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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 on 19 October 2023 (after trading hours), members of the Group have subscribed for certain financial products offered by XIB with an aggregate outstanding investment amount of RMB400 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 Third Financial Product, the Fourth Financial Product and the Fifth Financial Product, all the applicable percentage ratios in relation to the First Financial Product and the Second 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 Financial Product and the Second Financial Product does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Third Financial Product, the Fourth Financial Product and the Fifth Financial Product, as the highest applicable percentage ratios 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.

SUBSCRIPTION OF FINANCIAL PRODUCTS

The Board wishes to announce that on 19 October 2023 (after trading hours), members of the Group have subscribed for certain financial products offered by XIB with an aggregate outstanding investment amount of RMB400 million as at the date of this announcement.

A summary of the Financial Products is set out below:

(i) First Financial Product

Date of Agreement	:	5 September 2023
Parties	:	(1) Jiahao Marketing (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB80 million
Approximate annual return rate	:	1.50% - 3.21%
Maturity date	:	6 December 2023
Expected interests to be received upon maturity	:	RMB515,060.00

(ii) Second Financial Product

Date of Agreement	:	5 September 2023
Parties	:	(1) Smart Sino China (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB120 million
Approximate annual return rate	:	1.50% - 3.21%
Maturity date	:	6 December 2023
Expected interests to be received upon maturity	:	RMB772,590.00

(iii) Third Financial Product

Date of Agreement	:	19 October 2023
Parties	:	(1) Huabao Flavours (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB100 million
Approximate annual return rate	:	1.60% - 3.00%
Maturity date	:	19 April 2024
Expected interests to be received upon maturity	:	RMB1,466,111.11

(iv) Fourth Financial Product

Date of Agreement	:	19 October 2023
Parties	:	(1) Smart Sino China (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB50 million
Approximate annual return rate	:	1.60% - 3.00%
Maturity date	:	19 April 2024
Expected interests to be received upon maturity	:	RMB733,055.56

(v) Fifth Financial Product

Date of Agreement	:	19 October 2023
Parties	:	(1) Guangdong Jiahao (2) XIB
Product	:	the capital protected structured deposit with an investment amount of RMB50 million
Approximate annual return rate	:	1.60% - 3.00%
Maturity date	:	19 April 2024
Expected interests to be received upon maturity	:	RMB733,055.56

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, Huabao Flavours, Guangdong Jiahao and Jiahao Marketing 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 Third Financial Product, the Fourth Financial Product and the Fifth Financial Product, all the applicable percentage ratios in relation to the First Financial Product and the Second 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 Financial Product and the Second Financial Product does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Third Financial Product, the Fourth Financial Product and the Fifth Financial Product, as the highest applicable percentage ratios 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

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.

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, each of 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, the Fourth Financial Product and the Fifth Financial Product

“Fifth Financial Product”	the capital protected structured deposit with an investment amount of RMB50 million pursuant to a subscription agreement entered into between Guangdong Jiahao and XIB dated 19 October 2023
“First Financial Product”	the capital protected structured deposit with an investment amount of RMB80 million pursuant to a subscription agreement entered into between Jiahao Marketing and XIB dated 5 September 2023
“Fourth Financial Product”	the capital protected structured deposit with an investment amount of RMB50 million pursuant to a subscription agreement entered into between Smart Sino China and XIB dated 19 October 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
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Financial Product”	the capital protected structured deposit with an investment amount of RMB120 million pursuant to a subscription agreement entered into between Smart Sino China and XIB dated 5 September 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 RMB100 million pursuant to a subscription agreement entered into between Huabao Flavours and XIB dated 19 October 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, 19 October 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*