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HANBO ENTERPRISES HOLDINGS LIMITED

恒寶企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1367)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY AND CHANGE IN USE OF PROCEEDS

The Board announces that on 19 December 2016 after trading hours, Capital Strategic entered into the Loan Agreement with the Borrower, pursuant to which Capital Strategic has agreed to provide a loan to the Borrower in the principal amount of HK\$20,000,000.

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

As the amount of the Loan granted to the Borrower exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the grant of the Loan is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

The Board announces that on 19 December 2016 after trading hours, Capital Strategic entered into the Loan Agreement with the Borrower, pursuant to which Capital Strategic has agreed to provide a loan to the Borrower in the principal amount of HK\$20,000,000.

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

Loan Agreement

Summarised below are the principal terms of the Loan Agreement.

Date : 19 December 2016

- Parties : Capital Strategic, as Lender
Mr. Cheung Che Kin, as Borrower
- Capital Strategic is an indirect wholly-owned subsidiary of the Company and it is licensed to conduct money lending business in Hong Kong under the provisions of the Money Lenders Ordinance.
- To the best of knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrower is a third party independent of the Company and connected persons of the Company.
- Principal amount of the Loan : HK\$20,000,000
- The Loan will be available for drawdown in its entirety or in part (in integral multiples of HK\$1,000,000) on any Business Day on or after the date of the Agreement until the earlier of the Maturity Date and the date on which the Loan is cancelled or terminated under the provisions of the Agreement.
- Interest rate : 13% per annum, payable on the Maturity Date, to be accrued on the outstanding balance of the Loan from day to day on the basis of the actual number of days elapsed and a 365-day year.
- Term : six (6) months following the date of the first drawdown, which may be extended upon the request of the Borrower and subject to agreement of the Lender in writing.
- Voluntary cancellation : The Borrower shall not cancel all or any part of the undrawn Loan during the term of the Agreement.

The terms of the Loan have been negotiated on an arms' length basis, having regard to the financial standing of the Borrower, and the current market norm for similar transactions.

Funding of the Loan

The Loan will be financed by the net proceeds from the Listing. Please refer to the section headed "CHANGE IN USE OF PROCEEDS" below.

Reasons for and benefits of the Loan Agreement

The Company is an investment holding company. The Group is principally engaged in trading of apparel products and provision of apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets) and accessories. The apparel supply chain management services include sourcing of raw materials and third-party manufacturers, sample creation, product design and development, production management, merchandising, quality control, logistics management and social compliance monitoring services. The Group acts as a one-stop solution provider to its customers by providing them with a wide range of services to meet their needs along the apparel supply chain.

As disclosed in the Company's announcement dated 6 December 2016, the Board intends to diversify its operations into the financial sector which includes but not limited to the provision of financing, brokerage, asset management and investment management services, and securities investments.

The provision of the Loan is in line with the Group's strategy to develop its financing business. Taking into account the satisfactory financial background of the Borrower and the revenue and cash flow that can be generated from the Loan, the Directors consider that the terms of the Loan Agreement and the entering into of the Loan Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Listing Rules Implications

The grant of the Loan under the Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan was more than 5% but less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

As the amount of the Loan granted to the Borrower exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the grant of the Loan is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

CHANGE IN USE OF PROCEEDS

Referenced is made to the Prospectus.

The net proceeds from the Listing was approximately HK\$43.8 million. As at the date of this announcement, approximately HK\$31.9 million remains unutilised (the "Unutilised Proceeds"). As disclosed in the Prospectus, the net proceeds were originally intended to be used by the Company in the following manner:

- (a) approximately 33% for enhancement of design and development capability;
- (b) approximately 28% for expansion of network of third-party manufacturers;
- (c) approximately 14.5% for product type expansion;
- (d) approximately 14.5% for enhancement of IT system and upgrading of ERP system; and
- (e) approximately 10% for working capital and other general corporate purposes.

In line with the Group's strategy to diversify its operations into the financial sector, the Board has resolved to change the intended use of part of the Unutilised Proceeds towards the business expansion into the financial sector as follows:

| | Original allocation | | Utilisation as at the date of this announcement | | Remaining balance as at the date of this announcement | | Revised allocation | |
|---|-----------------------|--------------------------|---|--------------------------|---|--------------------------|-----------------------|--------------------------|
| | <i>Approximate</i> | | <i>Approximate</i> | | <i>Approximate</i> | | <i>Approximate</i> | |
| | <i>HK\$ (million)</i> | <i>% of net proceeds</i> | <i>HK\$ (million)</i> | <i>% of net proceeds</i> | <i>HK\$ (million)</i> | <i>% of net proceeds</i> | <i>HK\$ (million)</i> | <i>% of net proceeds</i> |
| enhancement of design and development capability | 14.5 | 33.0 | 0.5 | 1.1 | 14.0 | 31.9 | — | — |
| expansion of network of third-party manufacturers | 12.3 | 28.0 | 1.8 | 4.1 | 10.5 | 23.9 | — | — |
| product type expansion | 6.3 | 14.5 | 2.6 | 6.0 | 3.7 | 8.5 | — | — |
| enhancement of IT system and upgrading of ERP system | 6.3 | 14.5 | 2.6 | 6.0 | 3.7 | 8.5 | 3.7 | 8.5 |
| working capital and other general corporate purposes | 4.4 | 10.0 | 4.4 | 10.0 | — | — | — | — |
| Development of the financial services business of the Group | — | — | — | — | — | — | 28.2 | 64.3 |
| Total | 43.8 | 100.0 | 11.9 | 27.2 | 31.9 | 72.8 | 31.9 | 72.8 |

Save for the change in the use of the Unutilised Proceeds as disclosed above, the Company intends to apply the remaining Unutilised Proceeds as originally intended. The Board considers that such change in the use of the Unutilised Proceeds would cope with the development of the businesses and plans of the Group, and is a more efficient and effective deployment of the Company's financial resources and in the best interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

| | |
|---------------------|---|
| “Board” | the board of Directors |
| “Borrower” | Mr. Cheung Che Kin, who, to the best of knowledge, information and belief of the Directors having made all reasonable enquiry, is a third party independent of the Company and connected persons of the Company |
| “Business Day” | a day on which the Stock Exchange is open for the transaction of business |
| “Capital Strategic” | Capital Strategic Partners Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Company” | Hanbo Enterprises Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |

| | |
|---------------------------|---|
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing” | 11 July 2014, being the date of listing of the Shares on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan” | a loan in the principal amount of HK\$20,000,000 provided by Capital Strategic to the Borrower under the Loan Agreement |
| “Loan Agreement” | the loan agreement dated 19 December 2016 entered into between Capital Strategic and the Borrower in respect of the Loan |
| “Maturity Date” | the date falling six (6) months from the first drawing of the Loan, it may be extended upon the request of the Borrower and subject to the agreement of the Lender in writing |
| “Money Lenders Ordinance” | the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “Prospectus” | the Company’s prospectus dated 30 June 2014 |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By order of the Board
Hanbo Enterprises Holdings Limited
Jia Bowei
Chairman & Executive Director

Hong Kong, 19 December 2016

As at the date of this announcement, the executive Directors are Mr. Jia Bowei, Mr. Lam Kwan Sing and Mr. Wong Nga Leung and the independent non-executive Directors are Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Hon Ming Sang.