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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) TERMINATION OF TENANCY AGREEMENT

(2) DISCLOSEABLE TRANSACTION – DISPOSAL OF ASSETS

(1) TERMINATION OF TENANCY AGREEMENT

The Board announces that on 30 March 2021, the Company served a notice to Good Fellow Garment (Fujian) to early terminate the Tenancy Agreement pursuant to the provision in the Tenancy Agreement with effect from 30 September 2021. Upon termination of Tenancy Agreement and delivery of vacant possession of the subject premises to Good Fellow Garment (Fujian), (i) the remaining balance of rent will be returned to the Group; and (ii) the Group and Good Fellow Garment (Fujian) shall be released and discharged from their respective further liabilities and obligations thereunder absolutely.

(2) DISCLOSEABLE TRANSACTION – DISPOSAL OF ASSETS

The Board announces that, on 30 March 2021, the Company as vendor and Fujian Province Xianyou County Jiuxian Cultural and Ecological Tourism Development Company Limited* (福建省仙游縣九仙文化生態旅遊有限公司) as purchaser entered into an Assets Transfer Agreement. Pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Target Assets at a total consideration of HK\$11 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

(1) TERMINATION OF TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 15 November 2019 (the “**Announcement**”) in relation to, among others, the entering of the Tenancy Agreement which constituted notifiable transactions and connected transactions of the Company under the Listing Rules. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 30 March 2021, the Company served a notice to Good Fellow Garment (Fujian) to early terminate the Tenancy Agreement pursuant to the provision in the Tenancy Agreement with effect from 30 September 2021. Upon termination of Tenancy Agreement and delivery of vacant possession of the subject premises to Good Fellow Garment (Fujian), (i) the remaining balance of rent paid will be returned to the Group; and (ii) the Group and Good Fellow Garment (Fujian) shall be released and discharged from their respective further liabilities and obligations thereunder absolutely.

(2) DISCLOSEABLE TRANSACTION – DISPOSAL OF ASSETS

On 30 March 2021, the Company as vendor and Fujian Province Xianyou County Jiuxian Cultural and Ecological Tourism Development Company Limited* (福建省仙游縣九仙文化生態旅遊有限公司) as purchaser entered into an Assets Transfer Agreement. Pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Target Assets at a total consideration of HK\$11 million.

ASSETS TRANSFER AGREEMENT

Details of the Assets Transfer Agreement are summarised as follows:

Date

30 March 2021

Parties

Vendor: The Company

Purchaser: Fujian Province Xianyou County Jiuxian Cultural and Ecological Tourism Development Company Limited* (福建省仙游縣九仙文化生態旅遊有限公司)

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Consideration and Payment Terms

The aggregate consideration for the Disposal under the Assets Transfer Agreement is HK\$11 million, which was determined after arm's length negotiations between the Company and the Purchaser with reference to the aggregate acquisition costs of the Target Assets.

The consideration under the Assets Transfer Agreement shall be paid by the Purchaser as follows:

1. HK\$1.1 million shall be paid by the Purchaser to the Company within seven days upon the effective of the Assets Transfer Agreement; and
2. HK\$9.9 million shall be paid by the Purchaser to the Company within three months upon the effective of the Assets Transfer Agreement.

Having considered the potential benefits of the Disposal to the Group and the consideration is not lower than the original acquisition costs of the Target Assets, the Directors believe that the consideration is fair and reasonable.

Delivery of the Target Assets

The Vendor shall, on the day receiving the partial consideration of HK\$1.1 million under the Assets Transfer Agreement, transfer its title in the Target Assets to the Purchaser.

GENERAL INFORMATION OF THE PARTIES

The Group

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

The Company

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

The Purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Purchaser is a company established in the PRC with limited liability and is principally engaged in the development of ecological tourism and is owned as to 50% by Ms. Li Huiqin (李慧欽) and 50% by Ms. Li Zhengzhen (李鄭振), respectively; and (ii) the Purchaser and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE TERMINATION AND THE DISPOSAL

The Directors have been continuously assessing the Group's current business strategy, with the aim to enhance overall performance, prospects and attractiveness to market investors. 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, production and supply chain across the globe and resulted in faster-than-expected economic contraction in certain major economies which 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 Directors are of the view that 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. Based on the above, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The aggregate net book value of the Target Assets was approximately HK\$9,867,000 million as at 28 February 2021. Based on the difference between the consideration for the Disposal and the net book value of the Targets Assets as mentioned above, the Group is expected to realise a gain of approximately (before taxation) approximately HK\$1,133,000 million as a result of the Disposal.

USE OF PROCEEDS

The proceeds from the Disposal will be used for development of its existing garment sourcing business, the provision of financial services business and general working capital.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Assets Transfer Agreement”	The assets transfer agreement entered into between the Company and the Purchaser, details of which are set out in the paragraph headed “(2) Discloseable Transaction – Disposal of Assets – Assets Transfer Agreement” in this announcement
“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 transaction(s)”	has the meaning as ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Assets pursuant to the Assets Transfer Agreement
“HK\$” or “HK dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“Good Fellow Garment (Fujian)”	Good Fellow Garment (Fujian) Co., Ltd, a company incorporated in the PRC
“Group”	the Company and its subsidiaries
“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
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, Macau and Taiwan
“Purchaser”	Fujian Province Xianyou County Jiuxian Cultural and Ecological Tourism Development Company Limited* (福建省仙游縣九仙文化生態旅遊有限公司), a company established in the PRC with limited liability and is owned as to 50% by Ms. Li Huiqin (李慧欽) and 50% by Ms. Li Zhengzhen (李鄭振), respectively

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the garment manufacturing machineries and equipment and office equipment owned by the Group
“Tenancy Agreement”	the tenancy agreement entered into between the Company and Good Fellow Garment (Fujian) on 15 November 2019
“Termination”	the termination of the Tenancy Agreement
“%”	per cent

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

Hong Kong, 30 March 2021

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

* *For identification purpose only*