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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)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF FINANCIAL PRODUCTS

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The Board wishes to announce that the financial products offered by XIB as disclosed in the Previous Announcement have since reached maturity and the principal amounts together with interests under such financial products have been return to relevant members of the Group. On 12 June 2023 (after trading hours), members of the Group subscribed for financial products offered by XIB, and the aggregate of the outstanding investment amount of the Financial Products subscribed by the Group from XIB amounted to RMB650 million as at the date of this announcement.

As at the date of this announcement, the Directors confirm that (i) except for the Financial Products that remain outstanding, all the other financial products acquired from XIB have been redeemed in full in accordance with their respective terms; (ii) the Group believes that reasonable interests in connection with each of the Financial Products would be gained; and (iii) the Financial Products, would not cause any adverse impact on the financial position of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Before the subscription of the Fourth Financial Product, all of the applicable percentage ratios in relation to the First Financial Product, the Second Financial Product and the Third Financial Product, whether on a standalone basis or on an aggregated basis, when calculated pursuant to Rule 14.07 of the Listing Rules are below 5%, hence the subscription of the First Financial Product, the Second Financial Product and the Third Financial Product does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Fourth Financial Product, as the highest applicable percentage ratio in relation to the subscription of the Financial Products calculated on an aggregated basis pursuant to Rule 14.07 of the Listing Rules exceeds 5% but is below 25%, the subscription of the Financial Products would constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules and hence is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

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A summary of the Financial Products subscribed by the Group from XIB, which remain outstanding as at the date of this announcement, is set out below:

(i) First Financial Product

Date of Agreement	:	5 June 2023
Parties	:	(1) Guangdong Jiahao (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB90 million
Approximate annual return rate	:	1.35% - 3.35%
Maturity date	:	30 June 2023
Expected interests to be received upon maturity	:	RMB195,000.00

(ii) Second Financial Product

Date of Agreement	:	5 June 2023
Parties	:	(1) Jiahao Marketing (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB90 million
Approximate annual return rate	:	1.35% - 3.35%
Maturity date	:	30 June 2023
Expected interests to be received upon maturity	:	RMB195,000.00

(iii) Third Financial Product

Date of Agreement	:	7 June 2023
Parties	:	(1) Lhasa Huabao (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB140 million
Approximate annual return rate	:	1.35% - 3.35%
Maturity date	:	30 June 2023
Expected interests to be received upon maturity	:	RMB278,055.56

(iv) Fourth Financial Product

Date of Agreement	:	12 June 2023
Parties	:	(1) Smart Sino China (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB330 million
Approximate annual return rate	:	1.35% - 3.35%
Maturity date	:	30 June 2023
Expected interests to be received upon maturity	:	RMB506,458.33

CURRENT STATUS

As at the date of this announcement, the Directors confirm that (i) except for the Financial Products that remain outstanding, all the other financial products acquired from XIB have been redeemed in full in accordance with their respective terms; (ii) the Group believes that reasonable interests in connection with each of the Financial Products would be gained; and (iii) the Financial Products would not cause any adverse impact on the financial position of the Group.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE FINANCIAL PRODUCTS

In order to maximise the utilisation of the surplus cash balances in the capital account without affecting the operational liquidity, Smart Sino China, Guangdong Jiahao, Jiahao Marketing and Lhasa Huabao utilised part of their bank balances to subscribe for the Financial Products offered by XIB with a view to achieving higher interest yields whilst maintaining high liquidity and relatively low risk exposure.

Taking into account of, among others, (i) the capital-protected nature of the Financial Products; (ii) the relatively low risk exposure of the Financial Products; (iii) the better expected rate of return than normal bank deposits generally offered by commercial banks in the PRC; and (iv) the relatively shorter terms to maturity, i.e. within twelve months, the Company considered that the Financial Products would provide the Group with better earnings in the long term than making normal bank deposits offered by licensed commercial banks in the PRC. The Financial Products have been closely and effectively monitored and managed by the Group.

As at the date of this announcement, the Group expected to gain interests on each of the Financial Products (the interests of which will be recorded on maturity). Further, the Financial Products were funded by the surplus cash balances of the Group and are highly liquid, therefore the investment in the Financial Products would not affect the working capital or the operation of the Group. As such, the Directors are of the view that the terms of each of the Financial Products are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

Before the subscription of the Fourth Financial Product, all of the applicable percentage ratios in relation to the First Financial Product, the Second Financial Product and the Third Financial Product, whether on a standalone basis or on an aggregated basis, when calculated pursuant to Rule 14.07 of the Listing Rules are below 5%, hence the subscription of the First Financial Product, the Second Financial Product and the Third Financial Product does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Fourth Financial Product, as the highest applicable percentage ratio in relation to the subscription of the Financial Products calculated on an aggregated basis pursuant to Rule 14.07 of the Listing Rules exceeds 5% but is below 25%, the subscription of the Financial Products would constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and hence is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

The Company will closely monitor and review the status of the subscription of the financial products of XIB and will make further announcement(s) in compliance with the Listing Rules.

INFORMATION OF PARTIES INVOLVED IN THE SUBSCRIPTION OF FINANCIAL PRODUCTS

The Group

The Group is principally engaged in the research and development, production, distribution and sales of flavours and fragrances and food ingredients, tobacco raw materials (comprising the reconstituted tobacco leaves and tobacco new materials), aroma raw materials and condiment products in the PRC.

Smart Sino China is an indirect wholly owned subsidiary of the Company which is an investment holding company in the PRC.

Jiahao Marketing is wholly-owned by Guangdong Jiahao which in turn is an indirect non-wholly owned subsidiary of the Company and Lhasa Huabao is indirect non-wholly owned subsidiary of the Company.

Counter Party

XIB is a PRC licensed commercial bank principally engaged in banking services, whose head office is in Xiamen, PRC. According to the publicly available information, XIB does not have any controlling shareholder (within the meaning of the Listing Rules). Its largest shareholder is 福建省福投投資有限責任公司 (Fujian Futou Investment Limited Liability Company*), which is wholly owned by 福建省投資開發集團有限責任公司 (Fujian Investment and Development Group Limited Liability Company*) and the actual controlling shareholder of which is the State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry and based on the public information available to the Company, XIB and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Huabao International Holdings Limited, a company incorporated in Bermuda on 11 October 1991, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Financial Products”	Collectively, the First Financial Product, the Second Financial Product, the Third Financial Product and the Fourth Financial Product
“First Financial Product”	the capital protected structured deposit with an investment amount of RMB90 million pursuant to a subscription agreement entered into between Guangdong Jiahao and XIB dated 5 June 2023

“Fourth Financial Product”	the capital protected structured deposit with an investment amount of RMB330 million pursuant to a subscription agreement entered into between Smart Sino China and XIB dated 12 June 2023
“Group”	the Company and its subsidiaries, as appropriate and regardless of whether directly or indirectly owned
“Guangdong Jiahao”	Guangdong Jiahao Foodstuff Co., Ltd.
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiahao Marketing”	Guangdong Jiahao Marketing Co., Ltd.
“Lhasa Huabao”	Lhasa Huabao Food Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“Previous Announcement”	the announcement published by the Company on 8 May 2023, regarding the subscription of financial products by members of the Group from XIB
“RMB”	Renminbi, the lawful currency of the PRC
“Second Financial Product”	the capital protected structured deposit with an investment amount of RMB90 million pursuant to a subscription agreement entered into between Jiahao Marketing and XIB dated 5 June 2023
“Shareholder(s)”	the shareholder(s) of the Company
“Smart Sino China”	Smart Sino International Investment Holding (China) Co., Ltd
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Third Financial Product”	the capital protected structured deposit with an investment amount of RMB140 million pursuant to a subscription agreement entered into between Lhasa Huabao and XIB dated 7 June 2023

“XIB” Xiamen International Bank Co., Ltd.

“%” per cent

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

Hong Kong, 12 June 2023

As at the date of this announcement, the Board comprises six executive directors, namely Ms. CHU Lam Yiu, Messrs. LAM Ka Yu, XIA Liqun, POON Chiu Kwok, Ms. LAM Ka Yan, and Ms. CHOY Man Har and three independent non-executive directors, namely Messrs. LEE Luk Shiu, Jonathan Jun YAN and HOU Haitao.

** For identification purposes only*