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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)

MAJOR TRANSACTION IN RELATION TO PROVISION OF LOAN TO AN ENTITY

THE LOAN AGREEMENT

The Board is pleased to announce that on 24 November 2017 (after trading hours), Capital Strategic Partners Limited, a wholly-owned subsidiary of the Company, as the Lender, entered into the Loan Agreement with Yuan Heng Gas Holdings Limited as the Borrower. Pursuant to the Loan Agreement, the Lender agreed to grant to the Borrower a loan of HK\$180 million for a term of 6 months from the date of the Drawdown, which could be further extended for another 6 months with written consent of the Lender (or any other date as may be agreed by the Lender and the Borrower in writing). The Loan is secured by the Share Charge and the Floating Charge.

LISTING RULES IMPLICATIONS

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

Furthermore, one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Loan exceeds 100%. As the advance of the Loan does not involve disposal or acquisition of assets, even the applicable percentage ratios are more than 100%, the advance of the Loan shall only be regarded as a major transaction instead of a very substantial acquisition or very substantial disposal pursuant to Chapter 14 of the Listing Rules. Therefore, the advance of the Loan is also subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE EGM

An EGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Loan Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Loan Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Loan Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Loan Agreement and the transactions contemplated thereunder and a notice of the EGM, will be despatched to the Shareholders. The Company expects that the circular will be despatched on or before 15 December 2017.

INTRODUCTION

The Board is pleased to announce that on 24 November 2017 (after trading hours), Capital Strategic Partners Limited, a wholly-owned subsidiary of the Company, as the Lender, entered into the Loan Agreement with Yuan Heng Gas Holdings Limited as the Borrower. Pursuant to the Loan Agreement, the Lender agreed to grant to the Borrower a loan of HK\$180 million for a term of 6 months from the date of Drawdown, and could be further extended for another 6 months with written consent of the Lender (or any other date as may be agreed by the Lender and the Borrower in writing). The Loan is secured by the Share Charge and the Floating Charge.

THE LOAN AGREEMENT

Date : 24 November 2017

Lender : Capital Strategic Partners Limited, a wholly-owned subsidiary of the Company

Borrower : Yuan Heng Gas Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 332)

Principal terms of the Loan Agreement

Amount of the Loan : HK\$180 million

Availability Period : the period commencing from the date of the Loan Agreement and ending on the earlier of:-

- (a) the date falling 3 months from the date of the Loan Agreement or such other date as the Lender may agree; and
- (b) the date on which the Loan commitment is reduced to zero

- Drawdown Date : the date, being a Banking Day, on which an advance is drawn by the Borrower within the availability period
- Maturity Date : the date falling 6 months from the date of the Drawdown and, if requested by the Borrower, such date could be further extended for another 6 months with written consent of the Lender (or any other date as may be agreed by the Lender and the Borrower in writing)
- Purpose : the Borrower shall only utilise the Loan to finance its working capital (including the re-financing of certain current liabilities, if necessary) for the trading business of the Borrower (and its subsidiaries)
- Interest : 10% per annum payable monthly
- Conditions Precedent of the Loan : Drawdown of the Loan is conditional upon, among other things, the fulfillment of the followings:–
- (a) where applicable, the shareholders of the Company and the Borrower having approved the Loan Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
 - (b) the parties to the Financing Agreements having obtained all necessary third party consents, approvals, authorisations, waivers, clearances and certifications in relation to the transactions contemplated thereunder and other relevant matter if required;
 - (c) each of the Financing Agreements duly executed by the Borrower, Firmwill and/or Fully World to which it is a party together with all documents ancillary or incidental thereto duly signed and completed;
 - (d) the Borrower providing to the Lender the certified true copies of (i) the deed of release dated 10 August 2017 in respect of security created under the trade finance security assignment entered into between Fully World and China CITIC Bank International Limited on 22 February 2011 and (ii) a letter from Industrial and Commercial Bank of China (Asia) Limited dated 18 August 2017 confirming release of the trade finance security assignment entered into with Fully World on 27 March 2012;

- (e) the Lender having completed a due diligence review within 14 days from the date of the Loan Agreement on the accounts receivables of Fully World, the results of which being satisfactory to the Lender;
- (f) the provision of the documents as requested under the Loan Agreement by the Borrower to the Lender;
- (g) the provision by the Borrower to the Lender of such evidence to the satisfaction of the Lender that Firmwill and Fully World are the beneficial owner of the charged share under the Share Charge and the charged assets and/or property under the Floating Charge respectively which are free from encumbrance of whatsoever nature other than those arising from the performance of the supply contracts of Fully World; and
- (h) the Borrower's acknowledgement duly signed by the Borrower in respect of the receipt of a copy of the Financing Agreements and the summary of the Money Lenders Ordinance.

- Prepayment : The Borrower may prepay all or any part of the Drawdown by giving not less than three Banking Days' notice to that effect to the Lender
- Security for the Loan : The Loan is secured by the Share Charge and the Floating Charge. The Share Charge is the charge over the the entire issued share capital of Fully World to be executed by Firmwill in favour of the Lender. The Floating Charge is the floating charge over all or any part of the property and/or assets of Fully World to be created by Fully World in favour of the Lender
- Undertakings : The Borrower undertakes that, among other things:–
- (a) the aggregate value of accounts receivables and cash of Fully World shall, at all times, be not lower than HK\$450,000,000;
 - (b) it shall maintain its listing status on the Stock Exchange and that its shares shall not be suspended from trading for more than 5 consecutive trading days;
 - (c) Firmwill and Fully World shall remain direct or indirect wholly-owned subsidiaries of the Borrower; and

- (d) other than as created under the Financial Agreements, it shall not, without the consent of the Lender (where such consent shall not be unreasonably withheld or delayed), incur any external debt or indebtedness or make loan, grant credit to, or guarantee or indemnify the liabilities of any person, which has priority over the secured indebtedness to the Lender except those mandatorily preferred by law.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Lender and the Borrower, determined with reference to the commercial practice and the terms of conducting money lending business in Hong Kong. The Loan will be funded by internal and/or external financing.

If upon the exercise of the Lender's rights under the Share Charge or the Floating Charge, such transaction constitutes a notifiable transaction for the Company, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules as and when appropriate.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in trading of apparel products and provision of apparel supply chain management services for woven wear, provision of financial services, money lending business and securities investment.

The Lender is a wholly-owned subsidiary of the Company. The Lender is a registered money lender holding a valid Money Lenders Licence under the Money Lenders Ordinance and its principal activities include money lending business.

INFORMATION ON THE BORROWER, FIRMWILL AND FULLY WORLD

The Borrower is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 332). The Borrower is an investment holding company and its subsidiaries are principally engaged in (i) trading of oil and gas products and the provision of related consultancy services; and (ii) processing, distribution, sales, trading and transportation of LNG (liquefied natural gas) and other auxiliary operations and networks in the PRC.

Firmwill is a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Borrower and is interested in the entire issued share capital of Fully World. Firmwill is principally engaged in investment holding.

Fully World is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Firmwill. Fully World is principally engaged in oil trading.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an associate of a 29% substantial shareholder of the Company is a general partner holding 45% interests in a limited partnership which in turn beneficially holds approximately 7.73% shareholding interests in the Borrower, and save as aforesaid, the Borrower, Firmwill, Fully World and their ultimate beneficial owners are Independent Third Parties.

REASONS FOR THE LOAN

The Group has been diversifying its operations into the financial sector which includes the provision of financing services through its money lending business. Entering into of the Loan Agreement would allow the Group to build up its money lending business and at the same time, also enable the Group to earn a reasonable return of 10% per annum. The Directors consider that the transactions contemplated under the Loan Agreement are on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole having considered (1) the current market norm in relation to similar transactions; (2) the costs of providing the Loan to the Borrower; and (3) the interest income to be generated by the Loan.

The Company has assessed the creditworthiness of the Borrower by reviewing its audited consolidated financial statements which did not raise concerns on its solvency. The Company has also reviewed the latest audited financial statements and management accounts of Fully World to assess the adequacy level of accounts receivables and cash balance that the Borrower undertake to maintain, as well as historical impairment record of accounts receivables with no exception noted. The Board is of the view that the Share Charge and the Floating Charge is sufficient to cover the Loan amount. Therefore, even if the Borrower defaults, the Company can enforce the security under the Share Charge and the Floating Charge to recover the Loan.

The Loan will be recorded as loan receivables under current assets of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the amount of the Loan exceeds 8% under the asset ratio defined under Rule 14.07(1) of the Listing Rules, pursuant to Rule 13.13 of the Listing Rules, the grant of the Loan is subject to the general disclosure obligations under Rule 13.15 of the Listing Rules. The Company will comply with the continuing disclosure requirement under Rule 13.20 of the Listing Rules when the interim or annual report of the Company is issued.

Furthermore, one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Loan exceeds 100%. As the advance of the Loan does not involve disposal or acquisition of assets, even the applicable percentage ratios are more than 100%, the advance of the Loan shall only be regarded as a major transaction instead of a very substantial acquisition or very substantial disposal pursuant to Chapter 14 of the Listing Rules. Therefore, the advance of the Loan is also subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Loan Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Loan Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Loan Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Loan Agreement and the transactions contemplated thereunder and a notice of the EGM, will be despatched to the Shareholders. The Company expects that the circular will be despatched on or before 15 December 2017.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Borrower”	Yuan Heng Gas Holdings Limited (元亨燃氣控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 332)
“Banking Day”	a day (excluding Saturday and Sunday) on which commercial banks are open for business in Hong Kong and HK\$ deposits may be dealt with in the Hong Kong inter-bank market
“Company”	Hanbo Enterprises Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1367)
“Director(s)”	director(s) of the Company
“Drawdown”	a drawdown of the Loan made by the Borrower pursuant to the Loan Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Loan Agreement and the transactions contemplated thereunder

“Financing Agreements”	the Loan Agreement, the Share Charge and the Floating Charge and all other document(s) executed or which may be executed from time to time in relation to the Loan
“Firmwill”	Firmwill Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Borrower and is interested in the entire issued share capital of Fully World
“Floating Charge”	the floating charge over all or any part of the property and/or assets of Fully World to be created by Fully World in favour of the Lender
“Fully World”	Fully World Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Firmwill
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party (Parties)”	independent third party (parties) who is (are) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Lender”	Capital Strategic Partners Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the secured term loan facility in the amount of HK\$180 million granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 24 November 2017 entered into between the Lender and the Borrower in relation to the grant of the Loan to the Borrower
“Money Lenders Ordinance”	Chapter 163 of the Laws of Hong Kong

“PRC”	the People’s Republic of China, which for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Charge”	the charge over the the entire issued share capital of Fully World to be executed by Firmwill in favour of the Lender
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 24 November 2017

As at the date of this announcement, the executive Directors are Mr. Jia Bowei, Mr. Lam Kwan Sing, Mr. Liu Zhijun, Ms. Yi Sha, 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.