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## HUABAO INTERNATIONAL HOLDINGS LIMITED

華寶國際控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00336)

### CONTINUING CONNECTED TRANSACTIONS - TERMINATION OF THE ENTRUSTED MANAGEMENT AGREEMENT

Reference is made to the announcements of Huabao International Holdings Limited (the “**Company**”) dated 27 November 2018 and 7 December 2018 (the “**Announcements**”) both in relation to the Entrusted Management Agreement entered into between Guangdong Jiahao and Weizhijia on 27 November 2018 for a term commencing on 1 January 2019 and expiring on 31 December 2021, both days inclusive.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

#### TERMINATION OF THE ENTRUSTED MANAGEMENT AGREEMENT

Upon subsequent integration since the completion of acquisition of Jiahao by the Group in September 2018, Jiahao had successfully established a brand-new sales force and management team to meet the challenges and opportunities in the market. Meanwhile, since entering into the Entrusted Management Agreement, Jiahao had enhanced its expertise and experience in a series of marketing, promotion, day-to-day management and performance appraisals. Hence, upon deliberation, the Company and Jiahao decided to terminate the Entrusted Management Agreement with Weizhijia. The Group considers that the termination of the agreement is appropriate and will better enable Jiahao to expand its sales and marketing channels and to develop its businesses.

In light of the above and upon friendly negotiations between the parties to the Entrusted Management Agreement, Guangdong Jiahao and Weizhijia entered into an Agreement for Termination of the Entrusted Management on Sales and Marketing (the “**Termination Agreement**”) on 7 August 2020. Pursuant to the agreement, the parties agreed to terminate the Entrusted Management Agreement at nil consideration with effect from 7 August 2020, and that neither party shall be responsible to compensate the other on matters arising out of or as a result of the early termination of the term of the Entrusted Management Agreement.

The Board (including the independent non-executive Directors) are of the view that the Termination Agreement was entered into after arm’s length negotiations and on normal commercial terms, and the terms of which are fair and reasonable, and in the interests of the Company and its shareholders as a whole. The Board (including the independent non-executive Directors) considers that the Termination Agreement will not have any material adverse impact on the business operation and financial position of the Group.

## LISTING RULES IMPLICATIONS

Guangdong Jiahao is an indirect wholly-owned subsidiary of the Company, while Weizhijia is ultimately controlled by Madam Chu Lam Yiu, the Chairlady and CEO of the Company. Accordingly, the Termination Agreement constitutes a connected transaction on the part of the Company under the Listing Rules. As neither Guangdong Jiahao nor Weizhijia is required to make any payment to each other under the Termination Agreement, the Termination Agreement is exempt from the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Madam Chu and Mr. Lam Ka Yu (son of Madam Chu and an executive Director of the Company), both were regarded having a material interest in the Termination Agreement, have abstained from voting on the relevant resolution in respect of the Termination Agreement. Save for Madam Chu and Mr. Lam Ka Yu, none of the other Directors has any material interest in the Termination Agreement and was required to abstain from voting on the Board resolution in respect of the Termination Agreement.

By Order of the Board  
**Huabao International Holdings Limited**  
**POON Chiu Kwok**  
*Executive Director*

Hong Kong, 7 August 2020

*As at the date of this announcement, the Board comprises four executive directors, namely Ms. CHU Lam Yiu (Chairlady and CEO), Messrs. XIA Liqun, POON Chiu Kwok and LAM Ka Yu and four independent non-executive directors, namely Mr. LEE Luk Shiu, Ms. MA Yunyan, Mr. WU Chi Keung and Mr. Jonathan Jun YAN.*

*\* For identification purposes only*