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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

SUBSCRIPTION OF FINANCIAL PRODUCTS

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 4 July 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 XIB Financial Products subscribed by the Group from XIB amounted to RMB540 million as at the date of this announcement.

The Board wishes to further announce that on 4 July 2023 (after trading hours), members of the Group have subscribed for certain financial products offered by Ping An Bank with an aggregate investment amount of RMB480 million as at the date of this announcement.

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

IMPLICATIONS UNDER THE LISTING RULES

The XIB Financials Products

As the highest applicable percentage ratio in relation to the subscription of the XIB 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 XIB 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.

The Ping An Bank Financial Products

Before the subscription of the Fourth Ping An Bank Financial Product, all the applicable percentage ratios in relation to the First Ping An Bank Financial Product, the Second Ping An Bank Financial Product and the Third Ping An Bank 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%, the subscription of the First Ping An Bank Financial Product, the Second Ping An Bank Financial Product and the Third Ping An Bank Financial Product does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Fourth Ping An Bank Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Ping An Bank 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 Ping An Bank 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.

SUBSCRIPTION OF FINANCIAL PRODUCTS

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 returned to relevant members of the Group. On 4 July 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 XIB Financial Products subscribed by the Group from XIB amounted to RMB540 million as at the date of this announcement.

The Board wishes to further announce that on 4 July 2023 (after trading hours), members of the Group have subscribed for certain financial products offered by Ping An Bank with an aggregate investment amount of RMB480 million as at the date of this announcement.

XIB

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

(i)

Date of Agreement	:	4 July 2023
Parties	:	(1) Guangdong Jiahao (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB120 million
Approximate annual return rate	:	1.35% - 3.32%
Maturity date	:	31 July 2023
Expected interests to be received upon maturity	:	RMB279,066.67

(ii)

Date of Agreement	:	4 July 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% - 3.32%
Maturity date	:	31 July 2023
Expected interests to be received upon maturity	:	RMB209,300.00

(iii)

Date of Agreement	:	4 July 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% - 3.32%
Maturity date	:	31 July 2023
Expected interests to be received upon maturity	:	RMB767,433.33

Ping An Bank

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

(i) First Ping An Bank Financial Product

Date of Agreement	:	26 April 2023
Parties	:	(1) Huabao Flavours (2) Ping An Bank
Product	:	the capital protected structured deposit with an investment amount of RMB350 million
Approximate annual return rate	:	1.75% - 2.92%
Maturity date	:	27 July 2023
Expected interests to be received upon maturity	:	RMB2,460,739.73

(ii) Second Ping An Bank Financial Product

Date of Agreement	:	8 May 2023
Parties	:	(1) Huabao Flavours (2) Ping An Bank
Product	:	the capital protected structured deposit with an investment amount of RMB50 million
Approximate annual return rate	:	1.75% - 2.92%
Maturity date	:	7 August 2023
Expected interests to be received upon maturity	:	RMB347,671.23

(iii) Third Ping An Bank Financial Product

Date of Agreement	:	8 May 2023
Parties	:	(1) Huabao Flavours (2) Ping An Bank
Product	:	The capital protected structured deposit with an investment amount of RMB50 million
Approximate annual return rate	:	1.75% - 2.92%
Maturity date	:	7 August 2023
Expected interests to be received upon maturity	:	RMB347,671.23

(iv) Fourth Ping An Bank Financial Product

Date of Agreement	:	4 July 2023
Parties	:	(1) Owada Flavours (2) Ping An Bank
Product	:	The capital protected structured deposit with an investment amount of RMB30 million
Approximate annual return rate	:	1.75% - 2.82%
Maturity date	:	9 October 2023
Expected interests to be received upon maturity	:	RMB214,619.18

CURRENT STATUS

As at the date of this announcement, the Directors confirm that (i) except for the XIB Financial Products and Ping An Bank Financial Products that remain outstanding, all the other financial products acquired from XIB and Ping An Bank have been redeemed in full in accordance with their respective terms; (ii) the Group believes that reasonable interests in connection with each of the XIB Financial Products and Ping An Bank Financial Products would be gained; and (iii) the XIB Financial Products and Ping An Bank 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, Huabao Flavours, Smart Sino China, Guangdong Jiahao, Jiahao Marketing and Owada Flavours utilised part of their bank balances to subscribe for the Financial Products offered by XIB and/or Ping An Bank 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

The XIB Financial Products

As the highest applicable percentage ratio in relation to the subscription of the XIB 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 XIB 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 Ping An Bank Financial Products

Before the subscription of the Fourth Ping An Bank Financial Product, all the applicable percentage ratios in relation to the First Ping An Bank Financial Product, the Second Ping An Bank Financial Product and the Third Ping An Bank 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%, the subscription of the First Ping An Bank Financial Product, the Second Ping An Bank Financial Product and the Third Ping An Bank Financial Product does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Fourth Ping An Bank Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Ping An Bank 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 Ping An Bank 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 each of XIB and Ping An Bank 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.

Huabao Flavours is an indirect non-wholly owned subsidiary of the Company, the shares of which are listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300741). Huabao Flavours is principally engaged in the research and development, production and sales of flavours and fragrances and food ingredients 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 Owada Flavours is wholly owned by Huabao Flavours and 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.

Ping An Bank is a joint-stock commercial bank with its headquarters in Shenzhen, PRC. Ping An Bank is principally engaged in banking services and the shares of which are listed on Shenzhen Stock Exchange (Stock Code: 000001).

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, each of XIB and Ping An Bank 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 XIB Financial Products and the Ping An Bank Financial Products
“First Ping An Bank Financial Product”	the capital protected structured deposit with an investment amount of RMB350 million pursuant to a subscription agreement entered into between Huabao Flavours and Ping An Bank dated 26 April 2023
“Fourth Ping An Bank Financial Product”	the capital protected structured deposit with an investment amount of RMB30 million pursuant to a subscription agreement entered into between Owada Flavours and Ping An Bank dated 4 July 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
“Huabao Flavours”	Huabao Flavours & Fragrances Co., Ltd.
“Jiahao Marketing”	Guangdong Jiahao Marketing Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

“Owada Flavours”	Owada Flavours (Guangzhou) Co., Ltd.
“Ping An Bank”	Ping An Bank Co., Ltd.
“Ping An Bank Financial Products”	collectively, the First Ping An Bank Financial Product, the Second Ping An Bank Financial Product, the Third Ping An Bank Financial Product and the Fourth Ping An Bank Financial Product
“PRC” or “China”	the People’s Republic of China
“Previous Announcement”	the announcement published by the Company on 12 June 2023, regarding the subscription of financial products by members of the Group from XIB
“RMB”	Renminbi, the lawful currency of the PRC
“Second Ping An Bank Financial Product”	the capital protected structured deposit with an investment amount of RMB50 million pursuant to a subscription agreement entered into between Huabao Flavours and Ping An Bank dated 8 May 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 Ping An Bank Financial Product”	the capital protected structured deposit with an investment amount of RMB50 million pursuant to a subscription agreement entered into between Huabao Flavours and Ping An Bank dated 8 May 2023
“XIB”	Xiamen International Bank Co., Ltd.
“XIB Financial Products”	the financial products subscribed by the Group from XIB that remain outstanding as at the date of this announcement
“%”	per cent

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

Hong Kong, 4 July 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*