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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2016	2015	% Change
	HK$'000	*HK$'000*	
Revenue	**365,750**	355,952	2.8%
Gross profit	**60,447**	59,449	1.7%
Loss for the year and attributable to owners of the Company	**(5,527)**	(5,367)	3.0%
Basic loss per share	**HK(1.15) cents**	HK(1.12) cents	

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Hanbo Enterprises Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016, together with the comparative figures for the corresponding period of 2015. These results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
REVENUE	4&5	**365,750**	355,952
Cost of sales		**(305,303)**	(296,503)
Gross profit		**60,447**	59,449
Other income and gains	5	**1,633**	6,327
Selling and distribution costs		**(1,272)**	(1,863)
Administrative expenses		**(63,703)**	(62,198)
Fair value loss on a financial investment at fair value through profit or loss		**—**	(59)
Other expenses, net		**(459)**	(5,781)
Finance costs	6	**(84)**	(253)
LOSS BEFORE TAX	7	**(3,438)**	(4,378)
Income tax	8	**(2,089)**	(989)
LOSS FOR THE YEAR		**(5,527)**	(5,367)
Attributable to owners of the Company		**(5,527)**	(5,367)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		**HK(1.15) cents**	HK(1.12) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(5,527)**	(5,367)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(363)**	(305)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(363)**	(305)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(5,890)**	(5,672)
Attributable to owners of the Company	**(5,890)**	(5,672)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**4,421**	5,948
Intangible asset	12	**900**	—
Available-for-sale investment	13	**926**	—
Equity investment at fair value through profit or loss	14	**10,528**	—
Deposit and other receivable		**7,136**	5,859
Total non-current assets		**23,911**	11,807
CURRENT ASSETS			
Inventories		**12**	161
Trade and bills receivables	15	**51,811**	32,297
Loan receivable	16	**20,000**	—
Prepayments, deposits and other receivables		**39,804**	58,389
Cash and cash equivalents		**49,286**	81,689
Tax recoverable		**—**	173
Total current assets		**160,913**	172,709
CURRENT LIABILITIES			
Trade and bills payables	17	**14,260**	31,530
Other payables and accruals		**18,458**	8,032
Interest-bearing bank and other borrowings	18	**12,160**	462
Due to a related company		**—**	325
Tax payable		**8,659**	6,986
Total current liabilities		**53,537**	47,335
NET CURRENT ASSETS		**107,376**	125,374
TOTAL ASSETS LESS CURRENT LIABILITIES		**131,287**	137,181
NON-CURRENT LIABILITIES			
Other payables and accruals		**387**	455
Interest-bearing other borrowing	18	**156**	244
Deferred tax liabilities		**205**	53
Total non-current liabilities		**748**	752
Net assets		**130,539**	136,429
EQUITY			
Equity attributable to owners of the Company			
Issued capital	19	**4,800**	4,800
Reserves		**125,739**	131,629
Total equity		**130,539**	136,429

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investment at fair value through profit or loss, which had been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the year's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Amendments to a number of HKFRSs	*Annual Improvements 2012–2014 Cycle*

The adoption of the above new and revised HKFRSs has had no significant financial effect on the Group's consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[4]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to a number of HKFRSs	*Annual Improvements 2014-2016 Cycle*

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
4 Effective for annual periods beginning on or after 1 January 2019
5 No mandatory effective date yet determined but available for adoption

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) trading of apparel products and provision of the apparel supply chain management services;

(b) financial services;

(c) money lending; and

(d) securities investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax from continuing operations except that bank interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

For the year ended 31 December 2016

	Apparel trading and related services *HK$'000*	Financial services *HK$'000*	Money lending *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment revenue	**363,234**	**—**	**93**	**2,423**	**365,750**
Segment results	**8,318**	**(15)**	**93**	**2,414**	**10,810**
Reconciliation:					
Interest income					**172**
Unallocated other income and gains					**160**
Corporate and other unallocated expenses					**(14,496)**
Finance costs					**(84)**
Loss before tax					**(3,438)**
As at 31 December 2016					
Segment assets	**99,340**	**2,126**	**21,073**	**10,528**	**133,067**
Reconciliation:					
Corporate and other unallocated assets					**51,757**
Total assets					**184,824**
Segment liabilities	**31,348**	**2,140**	**20,200**	**8,113**	**61,801**
Reconciliation:					
Elimination of intersegment payables					**(30,448)**
Corporate and other unallocated liabilities					**22,932**
Total liabilities					**54,285**
Other segment information:					
Reversal of impairment of trade receivables	**(457)**	**—**	**—**	**—**	**(457)**
Reversal of provision for slow-moving inventories	**(340)**	**—**	**—**	**—**	**(340)**
Depreciation	**1,679**	**—**	**—**	**—**	**1,679**

For the purposes of monitoring segment performance and allocating resources between segments:

(a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and tax recoverable; and

(b) all liabilities are allocated to operating segments other than unallocated liabilities, tax payable, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 31 December 2015

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

Geographical information

During the year, approximately 97.7% (2015: 92.6%) of the Group's total revenue from external customers, based on the locations of the products shipped to, were attributed to the United States of America ("USA"). At the end of the reporting period, the non-current assets of the Group were located in:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**16,436**	3,541
Mainland China	**598**	790
Other countries	**6,877**	7,476
	23,911	11,807

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**141,147**	61,427
Customer B	**77,705**	45,573
Customer C	**75,957**	63,804
Customer D	**N/A***	67,189

* Less than 10% of revenue

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents (i) the aggregate of the net invoiced value of apparel products sold, after allowances for returns and trade discounts; (ii) interest income from money lending business; and (iii) change in fair value of equity investment.

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**363,234**	355,952
Interest income from money lending business	**93**	—
Unrealised gain on equity investment at fair value through profit or loss	**2,423**	—
	365,750	355,952
Other income		
Bank interest income	**172**	487
Dividend income from a listed equity investment	**22**	—
Sale of scrap materials	**177**	188
Rework and compensation income	**687**	272
Imputed interest income on non-interest-bearing financial arrangement	**77**	51
Write-back of impairment of trade receivables	**—**	1,415
Compensation income from an insurance company	**—**	2,712
Sundry income	**237**	1,202
	1,372	6,327
Gains		
Gain on disposal of a listed equity investment	**138**	—
Gain on foreign exchange differences, net	**123**	—
	261	—
	1,633	6,327

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans	**70**	235
Interest on finance lease	**14**	18
	84	253

7. LOSS BEFORE TAX

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

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration	**1,413**	1,284
Cost of inventories sold	**305,303**	296,503
Depreciation	**1,679**	1,562
Employee benefit expense (including Directors' remuneration)		
— Wages and salaries, allowances, bonuses, commission and benefits in kind	**33,912**	38,230
— Provision for long service payments	**34**	415
— Termination payments	**1,293**	—
— Pension scheme contributions (defined contribution schemes)#	**2,490**	2,687
	37,729	41,332
Foreign exchange differences, net	**(123)**	665
Impairment/(reversal of impairment) of trade receivables*	**(457)**	534
Impairment of other receivable*	**—**	939
Provision/(reversal of provision) for slow-moving inventories*	**(340)**	2,358
Minimum lease payments under operating leases	**2,584**	2,696
Loss on non-interest-bearing financial arrangement*	**—**	392

\# At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

* The balances were included in "Other expenses, net" in the consolidated statement of profit or loss.

8. INCOME TAX

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.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiary of the Company established in Mainland China is subject to the People's Republic of China (the "PRC") corporate income tax at a standard rate of 25% (2015: 25%) during the year.

No provision for Macao complementary tax has been made as the Company's subsidiary established in Macao is exempted from Macao complementary tax pursuant to Macao's relevant tax legislations (2015: nil).

Cambodian tax on profit has been provided at the rate of 20% (2015: 20%) on the taxable profits or a minimum tax of 1% (2015: 1%) of total revenues, whichever is higher, arising during the year.

No provision for Bangladesh income tax has been made on the liaison office of the Company's subsidiary as no assessment profit in Bangladesh was generated during the year (2015: nil).

	2016	2015
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**1,071**	102
Overprovision in prior years	**(16)**	(20)
Current — Elsewhere		
Charge for the year	**704**	898
Underprovision in prior years	**178**	—
Deferred	**152**	9
Total tax charge for the year	**2,089**	989

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory rate to the tax charge at the effective tax rate is as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before tax	**(3,438)**	(4,378)
Tax credit at Hong Kong statutory tax rate	**(567)**	(722)
Different tax rates for specific provinces or enacted by local authorities	**(146)**	30
Effect of deemed profit tax	**704**	789
Adjustments in respect of current tax of previous periods	**162**	(20)
Income not subject to tax	**(1,930)**	(80)
Expenses not deductible for tax	**2,499**	1,183
Temporary difference not recognised	**129**	32
Tax losses utilised from previous periods	**(16)**	(432)
Tax losses not recognised	**1,105**	209
Others	**149**	—
Tax charge at the Group's effective tax rate	**2,089**	989

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of HK$5,527,000 (2015: HK$5,367,000), and the weighted average number of ordinary shares of 480,000,000 (2015: 480,000,000) in issue during the year.

Diluted loss per share equals to basic loss per share as there was no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

10. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired items of property, plant and equipment at cost of HK$195,000 (2015: HK$1,502,000).

As at 31 December 2015, the Group's property with a net carrying amount of HK$1,847,000, was pledged to secure general banking facilities granted to the Group. The pledge was released during the year.

12. INTANGIBLE ASSET

	2016	2015
	HK$'000	*HK$'000*
Cost at 1 January	**—**	—
Addition — separately acquired	**900**	—
At 31 December	**900**	—

The intangible asset represents direct costs incurred for the acquisition of a money lenders licence with indefinite useful life and is stated at cost less any impairment losses.

13. AVAILABLE-FOR-SALE INVESTMENT

	2016	2015
	HK$'000	*HK$'000*
Unlisted equity investment, at cost	**926**	—

As at 31 December 2016, the above unlisted equity investment with a carrying amount of HK$926,000 (2015: nil) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

14. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Listed equity investment, at market value	**10,528**	—

The above equity investment at 31 December 2016 was, upon initial recognition, designated by the Group as financial asset at fair value through profit or loss.

15. TRADE AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**51,408**	31,031
Bills receivables	**708**	2,028
Less: impairment	**(305)**	(762)
	51,811	32,297

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 30 to 75 days (2015: 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 credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable 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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**29,340**	21,581
1 to 2 months	**11,946**	6,248
2 to 3 months	**10,525**	2,329
Over 3 months	**—**	2,139
	51,811	32,297

The movements in provision for impairment of trade receivables are as follows:

	2016	2015
	HK$'000	*HK$'000*
At 1 January	**762**	228
Impairment loss recognised/(reversed)	**(457)**	534
At 31 December	**305**	762

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$305,000 (2015: HK$762,000) with a carrying amount before provision of HK$305,000 (2015: HK$762,000).

The individually impaired trade receivables relate to a customer that was in financial difficulties.

An aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	**41,169**	28,959
Less than 1 month past due	**10,642**	3,105
1 to 3 months past due	**—**	79
Over 3 months past due	**—**	154
	51,811	32,297

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

16. LOAN RECEIVABLE

	2016 HK$'000	2015 HK$'000
Loan receivable — unsecured	**20,000**	—

Loan receivable arising from the money lending business of the Group bears interest at a rate of 13% (2015: nil) per annum. The Group did not hold any collateral or other credit enhancements over this balance.

The loan receivable as at 31 December 2016, based on the payment due date, were neither past due nor impaired and relates to an independent borrower for whom there was no recent history of default.

17. 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:

	2016 HK$'000	2015 HK$'000
Within 1 month	**14,260**	22,784
1 to 2 months	**—**	5,634
2 to 3 months	**—**	2,572
Over 3 months	**—**	540
	14,260	31,530

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

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Contractual interest rate ***(%)***	**Maturity**	***HK$'000***	Contractual interest rate *(%)*	Maturity	*HK$'000*
Current						
Finance lease payables	**5.00**	**2017**	**72**	5.00	2016	74
Trust receipt loans — secured	**3.34**	**2017**	**12,088**	3.16	2016	388
			12,160			462
Non-current						
Finance lease payables	**5.00**	**2018–2019**	**156**	5.00	2017–2019	244
			12,316			706

Note:

(a) All bank borrowings are denominated in United States dollar ("US$") and are repayable within one year subject to a repayable on demand clause in the facility letters.

19. SHARE CAPITAL

Shares

	2016 ***HK$'000***	2015 *HK$'000*
Authorised:		
1,000,000,000 (2015: 1,000,000,000) shares of HK$0.01 each	**10,000**	10,000
Issued and fully paid:		
480,000,000 (2015: 480,000,000) shares of HK$0.01 each	**4,800**	4,800

20. EVENTS AFTER THE REPORTING PERIOD

(a) During the year, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party (the "Seller"), to acquire a 9.5% equity interest of Tak Yun Wealth Management Company Limited ("Tak Yun") at a total cash consideration of approximately HK$926,000 and the Group's interest therein was classified as an available-for-sale investment. Subsequent to the end of the year, on 20 January 2017, the Group entered into a conditional sale and purchase agreement with the Seller to acquire the remaining 90.5% equity interest of Tak Yun at a total cash consideration of HK$14,622,000, subject to adjustment with reference to the net asset value of Tak Yun as at the date of the completion of the acquisition. Upon the completion of the transaction, Tak Yun will become a wholly-owned subsidiary of the Group. Further details of the acquisition are also set out in the Company's announcement dated 20 January 2017.

(b) On 15 February 2017, the Group, through a wholly-owned subsidiary, Smart Fantasy Asia Limited ("Smart Fantasy"), entered into a conditional sale and purchase agreement with an independent third party, to acquire 100% equity interest of a company which is licensed to carry out Type 9 (Asset management) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO") (the "Target Company"), at a cash consideration of HK$6,600,000, subject to adjustment with reference to the net asset value of the Target Company as at the date of the completion of the acquisition. Further details of the acquisition are also set out in the Company's announcement dated 15 February 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group was principally engaged in (i) trading of apparel products and provision of apparel supply chain management services; (ii) financial services; (iii) money lending; and (iv) securities investment.

Apparel Trading and Supply Chain Management Services Business

The Group provides apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets) and accessories. Our major customers in apparel supply chain management services business are mainly department and specialty stores in the USA, and their businesses remained challenging due to weak consumer spending in apparels. Hence we have restructured and streamlined our operations during the year. We also reassessed the current portfolio of customers and geared our resources to the most profitable customers. The result has been encouraging. Revenue of this segment increased by about 2% from about HK$356.0 million in the previous year to HK$363.2 million in the year. Gross profit margin decreased by 0.8 percentage point from 16.7% to 15.9%, the combined effect led to a decrease in gross profit by about 2.6% to HK$57.9 million in the year.

Development of European market was not smooth. We decided to terminate the service contract with a marketing consultant during the year, but are still exploring other alternatives to develop this market so as to diversify our customer base. Besides, total sales of handbags during the year was about HK$1.4 million which was also below our expectation.

The manufacturing environment remained to be concentrated in Cambodia, Bangladesh, and China. We have shifted more orders to Bangladesh and this has helped us to reduce cost pressure. Besides, the strengthening of US$ against Renminbi ("RMB") also helped to stabilise the material prices.

During the year, the Group recorded a profit on apparel operation amounting to about HK$8.3 million due to improved sales and significant reduction in overheads due to restructuring.

Money Lending Business

In December 2016, the Group entered into the money lending business through the acquisition of Capital Strategic Partners Limited ("Capital Strategic") from a third party independent of the Company and its connected persons (as defined under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Capital Strategic holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "Money Lenders Ordinance") to carry out money lending business in Hong Kong. During the year, the money lending operation had been commenced and the interest income and operating profit generated in this segment during the year ended 31 December 2016 were approximately HK$93,000 (2015: nil) and approximately HK$93,000 (2015: nil), respectively. Due to the short period of operation of money lending business in 2016, only one transaction of loan advanced to a customer occurred, which was disclosed in the announcement issued by the Company on 19 December 2016. The management had formulated a fundamental policy to establish its internal control systems. The Group would adopt a prudent approach and conduct regular reviews of the composition of the loans portfolio and lending rates charged to each customer in order to maximise the return of the money lending business as well as diversify the credit risk.

Financial Services Business

On 16 December 2016, the Group had acquired 665,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun at a total consideration of approximately HK$926,000 from a third party independent of the Company and its connected persons (as defined under the Listing Rules). Tak Yun is a corporation licensed for Type 1 (Dealing in securities) regulated activity under the SFO. Subsequently, in January 2017, the Group entered into a conditional sale and purchase agreement for the acquisition of the remaining 90.5% of the issued share capital of Tak Yun at a total cash consideration of approximately HK$14,622,000 (subject to adjustment with reference to the net asset value of Tak Yun as at the date of completion of the acquisition).

On 20 December 2016, an indirect wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding with a third party independent of the Company and its connected persons (as defined under the Listing Rules) (the "Seller") in relation to the possible acquisition of the entire issued share capital of the Target Company. Subsequently, in February 2017, the Group entered into a conditional sale and purchase agreement with the Seller for the acquisition of the Target Company at a total consideration of approximately HK$6,600,000 (subject to adjustment with reference to the net asset value of the Target Company as at the date of completion).

Upon completion of the above acquisitions, the Group would further expand and diversify its financial services business and achieve synergy effect.

The Group is also looking into other financial service platforms such as fund management companies and plans to further expand this segment via business combination.

Securities Investment

During the year, the Group carried out the Group's investment business in securities investment.

As investment in securities is one of the operating businesses of the Group, the net realised and unrealised gain or loss on financial assets at fair value through profit or loss is recognised as a component of the revenue of the Group.

During the year, the investment business in investment in securities had been commenced and the revenue arising from this segment was approximately HK$2.4 million (2015: nil). Revenue was attributable to the net unrealised gain on securities investment of approximately HK$2.4 million (2015: nil). No realised gain or loss on securities investment was noted during the year.

The overall performance of the securities investment business recorded a profit of approximately HK$2.4 million for the year ended 31 December 2016 (2015: nil), which was primarily attributable to the unrealised gain on securities investment stated above, net of administrative expenses of approximately HK$9,000 (2015: nil) incurred during the year as a result of commencement of business. As at 31 December 2016, the market value of the Group's listed securities portfolio was approximately HK$10.5 million (2015: nil).

The Group is currently looking into other investment opportunities including private equities, debt securities, derivatives and funds. The management plans to revise its investment strategies and formulate new investment policies in the near future.

Financial Review

During the year under review, the Group has diversified its operations into four segments, being

(a) trading of apparel products and provision of the apparel supply chain management services;

(b) financial services;

(c) money lending; and

(d) securities investment.

Financial results from the Group's operations are summarised as follows:

Revenue

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 December 2016 is as follows:

- Supply chain management services business: approximately HK$363,234,000, 99.31% of revenue (2015: HK$355,952,000, 100.00%)
- Money lending business: approximately HK$93,000, 0.03% of revenue (2015: nil)
- Securities investment: approximately HK$2,423,000, 0.66% of revenue (2015: nil)

Revenue by Geographical Region

During the year, approximately 97.7% (2015: 92.6%) of the Group's total revenue from external customers, based on the locations of the products shipped to, were attributed to the USA.

The Group's revenue for the year was approximately HK$365,750,000, being an increase of approximately HK$9,798,000 when compared to the previous year of approximately HK$355,952,000. The increase was mainly due to (i) an increase in revenue derived from supply chain management services business to approximately HK$363,234,000 (2015: HK$355,952,000); (ii) an unrealised gain on an investment in listed equity investment at fair value through profit and loss of approximately HK$2,423,000 (2015: nil), which was arising from the Group's new business segment on securities investment; and (iii) an interest income from a loan advanced to an independent third party of approximately HK$93,000 (2015: nil).

Cost of Sales

Cost of sales of the Group relates to its supply chain management services business and 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 98.5% of the total cost of sales for the year (2015: 97.4%).

Gross Profit and Margin

The Group's gross profit for the year was approximately HK$60,447,000, representing an increase of approximately 1.7% from approximately HK$59,449,000 in the previous year.

The Group's gross profit margin for its supply chain management services business remained relatively stable that it slightly decreased from approximately 16.7% for the previous year to approximately 15.9% for the year.

Other Income and Gains

Other income and gains for the year was approximately HK$1,633,000, representing a decrease of approximately 74.2% from the previous year of approximately HK$6,327,000. The decrease was mainly due to the effect of (i) decrease in write-back of impairment of trade receivables of approximately HK$1,415,000; and (ii) decrease in compensation income from an insurance company of approximately HK$2,712,000.

Selling and Distribution Costs

Selling and distribution costs primarily consist of (i) sample cost; (ii) travelling expenses; (iii) electronic data interchange charges; (iv) entertainment expenses; (v) air freight charges; and (vi) other selling and distribution expenses. Selling and distribution costs decreased by approximately 31.7% from approximately HK$1,863,000 to approximately HK$1,272,000, which was mainly due to the decrease in transportation fees.

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 2.4% from approximately HK$62,198,000 to approximately HK$63,703,000, which was mainly due to the increase in legal and professional fees and entertainment expenses.

Other Expenses, Net

Other expenses, net mainly represented the rework costs paid to customer and the provision for doubtful debts. Other expenses, net for the year was approximately HK$459,000, representing a decrease of approximately 92.1% from approximately HK$5,781,000 in the previous year. The decrease was mainly due to decrease in provision for slow moving inventories and decrease in impairment of other receivables.

Finance Costs

Finance costs decreased by approximately 66.8% from approximately HK$253,000 to approximately HK$84,000. The decrease was mainly due to decrease in making trust receipt loan during the year.

Loss for the Year

The net loss attributed to shareholders of the Company (the "Shareholders") for the year amounted to HK$5,527,000 (2015: HK$5,367,000), resulted in a basic loss per share for the year of HK1.15 cents (2015: basic loss per share of HK1.12 cents), representing an increase in loss by 3.0%. The increase in loss was resulted from the net effect of (i) decrease in other income and gains of approximately HK$4,694,000, which was mainly attributable from the decrease in compensation income from an insurance company of approximately HK$2,712,000; (ii) increase in gross profit of HK$998,000; and (iii) decrease in staff costs from approximately HK$41,332,000 to approximately HK$37,729,000.

PROSPECTS

Apparel trading and Supply Chain Management Services Business

The Board remains prudent about the apparel business environment in 2017. We are still waiting to see apparent sign of recovery for our customers in the USA. Fortunately, our strong production development support, production flexibility and scalability continued to be our selling points to our customers. We also realise that the future supply chain business needs to be transformed to exploit IT in the process. We keep on enhancing our ERP system to further strengthen our relationship with supply chain partners and improve efficiency. New module of mobile quality inspection is being developed to streamline the quality inspection work. Dashboards have been built and extensively used by management to monitor the order status and performance. Other projects in progress include use of radio-frequency identification and electronic data interchange (EDI) to facilitate sharing of data with our supply chain partners so as to reduce duplicate data entry work.

The Group has actively participated in sustainability and social responsibility which are increasingly valued by our customers in making their sourcing decisions. We are a member of the Sustainable Apparel Coalition (SAC) and have adopted sustainability measurements in factory evaluation to gauge environmental sustainability. The Company is also recognised as Hong Kong Green Organisation by Environmental Campaign Committee and Caring Company awarded by the Hong Kong Council of Social Service.

Money Lending and Financial Services Businesses

The management expects that the money lending business segment will become one of the Group's stable income sources. In the coming year, the management is going to put more effort to develop the money lending operation and aims to gain a higher level of loan advance balance with significant returns. It is believed that expansion of money lending operation will help the Group to lay a solid capital foundation for the development of financial sector and maintain a healthy cash flow.

As disclosed in the Company's announcement dated 6 December 2016, the Board intended to explore diversification of 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. Apart from the acquisitions of the licensed corporations mentioned in section headed "Material Acquisitions and Disposals of Subsidiaries" below, the management continues looking into possible acquisitions of relevant licensed corporations, asset management companies and other financial service platforms located in both Hong Kong and the PRC, in order to build a strong, growing and diversified financial services sector.

The management will go on paying close attention to the development of this business segment and to promptly react to the demand in the market.

Securities Investment

During the year, the Hong Kong economy was facing different challenges, including social instability, black swan events from worldwide and global economic downturn. It is expected that the Hong Kong stock market will still be highly volatile in 2017 due to the events such as inauguration of Donald Trump as the 45th United States President, possible start of interest rate hike cycle and Hong Kong Chief Executive election. To cope with such situations, the Group will closely monitor the market conditions and may consider to change its investment portfolio from time to time. We will also explore other investment opportunities including but not limited to investment in private equities, debt securities, derivatives and funds. With the introduction of the new management to the Group, the management plans to revise its investment strategies and formulate new investment policies in the near future.

Capital Structure

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including interest-bearing bank and other borrowings, and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Liquidity and Financial Resources

During the year, the Group's working capital was financed by both internal resources and bank borrowings.

As at 31 December 2016, cash and cash equivalents amounted to approximately HK$49,286,000, which decreased by approximately 39.7% as compared to approximately HK$81,689,000 as at 31 December 2015.

As at 31 December 2016, the Group's total borrowings amounted to approximately HK$12,316,000 (2015: HK$706,000), mainly consist of finance lease liabilities amounting to approximately HK$228,000 (2015: HK$318,000) and bank borrowings amounting to approximately HK$12,088,000 (2015: HK$388,000). The bank borrowings of the Group as at 31 December 2016 and 31 December 2015 were incurred for trade finance purposes.

The current ratio of the Group as at 31 December 2016 was approximately 3.0 (2015: 3.6). The gearing ratio (being the finance leases liabilities divided by the equity attributable to the owners of the Company) of the Group as at 31 December 2016 was approximately 0.2% (2015: 0.2%).

The Group's net current assets and net assets of approximately HK$107,376,000 (2015: HK$125,374,000) and HK$130,539,000 (2015: HK$136,429,000), respectively.

Treasury Policies

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. 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 RMB and US$. The Group has currency exposure as certain subcontracting fees incurred in the PRC were denominated in RMB. The Group is subjected to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the year, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital Expenditures

During the year, the Group's capital expenditure consisted of additions to property, plant and equipment amounting to approximately HK$195,000 (2015: HK$1,502,000).

Capital Commitments

As at 31 December 2016, the Group had a capital commitment of HK$790,000 (2015: nil) in relation to an acquisition of a motor vehicle.

Employees and Remuneration Policies

As at 31 December 2016, the Group had a total of 153 employees, including the Directors. Total staff costs (including Directors' remuneration) was approximately HK$37,729,000 for the year, as compared to approximately HK$41,332,000 for the previous year.

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

On top of the 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 of the Company may be granted to the Directors and employees of the Group.

Change in Controlling Shareholder

On 17 October 2016, the Company and Plus Value International Limited ("Plus Value" or the "Offeror") jointly announced that Happy Zone Limited (wholly-owned by Mr. Liu Ying Yin, James), Mr. Cheng Lap Yin, Capital Oasis Holdings Limited (wholly-owned by Mr. Liu Chung Tong), Mr. Yu Yuen Mau, Banny and Mr. Kao Lap Shing (collectively, as the vendors), Mr. Liu Ying Yin, James (as the guarantor to Happy Zone Limited), Mr. Liu Chung Tong (as the guarantor to Capital

Oasis Holdings Limited, Plus Value and Mr. Lai Leong (as the guarantor to Plus Value) entered into a sale and purchase agreement on 17 October 2016 to dispose of an aggregate of 360,000,000 ordinary shares of the Company, representing 75% of the entire issued share capital of the Company, to the Offeror. The transaction took place on 20 October 2016 and the Offeror had subsequently completed a mandatory unconditional cash offer in November 2016 pursuant to Rule 26.1 of the Code on Takeovers and Mergers for all the issued shares of the Company other than those already owned by the Offeror and parties acting in concert with it. As a consequence, Plus Value became the controlling Shareholder. The composition of the Board and the Board committees had also been changed in November 2016 as a result of the change of control of the Company.

Future Plans for Material Investments

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries" below, the Group did not have any plans for material investments during the year.

The Group will finance the future acquisitions through internally generated funds and other fund raising activities, including but not limited to issue of new debts or equity instruments.

Significant Investment

The Board would like to inform the Shareholders that all financial assets at fair value through profit or loss held as at 31 December 2016 represented shares listed in Hong Kong and the relevant information of the Group's significant investment, i.e. investment with carrying amount exceeding 5% of the total assets of the Group held at 31 December 2016 is summarised below:

		% of shareholding in the listed securities held by the Group at 31 December 2016	**Unrealised gain for the year ended 31 December 2016**	**Fair value of the investment in listed securities at 31 December 2016**
			HK$'000	*HK$'000*
Financial assets at fair value through profit or loss				
Stock Code	**Name of Security**			
767	Pacific Plywood Holdings Limited ("PPHL")	0.49	2,423	10,528

Information published by PPHL regarding its performance and prospects can be found at the HKEXnews website. According to PPHL's announcement of final results for the year ended 31 December 2016, the PPHL group was principally engaged in the business of operation of peer-to-peer ("P2P") financing platform and other loan facilitation services, money lending and provision of credit, securities investments, provision of corporate secretarial and consultancy services and forestry business.

The Company expects that the future performance of the Group's investment portfolio (including the significant investment described above) will be affected by the following external factors:

1) Market risk arising from fluctuations in Hong Kong stock market and changes in the domestic and global economy.

2) Policy risks in the PRC that may materially and adversely affect the outlook for companies in its portfolio.

3) The market price of each stock will be affected by the financial performance and development plans of the relevant company, as well as the outlook of the industry in which such company operates.

In order to mitigate possible financial risks related to the equities, the management will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Material Acquisitions and Disposals of Subsidiaries

On 13 December 2016, the Group acquired the entire issued share capital of Capital Strategic at a total consideration of approximately HK$981,000 from a third party independent of the Company and its connected persons (as defined under the Listing Rules). Capital Strategic holds a money lenders licence under the Money Lenders Ordinance to carry out money lending business in Hong Kong.

As disclosed in the announcement of the Company dated 16 December 2016, the Group acquired 665,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun at a total consideration of approximately HK$926,000 from a third party independent of the Company and its connected persons (as defined under the Listing Rules). Tak Yun is a corporation licensed for Type 1 (Dealing in securities) regulated activity under the SFO. Subsequently, in January 2017, a wholly-owned subsidiary of the Group entered into a conditional sale and purchase agreement for the acquisition of the remaining 90.5% of the issued share capital of Tak Yun (the "Acquisition") at a total cash consideration of approximately HK$14,622,000 (subject to adjustment with reference to the net asset value of Tak Yun as at the date of completion of the Acquisition). Completion of the Acquisition is conditional upon the necessary approval(s) from the Securities and Futures Commission (the "SFC") being obtained. Upon completion of the Acquisition, Tak Yun will become a wholly-owned subsidiary of the Company and the financial information of Tak Yun will be consolidated into the financial information of the Group.

As disclosed in the announcement of the Company dated 20 December 2016, the Group entered into a non-legally binding memorandum of understanding with a third party independent of the Company and its connected persons (as defined under the Listing Rules) in relation to the possible acquisition of the Target Company, which is licensed to carry out Type 9 (Asset management) regulated activity under the SFO. Subsequently, in February 2017, the Group entered into a conditional sale and purchase agreement for the acquisition of the Target Company at a total consideration of approximately HK$6,600,000 (subject to adjustment with reference to the net asset value of the Target Company as at the date of completion). Completion of this acquisition is conditional upon (i) completion of legal, business and financial due diligence to the satisfaction of the Group; (ii) approval being obtained from the SFC for change of substantial shareholder of the Target Company under section 132 of the SFO (the "Approval for Change of Substantial Shareholder"); (iii) the active status with the SFC being maintained; and (iv) the Target Company having obtained the licence for carry out Type 4 (Advising on securities) regulated activity under the SFO. Completion of this acquisition is to take place within 15 days upon the Approval for Change of Substantial Shareholder being obtained from the SFC. Upon completion of this acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial information of the Group.

The Group has not disposed of any of its subsidiaries during the year.

Risk Management

The Group adopts the following risk management policies and monitoring system to mitigate the risks associated with interest rate, foreign currency, credit, liquidity and equity price in its major operation.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates incurred for trade finance. The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustment if necessary.

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has currency exposure as certain subcontracting fees incurred in Mainland China were denominated in RMB.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of RMB against US$ may have impact on the operating results of the Group.

The Group has not entered into any hedging arrangement as the foreign currency risk is considered not material. The management has monitored the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Credit Risk

The trade and bills receivable balances included in the consolidated statement of financial position of the Group represent the Group's maximum exposure to credit risk in relation to the Group's trade and bills receivables. Concentrations of credit risk are managed by customer.

The Group performs ongoing credit evaluations of its debtors' financial conditions and requires no collateral from its customers. The allowance for doubtful debts is based on a review of the expected collectability of all trade and bills receivables.

The Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimise the credit risks. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by management.

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment. The Group's listed investment is listed on the Stock Exchange and is valued at quoted market prices at the end of the reporting period. Management manages this exposure by assessing the risk associated with each individual investment and maintaining a portfolio of investments with different risks in the future if necessary.

Contingent Liabilities

There were no contingent liabilities as at 31 December 2016.

Charge on the Group's Assets

As at 31 December 2015, the Group's property with a net carrying value of approximately HK$1,847,000 was pledged to banks to secure general banking facilities granted to the Group. The charge is released during the year.

No charge on the Group's assets was noted as at 31 December 2016.

Dividend

The Board does not recommend the distribution of any dividends for the year ended 31 December 2016 (2015: nil).

Fund Raising Activities in the Past Twelve Months

There had not been any equity fund raising activity conducted by the Group in the past twelve months.

Provision of Financial Assistance and Advance to an Entity

On 19 December 2016, Capital Strategic (the "Lender"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with a third party independent of the Company and its connected person (as defined under the Listing Rules) (the "Borrower"), pursuant to which the Lender agreed to provide a loan to the Borrower in the principal amount of HK$20,000,000 (the "Loan") for a period of 6 months following the date of the first drawdown at an interest rate of 13% per annum payable on the date falling 6 months from the first drawing of the Loan (the "Provision of the Loan"). The grant of the Loan under the Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules and the Provision of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of the Provision of the Loan are set out in the announcement of the Company dated 19 December 2016.

Subsequent Events

Termination of placing of new shares of the Company under general mandate

On 22 December 2016 (after trading hours), the Company and Win Wind Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the placees to subscribe for a maximum number of 96,000,000 placing shares, representing 20% of the then issued share capital of the Company, at the placing price of HK$2.05 per placing share during the placing period (the "Placing"). As disclosed in the announcement of the Company dated 10 January 2017, the Company and the Placing Agent agreed to terminate the Placing Agreement on 10 January 2017 as the conditions precedent stipulated in the Placing Agreement cannot be fulfilled on or prior to the 21st day after the date of the Placing Agreement. All obligations of the Company and the Placing Agent to effect and complete the Placing under the Placing Agreement have ceased and determined. The Directors expect that the termination of the Placing Agreement would have no material adverse effect on the business operation and the financial position of the Group. Details of the Placing and the termination of the Placing are disclosed in the announcements of the Company dated 22 December 2016 and 10 January 2017 respectively.

Further acquisition of Tak Yun

As disclosed in the announcement of the Company dated 16 December 2016, an indirect wholly-owned subsidiary of the Company (the "Purchaser") acquired 665,000 ordinary shares, representing 9.5% of the issued share capital of Tak Yun at a total consideration of HK$926,000 from a third party independent of the Company and its connected person (as defined under the Listing Rules) (the "Vendor"). On 20 January 2017, a conditional sale and purchase agreement (the "S&P Agreement") was entered into between the Purchaser and the Vendor for the acquisition of the remaining 90.5% of the issued share capital of Tak Yun at a total cash consideration of approximately HK$14,622,000 (subject to adjustment with reference to the net asset value of Tak Yun as at the date of completion of the acquisition. Completion of the acquisition is conditional upon the necessary approval(s) from the SFC being obtained. Upon completion of the acquisition, Tak Yun will become a wholly-owned subsidiary of the Company and the financial information of Tak Yun will be consolidated into the financial information of the Group. Details of the acquisition of Tak Yun are disclosed in the announcements of the Company dated 16 December 2016 and 20 January 2017.

Disposal of shares of the Company by the controlling Shareholder

On 25 January 2017, the Board was informed by Plus Value, the controlling Shareholder (as defined under the Listing Rules) that 90,000,000 shares of the Company, representing 18.75% of the then issued share capital of the Company, was disposed to a third party independent of and not connected with the Company and its connected person (as defined under the Listing Rules) at HK$2.739 per share (the "Disposal"). Immediately upon completion of the Disposal and as at the date of this announcement, Plus Value holds 270,000,000 shares of the Company, representing 56.25% of the issued share capital of the Company and remains the controlling Shareholder. Details of the Disposal are disclosed in the announcement of the Company dated 26 January 2017.

Change of principal place of business in Hong Kong

On 3 February 2017, the principal place of business of the Company in Hong Kong has been changed to Suites 904-5, 9/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong (the "Change"). Details of the Change are disclosed in the announcement of the Company dated 3 February 2017.

Re-designation of Director, appointment of Independent Non-executive Director and change of composition of the Board committees

Mr. Hon Ming Sang has been re-designated from an Independent Non-executive Director to an Executive Director with effect from 7 February 2017 (the "Re-designation"). Following the Re-designation, he resigned as members of the Audit Committee, the Nomination Committee and the Remuneration Committee but remains as a member of the Compliance Committee.

Mr. Lam Ho Pong was appointed as Independent Non-executive Director and members of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee with effect from 7 February 2017 (the "Appointment").

Following the Re-designation and the Appointment, the composition of the Board committees has also been changed. The current composition of the Board committees can be found in the section headed "Corporate Information" in the annual report of the Company for the year ended 31 December 2016, which shall be sent to the Shareholders in due course.

Details of the above are disclosed in the announcement of the Company dated 7 February 2017.

Acquisition of a licensed corporation

As disclosed in the announcement of the Company dated 20 December 2016, a non-legally binding memorandum of understanding (the "MOU") was entered into between Smart Fantasy, an indirect wholly-owned subsidiary of the Company and as the purchaser, and a third party independent of and not connected with the Company and its connected person (as defined under the Listing Rules), as the vendor, for the possible acquisition of the entire issued share capital of the Target Company which is licensed to carry out Type 9 (Asset management) regulated activity under the SFO.

On 15 February 2017 (after trading hours), a conditional sale and purchase agreement (the "Agreement") was entered into between Smart Fantasy and the vendor for the acquisition of the Target Company at a total consideration of approximately HK$6.6 million (subject to adjustment with reference to the net asset value of the Target Company as at the date of completion). Completion of the acquisition is conditional upon (i) the completion of legal, business and financial due diligence to the satisfaction of the purchaser; (ii) approval being obtained from the SFC for change of substantial shareholder of the Target Company under section 132 of the SFO; (iii) the active status with the SFC being maintained; and (iv) the Target Company having obtained the licence for carry out Type 4 (Advising on securities) regulated activity under the SFO. Upon completion of the acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the financial information of the Group. Details of the MOU and the acquisition of the Target Company are disclosed in the announcements of the Company dated 20 December 2016 and 15 February 2017 respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the Shareholders. The Company has adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

The Company has complied with all the Code Provisions of the CG Code during the Year, except for the deviations from the Code Provisions A.2.1 to A.2.9 and A.5.1 of the CG Code as more fully explained hereinafter.

Code Provisions A.2.1–A.2.9

The Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the Year, there have been changes of the Chairman and chief executive as follows:

— Mr. Liu Ying Yin, James resigned as the Managing Director with effect from 20 January 2016
— Mr. Liu Chung Tong was appointed as the Managing Director with effect from 20 January 2016
— Mr. Cheng Lap Yin resigned as the Chairman with effect from 29 November 2016
— Mr. Liu Chung Tong resigned as the Managing Director with effect from 29 November 2016
— Mr. Lam Kwan Sing was appointed as the Chief Executive Officer with effect from 29 November 2016
— There was no Chairman for the period from 29 November 2016 to 5 December 2016
— Mr. Jia Bowei was appointed as the Chairman with effect from 6 December 2016

The Company did not appoint any individual to take up the post of the Chairman following the resignation of Mr. Cheng Lap Yin with effect from 29 November 2016 as the new composition of the Board was formed on 29 November 2016 and therefore the new management to the Group would need more time to identify a suitable and qualified candidate to be the Chairman. Accordingly, the Company has not been in strict compliance with the Code Provisions A.2.1 to A.2.9, though the functions of the Chairman have been performed by all the Executive Directors. The Company has re-complied with the Code Provisions A.2.1 to A.2.9 after Mr. Jia Bowei was appointed as the Chairman with effect from 6 December 2016.

Code Provision A.5.1

The Code Provision A.5.1 of the CG Code stipulates that the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

Following the resignation of Mr. Ng Ming Yuen, John as Independent Non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Compliance Committee with effect from 15 April 2016, the Company has not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the board shall comprise of at least three independent non-executive directors; (ii) Rule 3.10(2) of the Listing Rules, which stipulates that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.10A of the Listing Rules, which stipulates that the number of independent non-executive directors shall represent at least one-third of the board; (iv) Rule 3.21 of the Listing Rules, which stipulates that the audit committee shall comprise of at least three members and shall be chaired by an independent non-executive director; and (v) the Code Provision A.5.1 of the CG Code, which stipulates that the nomination committee shall comprise a majority of independent non-executive directors.

After the appointment of Mr. Lau Chart Chou as Independent Non-executive Director, the chairman of the Audit Committee, a member of each of the Nomination Committee and the Compliance Committee with effect from 14 July 2016, the Company has fully complied with Rules 3.10(1), 3.10(2), 3.10A and 3.21 of the Listing Rules and the Code Provision A.5.1 of the CG Code.

Save as those mentioned above and in the opinion of the Directors, the Company has met the Code Provisions as set out in the CG Code during the Year.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report contained in the annual report of the Company for the year ended 31 December 2016, which shall be sent to the Shareholders in due course.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, risk management and internal control systems of the Group. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Fok Ho Yin, Thomas (chairman), Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and risk management and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 December 2016 with the management and the Company's external auditor, Ernst & Young.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the annual results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this annual results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.hanbo.com.

The printed copy of the annual report will be sent to the Shareholders and the soft copy of the same will be published on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 19 May 2017 (the "AGM"). Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Shareholders together with the annual report. Notice of the AGM and the proxy form will also be available on the websites of the Stock Exchange and the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 15 May 2017 to Friday, 19 May 2017, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 12 May 2017.

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

Hong Kong, 30 March 2017

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.