letter from Kingston Securities” on pages 6 to 17 of this Composite Document, the Offers are made by Kingston Securities for and on behalf of the Offeror on the following basis:

The Share Offer

For each Offer Share. HK\$0.08 in cash

The Share Offer Price is HK\$0.08 per Offer Share, which is the same as the purchase price per Share for the purchase of Mr. Ng’s Shares by the Offeror on 6 August 2024. The purchase price was determined after arm’s length negotiation between the Offeror and Mr. Ng, taking into account:

- (i) the thin average trading volume of the Shares during the twelve-month period preceding the commencement of the Offer Period, up to and including the Last Trading Day. The average trading volume ranged between nil to approximately 0.0381% to the then total number of issued Shares as at the end of their respective month; and
- (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange over the 60, 90 and 180 trading days up to and including the Last Trading Day.

The Option Offer

For cancellation of each Share Option with
exercise price of HK\$0.854. HK\$0.01 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Share Options in full (to the extent not already exercised) at any time after the date on which the Option Offer is declared unconditional and up to the close of the Option Offer (or any revised offer), after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Share Options. The consideration for the cancellation of each Share Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Share Option. As the exercise price of the Share Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.01 per Share Option.

As at the Latest Practicable Date, there were 785,927,000 Shares in issue. Save for the Share Options, as at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Under the terms of the Option Offer, the Share Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

The Directors confirm that, as at the Latest Practicable Date, the Company has no outstanding dividend or other distribution that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution on the Shares until after the close of the Offers.

The details of the total value of the Offers are set out in the section headed "The Offers" in the "Letter from Kingston Securities" in this Composite Document.

Further details of the Hong Kong stamp duty in connection with the acceptance of the Offers are set out in the paragraph headed "1. Procedures for Acceptance" in the Appendix I titled "Further Terms and Procedures for Acceptance of the Offers" to this Composite Document. Details of the payment of cash consideration for the acceptance of the Offers are set out in the paragraph headed "2. Settlement" in the Appendix I titled "Further Terms and Procedures for Acceptance of the Offers" to this Composite Document.

4. CONDITIONS OF THE OFFERS

The Conditions to the Offers are set out in the section headed "Conditions of the Offers" in the "Letter from Kingston Securities" in this Composite Document.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date is as follows:

	As at the Latest Practicable Date	
	Number of Shares	Approximately % of issued Shares
Offeror and parties acting in concert with it		
The Offeror	103,950,000	13.23%
Sub-total	<u>103,950,000</u>	<u>13.23%</u>
Other Shareholders		
Mr. Ng Tsze Lun (<i>Note 2</i>)	50,173,000	6.38%
Other public shareholders	<u>631,804,000</u>	<u>80.39%</u>
Total	<u><u>785,927,000</u></u>	<u><u>100%</u></u>

Notes:

1. Mr. Lam Kai Yeung, the Director, holds 5,192,000 Share Options that entitles him to subscribe for 5,192,000 Shares at the exercise price of HK\$0.854. Save for the above, none of the Directors holds any Shares as at the Latest Practicable Date.
2. There is no relationship between Mr. Ng Tsze Lun and either the Offeror or Mr. Ng. Mr. Ng Tsze Lun is not acting in concert with the Offeror or Mr. Ng.

6. INFORMATION ON THE GROUP

The Company is a company incorporated in Bermuda with limited liabilities and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682). The Company is an investment holding company. The Group is principally engaged in (i) garment sourcing; and (ii) provision of financial services.

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 March 2024 and 31 March 2023 as extracted from the annual results of the Company of the year ended 31 March 2024:

	For the year ended 31 March	
	2023 (audited) HK\$'000	2024 (audited) HK\$'000
Revenue	123,210	96,691
Gross profit	5,522	2,309
Loss before tax	(5,509)	(6,655)
Loss for the year attributable to owners of the Company	(5,509)	(3,655)
	As at 31 March	
	2023 (audited) HK\$'000	2024 (audited) HK\$'000
Consolidated net asset value	91,350	88,091

Further financial information of the Group is set out in Appendix II to this Composite Document.

7. INFORMATION OF THE OFFEROR AND INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Information of the Offeror is set out in the section headed “Information on the Offeror” in the “Letter from Kingston Securities” in this Composite Document.

The Board notes the stated intentions of the Offeror in relation to the Group set out in the section headed “Intentions of the Offeror with regard to the Company” in the “Letter from Kingston Securities” in this Composite Document. It is open to working with the Offeror in reviewing the structure, operation and business of the Group to enhance and strengthen its business.

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

9. RECOMMENDATION AND ADDITIONAL INFORMATION

The recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers is set out in the "Letter from the Independent Board Committee" in this Composite Document. The advice from INCU Corporate Finance Limited to the Independent Board Committee in relation to the Offers and the principal factors considered by INCU Corporate Finance Limited in arriving at its advice are set out in the "Letter from Independent Financial Adviser" in this Composite Document.

Additional information is also set out in the appendices to this Composite Document. You are recommended to read carefully Appendix I titled "Further Terms and Procedures for Acceptance of the Offers" to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By order of the Board
**Hang Pin Living Technology
Company Limited**



Lam Kai Yeung
*Chief Executive Officer &
Executive Director*