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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 AND CONNECTED TRANSACTION

Capital Contribution Agreement

On 27 April 2017, Silver Year, an indirect wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with the Target Company and its shareholders, pursuant to which Silver Year agreed to make capital contribution in the amount of RMB25,000,000 by way of cash to the Target Company and become a shareholder of the Target Company holding 51% of its equity interests.

In connection with the Capital Contribution Agreement, Silver Year has also entered into the Joint Investment Agreement with each of the shareholders of the Target Company on 27 April 2017. Principal terms of the Joint Investment Agreement are set out in more details in this announcement.

Listing Rules Implications

As at least one of the applicable percentage ratios in relation to the Capital Contribution calculated in accordance with Rule 14.07 of the Listing Rules is higher than 5% but less than 25%, the transactions contemplated under the Capital Contribution Agreement therefore constitute a discloseable transaction for the Company, which is subject to the notification and announcement requirements under the Listing Rules.

Guangzhou Huiyin Tianye, through its wholly-owned subsidiary, holds 18.75% of the issued Shares and is thus a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Capital Contribution Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As at least one of the applicable percentage ratios (as defined under the Listing Rules) exceeds 5%, the connected transaction is subject to the notification, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Capital Contribution Agreement. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (1) further details of the Capital Contribution Agreement, (2) the letter from the Independent Board Committee to the Independent Shareholders, setting out its recommendations in connection with the Capital Contribution Agreement, (3) the letter from the independent financial adviser to be appointed and (4) a notice to Shareholders convening the EGM to approve the Capital Contribution Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, will be despatched to the Shareholders on or before 22 May 2017.

CAPITAL CONTRIBUTION AGREEMENT

On 27 April 2017, Silver Year, an indirect wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with the Target Company and each of the shareholders of the Target Company, which is owned as to 40%, 25%, 25% and 10% by Guangzhou Huiyin Tianye, Hunan Huiyin Xinyuan, Lu Xiaofeng and Zeng Jing respectively as at the date of this announcement. Pursuant to the Capital Contribution Agreement, Silver Year agreed to make capital contribution in the amount of RMB25,000,000 by way of cash to the Target Company and become a shareholder of the Target Company holding 51% of its equity interests.

As at the date of this announcement, the Target Company has a registered capital of RMB10,000,000 which is fully paid up. Silver Year will subscribe for registered capital in the amount of RMB10,408,000 (representing 51% of the registered capital of the Target Company immediately upon completion of the Capital Contribution) and the balance of the Capital Contribution will be paid towards the capital reserve of the Target Company.

The Capital Contribution to the Target Company is primarily for initiating the business development, general working capital, and any other purposes which are approved by the board of directors of the Target Company.

Payment and determination of consideration

The Capital Contribution will be paid by Silver Year in cash to the Target Company in the following manner:–

- i. as to approximately RMB2,082,000 to be paid within 3 Business Days after the fulfilment or waiver of the conditions precedent as set out below; and
- ii. as to the balance to be paid to the Target Company within 3 Business Days after the completion of registration of change in shareholding with the relevant Administration for Industry & Commerce of the PRC and the obtaining of a new business licence for the Target Company.

The amount of Capital Contribution will be funded by internal resources of the Company. The amount of Capital Contribution is determined after arm's length negotiation among the parties to the Capital Contribution Agreement, with reference to the maximum fund size and paid-up capital of the funds currently managed by the Target Company.

Conditions precedent to the Capital Contribution

The obligation of the Target Company and its existing shareholders to proceed to completion is subject to the fulfilment of the following conditions precedent (which, other than (ii) and (v) below, may be waived by the Target Company and its existing shareholders):–

- (i) the execution and delivery of all relevant transaction documents by Silver Year;
- (ii) the Capital Contribution being approved by the relevant PRC authorities;
- (iii) representations and warranties given by Silver Year in the Capital Contribution Agreement remaining true and accurate in all material respects;
- (iv) there being no actual or threatened material claim or action made by or to any governmental bodies against any party to the Capital Contribution Agreement which may have a material adverse impact on the transactions contemplated under the Capital Contribution Agreement and, in the opinion of the Company, render completion of the transaction impossible or illegal; and
- (v) (if required) the Capital Contribution being approved by the Shareholders at a general meeting and by the Stock Exchange and Silver Year having obtained all relevant approval, consent or waiver from relevant governmental bodies and third parties with respect to the transactions contemplated under the Capital Contribution Agreement.

The obligation of Silver Year to proceed to completion is subject to the fulfilment of the following conditions precedent (which may be waived by Silver Year):–

- (i) the execution and delivery of all relevant transaction documents by the Target Company and its existing shareholders;
- (ii) representations and warranties given by the Target Company and its existing shareholders in the Capital Contribution Agreement remaining true and accurate in all material respects and the Target Company and its existing shareholders having performed their respective undertakings as set out in the Capital Contribution Agreement;
- (iii) there being no actual or threatened material claim or action made by or to any governmental bodies against any party to the Capital Contribution Agreement which may have a material adverse impact on the transactions contemplated under the Capital Contribution Agreement and, in the opinion of Silver Year, render completion of the transaction impossible or illegal;
- (iv) the transactions contemplated under the Capital Contribution Agreement being approved by the board of directors and existing shareholders of the Target Company;
- (v) (if required) the Target Company and its existing shareholders having obtained all relevant approval, consent or waiver from relevant governmental bodies and third parties with respect to the transactions contemplated under the Capital Contribution Agreement;

- (vi) Silver Year being satisfied with the results of legal, business and financial due diligence against the Target Company and material issues (if any) identified in the due diligence process having been resolved or a resolution having been agreed by the parties;
- (vii) there being no occurrence of any event or change that has or with sufficient proof that would have material adverse impact on (a) the subsistence, business, asset, liability, financial performance or conditions of the Target Company, resulting in any loss to the Target Company exceeding 15% of its net asset; or (b) the qualification, licences or capabilities of the Target Company to carry out its existing business; and
- (viii) the Target Company having obtained the approval of the relevant governmental authority in charge of foreign invested enterprises.

JOINT INVESTMENT AGREEMENT

In connection with the Capital Contribution Agreement, Silver Year has also entered into the Joint Investment Agreement with each of the shareholders of the Target Company so as to govern the operation and management of the Target Company and the rights and obligations amongst them. The principal terms of the Joint Investment Agreement are summarised below:

Date: 27 April 2017

Parties:

- (1) Silver Year
- (2) Guangzhou Huiyin Tianye
- (3) Hunan Huiyin Xinyuan
- (4) Lu Xiaofeng
- (5) Zeng Jing

Business scope of the Target Company: Equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund, corporate management consultancy services.

Board composition: The board of directors of the Target Company will comprise five directors, three of which are to be appointed by Silver Year, one of which is to be appointed by Guangzhou Huiyin Tianye and one of which is to be appointed by Hunan Huiyin Xinyuan. The chairman and deputy-chairman of the board of directors are to be nominated by Silver Year and Guangzhou Huiyin Tianye for the approval of the board of directors. Two-thirds of all directors form a quorum of a board meeting.

Matters which require unanimous approval of the directors present at the meetings include (i) amendment of the articles, (ii) termination and dissolution, (iii) change of registered capital, and (iv) merger and divestment of the Target Company. Other matters are to be approved by the majority of directors present at a board meeting.

Board of supervisors:	The board of supervisors of the Target Company will comprise three supervisors, two of which are to be appointed by Silver Year and Guangzhou Huiyin Tianye and one of which is a staff representative.
Restrictions on equity transfer:	A shareholder may not transfer its equity interests in the Target Company to a third party without prior consent of the other shareholders. Upon receipt of the written transfer notice from the selling shareholder, the non-selling shareholders have pre-emptive rights to purchase such equity interests on the same terms and conditions.
Distribution of profit:	Any distribution of profits will be made to the shareholders in proportion to their respective percentage equity interests in the Target Company.
Term of business of the Target Company:	20 years, which may be extended subject to agreement between shareholders and approval by the relevant authorities.
Early termination:	Parties may apply for approval from the relevant authorities for early termination for reasons stipulated in the Joint Investment Agreement.

INFORMATION ON THE TARGET COMPANY

Shareholding structure

The Target Company is a limited company established in the PRC. It is principally engaged in the management of equity investment and fund and provision of investment and management consultancy services. As of the date of this announcement, the shareholding and registered capital of the Target Company are as follows:–

Shareholder	Registered capital	Percentage shareholding
Guangzhou Huiyin Tianye	RMB4,000,000	40%
Hunan Huiyin Xinyuan	RMB2,500,000	25%
Lu Xiaofeng	RMB2,500,000	25%
Zeng Jing	RMB1,000,000	10%
Total	RMB10,000,000	100%

Immediately upon completion of the Capital Contribution, the shareholding and registered capital of the Target Company will be as follows:–

Shareholder	Registered capital	Percentage shareholding
Silver Year	RMB10,408,000	51.00%
Guangzhou Huiyin Tianye	RMB4,000,000	19.60%
Hunan Huiyin Xinyuan	RMB2,500,000	12.25%
Lu Xiaofeng	RMB2,500,000	12.25%
Zeng Jing	RMB1,000,000	4.90%
Total	<u>RMB20,408,000</u>	<u>100.00%</u>

Information of the shareholders of the Target Company

Guangzhou Huiyin Tianye is a limited company established in the PRC. It is principally engaged in equity investment, management of equity investment and fund and provision of investment and management consultancy services. Guangzhou Huiyin Tianye is an indirect wholly-owned subsidiary of the People's Government of Guangzhou Municipality. As of the date of this announcement, Guangzhou Huiyin Tianye, through its wholly-owned subsidiary, holds 18.75% of the issued Shares.

Hunan Huiyin Xinyuan is a limited partnership established in the PRC. It is principally engaged in equity investment and provision of investment and management consultancy services.

Lu Xiaofeng and Zeng Jing are two individuals with PRC nationality.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, each of Lu Xiaofeng, Zeng Jing, Hunan Huiyin Xinyuan and its ultimate beneficial owner(s) are Independent Third Parties.

Financial information of the Target Company

According to the unaudited financial statements of the Target Company prepared in accordance with HKFRS, the net asset value of the Target Company as at 31 December 2016 was approximately RMB3,083,000.

According to the unaudited financial statements of the Target Company prepared in accordance with HKFRS, the net profits of the Target Company for the two years ended 31 December 2015 and 2016 were as follows:–

	Year ended 31 December 2015 (RMB'000)	Year ended 31 December 2016 (RMB'000)
Net profit/(loss) before tax	(7,029)	112
Net profit/(loss) after tax	(7,029)	112

As at 31 December 2016, seven funds were managed by the Target Company. Total fund size and the total paid-up capital of these funds as at 31 December 2016 amounted to approximately RMB5,135 million and RMB2,468 million, respectively. These funds are invested in several industries such as clear energy, construction of infrastructure and public utilities and information technology. The terms of these funds are ranging from 3 to 10 years.

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION

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 Group is also engaged in provision of financial services, money lending business and securities investment.

As disclosed in the Company's annual report for the year ended 31 December 2016, the Group has been looking into other financial services platforms such as fund management companies and plans to further expand its financial services segment.

The Capital Contribution is in line with the Group's strategy to develop its financial services segment. In view of the above, the Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be despatched to the Shareholders after taking into account the advice of the independent financial adviser to be appointed) are of the view that the Capital Contribution is on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at least one of the applicable percentage ratios in relation to the Capital Contribution calculated in accordance with Rule 14.07 of the Listing Rules is higher than 5% but less than 25%, the transactions contemplated under the Capital Contribution Agreement therefore constitute a discloseable transaction for the Company, which is subject to the notification and announcement requirements under the Listing Rules.

Guangzhou Huiyin Tianye, through its wholly-owned subsidiary, holds 18.75% of the issued Shares and is thus a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Capital Contribution Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As at least one of the applicable percentage ratios (as defined under the Listing Rules) exceeds 5%, the connected transaction is subject to the notification, announcement and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

An Independent Board Committee, comprising Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Capital Contribution Agreement.

The Company will appoint an independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Capital Contribution Agreement.

None of the Directors has a material interest in the transactions contemplated under the Capital Contribution Agreement and is required to abstain from voting on the resolutions approving such transactions.

A circular containing, amongst other things, (1) further details of the Capital Contribution Agreement, (2) the letter from the Independent Board Committee to the Independent Shareholders, setting out its recommendations in connection with the Capital Contribution Agreement, (3) the letter from the independent financial adviser to be appointed and (4) a notice to Shareholders convening the EGM to approve the Capital Contribution Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, will be despatched to the Shareholders on or before 22 May 2017.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“associate(s)”	the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	the day(s) (other than Saturdays, Sundays and statutory public holidays) when banks in the PRC open for business generally
“Capital Contribution”	the capital contribution by Silver Year of RMB25,000,000 to the Target Company pursuant to the terms and conditions of the Capital Contribution Agreement

“Capital Contribution Agreement”	the capital contribution agreement dated 27 April 2017 entered into by Silver Year with the Target Company and its shareholders
“Company”	Hanbo Enterprises Holdings Limited (恒寶企業控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1367)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Contribution Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guangzhou Huiyin Tianye”	廣州匯垠天粵股權投資基金管理有限公司 (Guangzhou Huiyin Tianye Equity Investment Fund Management Co., Ltd.*), a limited company established in the PRC
“HKFRS”	The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Huiyin Xinyuan”	湖南匯垠鑫元投資合夥企業 (有限合夥) (Hunan Huiyin Xinyuan Investment Partnership (limited partnership)*), a limited partnership established in the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong, being all the independent non-executive Directors, which is established for the purpose of reviewing the terms of the Capital Contribution Agreement
“Independent Shareholder(s)”	Shareholders other than Guangzhou Huiyin Tianye and its associates who are required to abstain from voting on the resolution at the EGM approving the Capital Contribution Agreement and the transactions contemplated thereunder
“Independent Third Parties”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and its connected persons as defined under the Listing Rules

“Joint Investment Agreement”	the Joint Investment Agreement dated 27 April 2017 to be entered into between Silver Year and each of the shareholders of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Silver Year”	Silver Year Limited (銀諾有限公司), a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	湖南匯垠天星股權投資私募基金管理有限公司 (Hunan Huiyin Tianxing Private Equity Investment Fund Management Co., Ltd*), a limited company established in the PRC
“%”	per cent.

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

Hong Kong, 27 April 2017

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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