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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

| | For the six months ended | | % Change |
|--|--------------------------|-----------------|----------|
| | 30 June | | |
| | 2014 | 2013 | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | |
| | (Unaudited) | (Unaudited) | |
| Revenue | 204,748 | 333,863 | -38.7% |
| Gross profit | 36,865 | 51,841 | -28.9% |
| Profit/(loss) for the period and attributable to owners of the Company | (1,886) | 26,096 | -107.2% |
| Basic earnings/(loss) per share | HK(0.52) cents | HK7.25 cents | |

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Hanbo Enterprises Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated/combined interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013. The consolidated/combined interim financial information of the Group for the six months ended 30 June 2014 has not been audited, but has been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED/COMBINED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

| | | Six months ended 30 June | |
|--|-------|--------------------------|--------------|
| | | 2014 | 2013 |
| | Notes | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 5 | 204,748 | 333,863 |
| Cost of sales | | (167,883) | (282,022) |
| Gross profit | | 36,865 | 51,841 |
| Other income and gains, net | 5 | 1,014 | 2,614 |
| Selling and distribution expenses | | (695) | (1,011) |
| Administrative expenses | | (27,584) | (24,267) |
| Other expenses, net | | (10,469) | (1,790) |
| Finance cost | 6 | (83) | (248) |
| Profit/(loss) before tax | 7 | (952) | 27,139 |
| Income tax expense | 8 | (934) | (1,043) |
| Profit/(loss) for the period and attributable to owners of the Company | | (1,886) | 26,096 |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic and diluted | 9 | HK(0.52) cents | HK7.25 cents |

**CONDENSED CONSOLIDATED/COMBINED STATEMENT OF COMPREHENSIVE
INCOME**

For the six months ended 30 June 2014

| | Six months ended 30 June | |
|---|---------------------------------|----------------------|
| | 2014 | 2013 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Profit/(loss) for the period | <u>(1,886)</u> | <u>26,096</u> |
| Other comprehensive income | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | |
| Exchange fluctuation reserve: | | |
| — Translation of foreign operations | <u>51</u> | <u>(78)</u> |
| Other comprehensive income/(loss) for the period | <u>(1,835)</u> | <u>26,018</u> |
| Total comprehensive income/(loss) for the period and attributable to owners of the Company | <u>(1,835)</u> | <u>26,018</u> |

CONDENSED CONSOLIDATED/COMBINED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

| | <i>Notes</i> | 30 June 2014 HK\$'000 (Unaudited) | 31 December 2013 HK\$'000 (Audited) |
|---|--------------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 6,719 | 6,193 |
| Other receivables | | — | 775 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 6,719 | 6,968 |
| Current assets | | | |
| Inventories | | — | 227 |
| Trade and bills receivables | 11 | 45,642 | 66,788 |
| Prepayments, deposits and other receivables | | 31,572 | 52,005 |
| Due from directors | 12 | 1,476 | — |
| Cash and cash equivalents | | 53,092 | 42,384 |
| | | <hr/> | <hr/> |
| Total current assets | | 131,782 | 161,404 |
| Current liabilities | | | |
| Trade and bills payables | 13 | 11,918 | 30,775 |
| Other payables and accruals | | 15,246 | 13,342 |
| Interest-bearing bank borrowings | | — | 12,875 |
| Tax payable | | 6,361 | 6,208 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 33,525 | 63,200 |
| Net current assets | | 98,257 | 98,204 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 104,976 | 105,172 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 34 | 34 |
| Other payables and accruals | | 552 | 396 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 586 | 430 |
| Net assets | | 104,390 | 104,742 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Issued capital | 14 | — | — |
| Reserves | | 104,390 | 104,742 |
| | | <hr/> | <hr/> |
| Total equity | | 104,390 | 104,742 |
| | | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONDENSED CONSOLIDATED/COMBINED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. CORPORATE INFORMATION

Hanbo Enterprises Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 30 September 2013 as an exempted company with limited liability under the laws of the Cayman Islands. The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is located at Flat A & B, 9/F., Tontex Industrial Building, 2–4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company and the Company’s subsidiaries were primarily engaged in trading of apparel products and provision of apparel supply chain management services during the six months ended 30 June 2014. The shares of the Company (the “Share(s)”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 11 July 2014 (the “Listing Date”) (the “Listing”).

2. REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a reorganisation of the Company in connection with the Listing (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 17 June 2014. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 30 June 2014 (the “Prospectus”).

The unaudited condensed consolidated/combined statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2014 and 30 June 2013 have been prepared as if the current group structure had been in existence throughout the six months ended 30 June 2014 and 30 June 2013, respectively, or since the respective dates of establishment of the respective companies now comprising the Group, where this is a shorter period. The unaudited condensed consolidated/combined statement of financial position of the Group as at 30 June 2014 and 31 December 2013 have been prepared as if the current group structure had been in existence at those dates and to present the assets and liabilities of the subsidiaries using the then carrying values. No adjustments are made to reflect fair values, or recognised any new assets or liabilities as a result of Reorganisation.

The unaudited condensed consolidated/combined financial statements for the six months ended 30 June 2014 are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and are presented in Hong Kong dollars and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

The unaudited condensed consolidated/combined interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial information for the years ended 31 December 2011, 2012 and 2013 included in the accountants’ report set out in Appendix I to the Prospectus (the “Accountants’ Report”).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated/combined interim financial statements are consistent with those followed in the preparation of the Group's annual combined financial information for the year ended 31 December 2013 included in the Prospectus, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also included all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA for the first time for the current period's unaudited condensed consolidated interim financial statements of the Group.

| | |
|---|---|
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments | Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i> |
| HKAS 32 Amendments | Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> |
| HKAS 36 Amendments | Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i> |
| HKAS 39 Amendments | Amendments to HKAS 39 <i>Financial Instrument: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i> |
| HK(IFRIC)-Int 21 | <i>Levies</i> |

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited condensed consolidated/combined interim financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective in the unaudited condensed consolidated/combined interim financial statements.

| | |
|--|--|
| HKFRS 9 | <i>Financial Instruments</i> ⁵ |
| HKFRS 9, HKFRS 7 and HKAS 39 Amendments | <i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ⁵ |
| HKFRS 11 Amendments | Amendments to HKFRS 11 <i>Joint Arrangements — Accounting for Acquisitions of Interests in Joint Operations</i> ³ |
| HKFRS 14 | <i>Regulatory Deferral Accounts</i> ³ |
| HKFRS 15 | <i>Revenue from Contracts with Customers</i> ⁴ |
| HKAS 16 and HKAS 38 Amendments | Amendments to HKAS 16 and HKAS 38 — <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ³ |
| HKAS 19 Amendments | Amendments to HKAS 19 <i>Employee Benefits — Defined Benefit Plans: Employee Contributions</i> ¹ |
| <i>Annual Improvements 2010–2012 Cycle</i> | Amendments to a number of HKFRSs issued in January 2014 ² |
| <i>Annual Improvements 2011–2013 Cycle</i> | Amendments to a number of HKFRSs issued in January 2014 ² |

¹ Effective for annual periods beginning on or after 1 July 2014

² Generally effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of the operations and financial position.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in trading of apparel products and provision of apparel supply chain management services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The Company is domiciled in the Cayman Islands while approximately 88.7% (six months ended 30 June 2013: 91.5%) of the Group's revenue from external customers, based on the locations of the products shipped to, were attributed to the United States of America during the six months ended 30 June 2014. At the end of the reporting period, the non-current assets of the Group were located in:

| | 30 June 2014 | 31 December 2013 |
|-----------------|-------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| Hong Kong | 3,959 | 3,212 |
| Mainland China | 229 | 246 |
| Other countries | 2,531 | 3,510 |
| | 6,719 | 6,968 |

Information about major customers

For the six months ended 30 June 2014, revenue generated from three of the Group's major customers amounting to HK\$61,204,000, HK\$50,613,000 and HK\$28,933,000, respectively, had individually accounted for over 10% of the Group's total revenue.

For the six months ended 30 June 2013, revenue generated from three of the Group's major customers amounting to HK\$107,810,000, HK\$99,456,000 and HK\$34,299,000, respectively, had individually accounted for over 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of apparel products sold, after allowances for returns and trade discounts.

An analysis of the Group's other income and gains, net is as follows:

| | Six months ended 30 June | |
|--|--|--|
| | 2014 <i>HK\$'000</i> (Unaudited) | 2013 <i>HK\$'000</i> (Unaudited) |
| Other income | | |
| Bank interest income | 70 | 86 |
| Sale of scrap materials | 239 | 516 |
| Rework and compensation income | 617 | 742 |
| Sundry income | 88 | 391 |
| | <u>1,014</u> | <u>1,735</u> |
| Gains, net | | |
| Exchange gains, net | — | 110 |
| Realised gains on equity investments at fair value through profit or loss | — | 769 |
| | <u>—</u> | <u>879</u> |
| | <u>1,014</u> | <u>2,614</u> |

6. FINANCE COST

| | Six months ended 30 June | |
|---|--|--|
| | 2014 <i>HK\$'000</i> (Unaudited) | 2013 <i>HK\$'000</i> (Unaudited) |
| Interest on bank loans wholly repayable within five years | <u>83</u> | <u>248</u> |

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Cost of inventories sold | 167,883 | 282,022 |
| Depreciation | 709 | 611 |
| Minimum lease payments under operating leases in respect of land and buildings | 1,024 | 1,016 |
| Foreign exchange differences, net | 225 | (110) |
| Realised gains on equity investments at fair value through profit or loss | — | (769) |
| Write-off of items of property, plant and equipment* | — | 151 |
| | <u>169,839</u> | <u>282,421</u> |

* The balance is included in "Other expenses, net" on the face of the condensed consolidated/combined statement of profit or loss.

8. INCOME TAX

| | Six months ended 30 June | |
|---------------------------------|--------------------------|--------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Group: | | |
| Current: | | |
| — Hong Kong | 584 | 763 |
| — Elsewhere | 350 | 280 |
| | <u>934</u> | <u>1,043</u> |
| Total tax charge for the period | <u>934</u> | <u>1,043</u> |

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2014 and 2013. The subsidiary of the Company established in Mainland China is subject to the corporate income tax at a standard rate of 25% for the six months ended 30 June 2014 and 2013. No provision for Macao complementary tax has been made as the Company's subsidiary established in Macao is exempted from complementary tax pursuant to Macao's relevant tax legislations. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share for the six months ended 30 June 2014 is based on the loss attributable to owners of the Company of HK\$1,886,000 (six months ended 30 June 2013: profit attributable to owners of the Company of HK\$26,096,000), and the weighted average number of ordinary shares of 360,000,000 (six months ended 30 June 2013: 360,000,000) in issue and issuable, comprising 1 Share issued on 30 September 2013, 99 Shares issued on 11 June 2014, and 359,999,900 Shares to be issued pursuant to the capitalisation issue as set out in note 16(a), as if the respective Shares were outstanding throughout the period.

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share as there was no dilutive potential share outstanding for the six months ended 30 June 2014 and 2013.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment at costs of HK\$1,241,000 (six months ended 30 June 2013: HK\$2,195,000).

As at 30 June 2014, the Group's property with a net carrying amount of HK\$1,946,000 (31 December 2013: HK\$1,979,000) was pledged to secure general banking facilities granted to the Group.

11. TRADE AND BILLS RECEIVABLES

Group

| | 30 June 2014 HK\$'000 (Unaudited) | 31 December 2013 HK\$'000 (Audited) |
|-------------------|--|--|
| Trade receivables | 44,333 | 58,805 |
| Bills receivable | 1,309 | 7,983 |
| | <u>45,642</u> | <u>66,788</u> |

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 30 to 75 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a designated personnel to oversee credit control in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2014 HK\$'000 (Unaudited) | 31 December 2013 HK\$'000 (Audited) |
|----------------|--|--|
| Within 1 month | 21,685 | 45,979 |
| 1 to 2 months | 11,762 | 14,846 |
| 2 to 3 months | 11,656 | 5,836 |
| Over 3 months | 539 | 127 |
| | <u>45,642</u> | <u>66,788</u> |

12. DUE FROM DIRECTORS

Particulars of the amounts due from directors are as follows:

| | 30 June 2014 <i>HK\$'000</i> | Maximum amount outstanding during the period <i>HK\$'000</i> | 1 January 2014 <i>HK\$'000</i> |
|---------------------------|--|--|--|
| Due from directors | | | |
| Mr. Liu Ying Yin, James | 753 | 759 | — |
| Mr. Cheng Lap Yin | 723 | 729 | — |
| | <u>1,476</u> | <u>1,488</u> | <u>—</u> |

The amounts due from directors arise from undertaking by the directors to reimburse a portion of listing expenses up to HK\$9 million in connection to the Listing. The amounts due from directors at 30 June 2014 relates to the outstanding amounts to be reimbursed by the directors and are unsecured, interest-free and have no fixed terms of repayment. The reimbursement was regarded as a capital contribution from the directors with corresponding credit to capital reserve.

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

Group

| | 30 June 2014 <i>HK\$'000</i> (Unaudited) | 31 December 2013 <i>HK\$'000</i> (Audited) |
|----------------|--|--|
| Within 1 month | 10,889 | 24,647 |
| 1 to 2 months | 685 | 4,881 |
| 2 to 3 months | 16 | 335 |
| Over 3 months | 328 | 912 |
| | <u>11,918</u> | <u>30,775</u> |

The trade and bills payables are non-interest-bearing and are normally settled on an average term of 30 days.

14. SHARE CAPITAL

30 June 2014
(Unaudited)
HK\$

| | |
|--|-------------------|
| Authorised: | |
| 1,000,000,000 ordinary shares of HK\$0.01 each | 10,000,000 |
| Issued and fully paid: | |
| 100 ordinary shares of HK\$0.01 each | 1 |

The movements in the Company's authorised and issued share capital during the period from 30 September 2013 (date of incorporation) to 30 June 2014 were as follows:

| | <i>Notes</i> | Number of ordinary shares of HK\$0.01 | Nominal value of ordinary shares <i>HK\$'000</i> |
|---|--------------|--|---|
| Authorised: | | | |
| At 30 September 2013 (date of incorporation) and at 31 December 2013 | (a) | 38,000,000 | 380 |
| Increase in authorised share capital on 20 June 2014 | (b) | 962,000,000 | 9,620 |
| At 30 June 2014 | | 1,000,000,000 | 10,000 |
| Issued and fully paid: | | | |
| At 30 September 2013 (date of incorporation) and at 31 December 2013 | (c) | 1 | — |
| Issue of Shares on 11 June 2014 | (d) | 99 | — |
| At 30 June 2014 | | 100 | — |

Notes:

- (a) The authorised share capital of the Company at the date of its incorporation was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each.
- (b) Pursuant to a written resolution of the shareholders of the Company passed on 20 June 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by creation of additional 962,000,000 ordinary shares of HK\$0.01 each, ranking *pari passu* in all respects with the existing shares.
- (c) On 30 September 2013, 1 Share of HK\$0.01 was allotted and issued as nil paid to the initial subscriber, which was transferred to Happy Zone Limited, a shareholder of the Company (solely and beneficially owned by Mr. Liu Ying Yin, James, "Happy Zone") on the same date as a nil paid share.
- (d) On 11 June 2014, 50 and 49 Shares of HK\$0.01 each were allotted and issued for a consideration of HK\$0.50 and HK\$0.49 respectively to Happy Zone and Mr. Cheng Lap Yin, the shareholders of the Company (the "Controlling Shareholders"), respectively.

15. CONTINGENT LIABILITIES

As disclosed in the Prospectus, a wholly-owned subsidiary of the Company, Hanbo Enterprises Limited (the “Defendant”), was a defendant in a breach of contract claim by a fabric supplier (the “Plaintiff”), an independent third party (the “Litigation”).

Pursuant to the judgment of the High Court of the Hong Kong Special Administrative Region (the “Court”) dated 21 July 2014, the Court gave judgment to the Plaintiff in the sum of US\$477 with interest at judgment rate from the date of writ 27 April 2012 to the date of payment. The Court also made an order *nisi* that the Defendant should have the costs of the Litigation.

Pursuant to a notice of appeal dated 18 August 2014, the Plaintiff lodged with the Court of Appeal of the Hong Kong Special Administrative Region its appeal against the aforesaid judgment. The directors of the Company based on the advice from the Group’s legal adviser, believe that the Defendant has a valid defence against the allegation and, accordingly, have not made any provision in the financial statements of the Group in respect of its liabilities, if any, arising therefrom.

In addition, pursuant to the deed of indemnity dated 20 June 2014, each of the Controlling Shareholders has agreed to indemnify the Group on a joint and several basis, against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by the Group as a result of any litigation, arbitration and/or legal proceedings against any member of the Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of the Group prior to the Listing Date.

16. EVENTS AFTER THE REPORTING PERIOD

The following significant events of the Group occurred after the end of the reporting period:

(a) Capitalisation issue

Pursuant to a written resolution of the shareholders of the Company passed on 20 June 2014, a total of 359,999,900 Shares of HK\$0.01 each were allotted and issued at par value to the Controlling Shareholders by way of capitalisation of HK\$3,599,999 from the Company’s share premium account on 11 July 2014. The respective Shares allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares.

(b) Initial public offering

On 11 July 2014, 120,000,000 Shares of HK\$0.01 each were issued at a price of HK\$0.52 per share in connection with the Company’s initial public offering. The proceeds of HK\$1,200,000 representing the par value, were credited to the Company’s share capital. The remaining proceeds of HK\$61,200,000 (before expenses) were credited to the share premium account. Dealings in the Shares on the Stock Exchange commenced on 11 July 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group provides apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets). 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. The Group derives revenue primarily from the sale of apparel products it procures for its customers.

For the six months ended 30 June 2014 (the “Reporting Period”), the Group’s revenue was approximately HK\$204.7 million, representing a decrease of approximately 38.7% when compared to the six months ended 30 June 2013 (the “Previous Reporting Period”) of approximately HK\$333.9 million. The decrease in the Group’s revenue was mainly attributable to (i) change of business strategies of two major customers, of which (a) one has changed from selling of mid-end products to price competitive products which the unit prices were lower since the fourth quarter of 2013; and (b) one has changed from selling basic products to fashion items which the quantity demanded were lower since the fourth quarter of 2013; and (ii) overall decline in national spending due to the snow storm and cold weather in the United States of America in early 2014.

Accordingly, gross profit decreased from approximately HK\$51.8 million in the Previous Reporting Period to approximately HK\$36.9 million in the Reporting Period, representing a decrease of approximately 28.9%.

Net loss attributable to the owners of the Company for the Reporting Period was approximately HK\$1.9 million as compared to a profit of approximately HK\$26.1 million for the Previous Reporting Period. In addition to the decrease in gross profit of approximately HK\$15.0 million, non-recurring listing expenses of approximately HK\$9.6 million was incurred in the Reporting Period while no listing expenses were incurred in the Previous Reporting Period that accounted for the remaining decrease.

In order to provide strong backup to the Group’s apparel supply chain business, the management continues to look for production base in other lower cost countries such as Vietnam and Indonesia for competitiveness and country risk diversification.

Financial Review

Revenue

The Group’s revenue for the Reporting Period was approximately HK\$204.7 million, which decreased by approximately HK\$129.1 million when compared to the Previous Reporting Period. The decrease in the Group’s revenue was mainly attributable to (i) change of business strategies of two major customers, of which (a) one has changed from selling of mid-end products to price competitive products which the unit prices were lower since the fourth quarter of 2013; and (b) one has changed from selling basic products to fashion items which the quantity demanded were lower since the fourth quarter of 2013; and (ii) the overall decline in national spending due to the snow storm and cold weather in the United States of America in early 2014.

Cost of Sales

Cost of sales includes raw materials, subcontracting fees, and other costs. Raw materials were fabrics and ancillary raw materials, including buttons, zippers and threads that the Group purchased and supplied to the third-party manufacturers for their production. Subcontracting fees represented fees paid to the third-party manufacturers for production of apparel products. Other costs include miscellaneous costs such as freight charges, inspection charges, declaration fees, depreciation and insurance.

Subcontracting fees continues to be the major component of the Group's total cost of sales and accounted for approximately 97.0% of the total cost of sales for the Reporting Period (the Previous Reporting Period: approximately 95.5%).

Gross Profit and Margin

The Group's gross profit for the Reporting Period was approximately HK\$36.9 million, representing a decrease of approximately 28.9% from approximately HK\$51.8 million for the Previous Reporting Period.

The Group's overall gross profit margin was approximately 18.0% for the Reporting Period, representing an improvement of approximately 16.1% from approximately 15.5% for the Previous Reporting Period, which is mainly attributable to (i) slight increase in the average selling price of the products by approximately 1% due to the sales mix of the products by the Group's major customers; and (ii) change in buying strategies to items with higher gross profit margin as communicated by the Group's major customers to the Group.

Other Income and Gains, net

Other income and gains, net for the Reporting Period was approximately HK\$1.0 million, representing a decrease of approximately 61.2% from the Previous Reporting Period. The decrease was mainly because the Previous Reporting Period included approximately HK\$0.8 million realised gain on disposal of listed shares investment.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 31.3% to approximately HK\$0.7 million for the Reporting Period as compared to approximately HK\$1.0 million in the Previous Reporting Period which was consistent with the decrease in sales.

Administrative Expenses

Administrative expenses mainly represented employee benefit expenses for the Group's management, finance and administrative personnel, entertainment expenses, rental expenses for the Group's office premises and travelling expenses. Administrative expenses increased by approximately 13.7% to approximately HK\$27.6 million during the Reporting Period mainly due to the increase in staff costs.

Other Expenses, net

Other expenses, net comprised mainly listing expenses. Other expenses, net increased during the Reporting Period because of listing expenses incurred amounting to approximately HK\$9.6 million.

Finance Cost

Finance costs mainly represented interest expenses on trust receipt loans for the purchase of raw materials. It decreased by approximately 66.5% to approximately HK\$83,000 for the Reporting Period as compared to approximately HK\$248,000 in the Previous Reporting Period primarily due to the decrease in purchases of materials which was consistent with the decrease in sales during the Reporting Period.

Trade and Bills Receivables

Trade and bills receivables balance decreased from approximately HK\$66.8 million as at 31 December 2013 to approximately HK\$45.6 million as at 30 June 2014 which was consistent with the decline in sales. The Group's trade receivable turnover days for the Reporting Period was 49 days (31 December 2013: 41 days) which is in general within the credit period of 30 to 75 days granted by the Group to the customers.

Prepayment, Deposits and Other Receivables

Prepayment, deposits and other receivables balance decreased from approximately HK\$52.8 million as at 31 December 2013 to approximately HK\$31.6 million as at 30 June 2014 which was consistent with the decline in sales.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group's working capital was financed by both internal resources and bank borrowings. As at 30 June 2014, cash and cash equivalents amounted to approximately HK\$53.1 million, which increased by approximately 25.3% as compared to approximately HK\$42.4 million as at 31 December 2013. The current ratio of the Group was approximately 3.9 (31 December 2013: 2.6).

GEARING RATIO

The Group did not have debt incurred not in the ordinary course of business. The bank borrowings of the Group as at 30 June 2014 and 31 December 2013 were incurred for trade finance purposes. Thus, gearing ratio was nil to the Group.

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in Renminbi ("RMB") and United States dollars ("US\$"). The Group has currency exposure as certain subcontracting fees incurred in the Mainland China were denominated in RMB. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the Reporting Period, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL EXPENDITURES

During the Reporting Period, the Group's capital expenditure consists of additions to property, plant and equipment amounting to approximately HK\$1.2 million.

CAPITAL COMMITMENTS

As at 30 June 2014, the Group did not have any significant capital commitments (31 December 2013: HK\$1.7 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of 252 employees, including the Directors. Total staff costs (including Directors' remuneration) was approximately HK\$17.2 million for the Reporting Period, as compared to approximately HK\$14.2 million for the Previous Reporting Period.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other major staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of social insurances for employees who are employed by the Group pursuant to the applicable PRC rules and regulations.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 June 2014 where options to subscribe for shares may be granted to the Directors and employees of the Group. Details of the share option scheme of the Company are disclosed in the section headed "Share Option Scheme" below.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company during the Reporting Period.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Reporting Period, there was no other material acquisition and disposal of subsidiaries by the Company.

RISK MANAGEMENT

Contingent Liabilities

As disclosed in note 15 to the condensed consolidated/combined financial statement in this announcement and the announcement of the Company dated 22 July 2014, the Board considers that the results of the Litigation will have no material adverse impact on the business, operations and financials of the Group.

Charge on the Group's Assets

As at 30 June 2014, the Group's property with a net carrying value of approximately HK\$1.9 million (31 December 2013: approximately HK\$2.0 million) was pledged to banks to secure general banking facilities granted to the Group.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 11 July 2014. The purpose of the Share Option Scheme is to motivate certain eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible persons of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a Director or proposed Director (including an independent non-executive Director), a direct or indirect shareholder of any member of the Group and an associate of any of the aforementioned persons.

The maximum number of Shares which may be issued under the Share Option Scheme and any other schemes of the Company must not exceed 48,000,000 Shares, representing 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange.

The maximum number of Shares issued and to be issued upon exercise of the options granted to any one eligible participant (including exercised and outstanding options) under the Share Option Scheme in any 12-month period must not exceed 1% of the issued Shares unless approved in advance by the shareholders of the Company in general meeting with such eligible person and his close associates (as defined in the Listing Rules) (if such eligible person is a connected person) abstaining from voting.

Any offer of an option under the Share Option Scheme proposed to be made to a Director, chief executive or substantial shareholder of the Company or to any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who or whose associates is the grantee of the option). In addition, where any grant of option to a substantial shareholder or an independent non-executive Director of the Company or to any of their respective associates which will result in the relevant class of securities in issue and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the relevant class of securities in issue or with an aggregate value (based on the closing price of the securities at the date of the grant) in excess of HK\$5,000,000, such further grant of options is subject to approval by the shareholders of the Company in general meeting, with such person, his associates and the core connected persons (as defined in the Listing Rules) of the Company abstaining from voting.

The offer of a grant of options under the Share Option Scheme may be accepted within 30 days from the date of the offer and by payment of HK\$1.0 as consideration for the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the date on which the option is deemed to be granted and accepted in accordance to the Share Option Scheme.

The Share Option Scheme will be valid and effective for a period of ten years from 20 June 2014.

The exercise price is determined by the Directors and shall be at least the highest of: (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheet for the five business days (as defined in the Listing Rules) immediately preceding the offer date.

Since the Share Option Scheme has become effective on 11 July 2014, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the Reporting Period under review and there were no outstanding share options under the Share Option Scheme as at 30 June 2014.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 11 July 2014, the Company was successfully listed on the Main Board of the Stock Exchange. The initial public offering by way of international placing and Hong Kong public offering was welcomed by investors.

As stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group intends to use the proceeds for (i) enhancement of the Group's design and development capability; (ii) expansion of the Group's network of third-party manufacturers; (iii) product type expansion; (iv) enhancement of the information technology system and upgrading of the Group's enterprise resource planning system; and (v) working capital and other general corporate purposes. The Company intends to continue to apply the net proceeds in accordance with the proposed applications set out above. The net proceeds are not yet applied to the above purposes as at the date of this announcement.

FUTURE PROSPECTS

The management of the Group expects the business environment for the apparel supply chain management services business in the second half of the year 2014 remains challenging. In order to maintain its competitiveness, the Group will continue to enhance product development and creativity to meet fashion trends and shorten delivery time of the sales orders to customers. The Group has also started its supply chain management business with a customer in Mainland China for further growth opportunity. In addition, the Group is currently negotiating with third-party manufacturers in Southeast Asian countries such as Vietnam and Indonesia to enhance its cost competitiveness.

The Group is actively looking for solutions to provide better services to its customers. The enterprise resource planning system of the Group will be enhanced to improve transparency of order status and production planning. Despite the current difficulties of the market, the management is prudently optimistic about the future business growth in 2015.

CORPORATE GOVERNANCE

As the Shares have not been listed on the Stock Exchange as at 30 June 2014, the Code on Corporate Governance (the "CG Code") as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the Reporting Period. The Company has adopted the CG Code as guidelines for corporate governance to the Board on 20 June 2014. The Company confirms it has met the required standards as set out in the CG Code since the Listing Date and up to the date of this announcement.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

As the Shares have not been listed on the Stock Exchange as at 30 June 2014, the Model Code as set out in Appendix 10 of the Listing Rules was not applicable to the Company for the Reporting Period. The Company has adopted the Model Code as rules governing dealings by the Directors in the listed securities of the Company on 20 June 2014. Based on specific enquiry with the Directors, all the Directors have complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) on 20 June 2014 with written terms of reference which deal clearly with its authority and duties. Amongst the committee’s principal duties is to review and supervise the Company’s financial reporting process and internal controls. The Audit Committee has reviewed, with the management of the Company, the accounting principles and policies adopted by the Group, and discussed the unaudited interim financial information of the Group and the interim results announcement of the Company for the six months ended 30 June 2014.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. NG Ming Yuen, John, Mr. CHUNG Kwok Pan and Mr. LAI Kin Keung. Mr. NG Ming Yuen, John is the chairman of the Audit Committee.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

In the Reporting Period, the Shares have not been listed on the Stock Exchange, nor were there any other listed securities issued by the Company or any of its subsidiaries. From the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2014.

PUBLICATION OF THE INTERIM RESULTS AND THE INTERIM REPORT

The interim results announcement for the six months ended 30 June 2014 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hanbo.com). The interim report of the Company for the six months ended 30 June 2014 will be despatched to shareholders of the Company and published on the above websites in due course.

By Order of the Board
Hanbo Enterprises Holdings Limited
Cheng Lap Yin
Chairman

Hong Kong, 29 August 2014

As at the date of this announcement, the executive directors of the Company are Mr. CHENG Lap Yin, Mr. LIU Chung Tong, Mr. LIU Ying Yin, James, Mr. KAO Lao Shing, Mr. YU Yuen Mau, Banny and the independent non-executive directors of the Company are Mr. CHUNG Kwok Pan, Mr. LAI Kin Keung and Mr. NG Ming Yuen, John.