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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 FURTHER FINANCIAL PRODUCTS

SUBSCRIPTION OF FURTHER FINANCIAL PRODUCTS

The Board wishes to announce that on 15 November 2023 (after trading hours), a member of the Group subscribed for financial products offered by Ping An Bank, and the aggregate of the outstanding investment amount of the Ping An Bank Financial Products subscribed by members of the Group from Ping An Bank amounted to RMB647 million as at the date of this announcement.

The Board wishes to further announce that on 15 November 2023 (after trading hours), a member of the Group has further subscribed for certain financial products offered by Bank of Nanjing. As at the date of this announcement, the aggregate outstanding investment amount of the Bank of Nanjing Financial Products subscribed by members of the Group from Bank of Nanjing amounted to RMB468 million. The scale of the Bank of Nanjing Financial Products as at the date of the announcement triggers another disclosure requirement under Rule 14.34 of the Listing Rules by the Company.

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

IMPLICATIONS UNDER THE LISTING RULES

Ping An Bank Financials Products

As the highest applicable percentage ratio 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 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.

Bank of Nanjing Financial Products

As the highest applicable percentage ratios in relation to the subscription of the Bank of Nanjing 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 Bank of Nanjing Financial Products would constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and hence are subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

SUBSCRIPTION OF FURTHER FINANCIAL PRODUCTS

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A summary of the Financial Products is set out below:

Ping An Bank

(i)

Date of Agreement : 12 October 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% - 2.63%
Maturity date : 15 January 2024
Expected interests to be received : RMB195,468.49
upon maturity

(ii)

Date of Agreement : 15 November 2023
Parties : (1) Huabao Flavours
(2) Ping An Bank
Product : the capital protected structured deposit with an investment amount of RMB517 million
Approximate annual return rate : 1.75% - 2.63%
Maturity date : 19 April 2024
Expected interests to be received : RMB5,418,386.63
upon maturity

(iii)

Date of Agreement : 15 November 2023
Parties : (1) Huabao Flavours
(2) Ping An Bank
Product : the capital protected structured deposit with an investment amount of RMB100 million
Approximate annual return rate : 1.75% - 2.63%
Maturity date : 19 April 2024
Expected interests to be received : RMB1,048,043.84
upon maturity

Bank of Nanjing

(i)

Date of Agreement : 7 June 2023
Parties : (1) Huabao Flavours
(2) Bank of Nanjing
Product : the capital protected structured deposit with an investment amount of RMB235 million
Approximate annual return rate : 1.65% - 4.60%
Maturity date : 5 December 2023
Expected interest to be received : RMB3,651,475.69
upon maturity

(ii)

Date of Agreement : 10 July 2023
Parties : (1) Huabao Flavours
(2) Bank of Nanjing
Product : the capital protected structured deposit with an investment amount of RMB140 million
Approximate annual return rate : 1.65% - 4.45%
Maturity date : 5 January 2024
Expected interest to be received : RMB2,099,416.67
upon maturity

(iii)

Date of Agreement : 10 July 2023
Parties : (1) Huabao Flavours
(2) Bank of Nanjing
Product : the capital protected structured deposit with an investment amount of RMB60 million
Approximate annual return rate : 1.65% - 4.45%
Maturity date : 5 January 2024
Expected interest to be received : RMB899,750.00
upon maturity

(iv)

Date of Agreement	:	15 November 2023
Parties	:	(1) Huabao Flavours (2) Bank of Nanjing
Product	:	the capital protected structured deposit with an investment amount of RMB33 million
Approximate annual return rate	:	1.60% - 9.50%
Maturity date	:	19 April 2024
Expected interest to be received upon maturity	:	RMB350,658.00

CURRENT STATUS

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

Ping An Bank Financial Products

As the highest applicable percentage ratio 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.

Bank of Nanjing Financial Products

As the highest applicable percentage ratios in relation to the subscription of the Bank of Nanjing 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 Bank of Nanjing Financial Products would constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and hence are 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 Ping An Bank and Bank of Nanjing 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. Owada Flavours is wholly owned by Huabao Flavours and is indirect non-wholly owned subsidiary of the Company.

Counter Parties

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).

Bank of Nanjing is a commercial bank incorporated in the PRC and is principally engaged in banking services, and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601009).

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 Ping An Bank and Bank of Nanjing and their 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:

“Bank of Nanjing”	Bank of Nanjing Co., Ltd.
“Bank of Nanjing Financial Products”	the financial products subscribed by members of the Group from Bank of Nanjing that are and still remain outstanding as at the date of this announcement
“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 Ping An Bank Financial Products and the Bank of Nanjing Financial Products
“Group”	the Company and its subsidiaries, as appropriate and regardless of whether directly or indirectly owned
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Huabao Flavours”	Huabao Flavours & Fragrances 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”	the financial products subscribed by member of the Group from Ping An Bank that are and still remain outstanding as at the date of this announcement
“PRC” or “China”	the People’s Republic of China
“Previous Announcement”	the announcement published by the Company on 12 October 2023, regarding the subscription of financial products by members of the Group from Ping An Bank
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

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

Hong Kong, 15 November 2023

As at the date of this announcement, the Board comprises six executive directors, namely Ms. CHU Lam Yiu, Messrs. LAM Ka Yu, XIA Liquan, 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*