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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 23 April 2024 (after trading hours), members of the Group subscribed for financial products offered by the Hang Seng Bank, the Bank of Nanjing and the Bank of Jiangsu respectively. The aggregate of the outstanding investment amount of the Hang Seng Bank Financial Products, the Bank of Nanjing Financial Products and the Bank of Jiangsu Financial Products subscribed by members of the Group from the Hang Seng Bank, the Bank of Nanjing and the Bank of Jiangsu amounted to RMB500 million, RMB511 million and RMB649 million respectively as at the date of this announcement.

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

IMPLICATIONS UNDER THE LISTING RULES

Hang Seng Bank Financial Product

Before the subscription of the Third Hang Seng Bank Financial Product, all the applicable percentage ratios in relation to the First Hang Seng Bank Financial Product and the Second Hang Seng 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 Hang Seng Bank Financial Product and the Second Hang Seng Bank Financial Product does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Third Hang Seng Bank Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Hang Seng 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 Hang Seng 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

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

However, after the subscription of the Second Bank of Nanjing Financial Product and the Third Bank of Nanjing Financial Product, 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 is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

Bank of Jiangsu Financial Products

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

However, after the subscription of the Second Bank of Jiangsu Financial Product and the Third Bank of Jiangsu Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Bank of Jiangsu 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 Jiangsu 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 23 April 2024 (after trading hours), members of the Group subscribed for financial products offered by the Hang Seng Bank, the Bank of Nanjing and the Bank of Jiangsu respectively. The aggregate of the outstanding investment amount of the Hang Seng Bank Financial Products, the Bank of Nanjing Financial Products and the Bank of Jiangsu Financial Products subscribed by members of the Group from the Hang Seng Bank, the Bank of Nanjing and the Bank of Jiangsu amounted to RMB500 million, RMB511 million and RMB649 million respectively as at the date of this announcement.

A summary of the Financial Products is set out below:

Hang Seng Bank

(i) First Hang Seng Bank Financial Product

Date of Agreement	:	22 April 2024
Parties	:	(1) Huabao Flavours (2) Hang Seng Bank
Product	:	the capital protected structured deposit with an investment amount of RMB100 million
Approximate annual return rate	:	1.50% - 3.00%
Maturity date	:	17 January 2025
Expected interest to be received upon maturity	:	RMB2,100,000.00

(ii) Second Hang Seng Bank Financial Product

Date of Agreement	:	22 April 2024
Parties	:	(1) Huabao Flavours (2) Hang Seng Bank
Product	:	the capital protected structured deposit with an investment amount of RMB200 million
Approximate annual return rate	:	1.50% - 3.00%
Maturity date	:	22 October 2024
Expected interest to be received upon maturity	:	RMB2,846,666.67

(iii) Third Hang Seng Bank Financial Product

Date of Agreement	:	23 April 2024
Parties	:	(1) Huabao Flavours (2) Hang Seng Bank
Product	:	the capital protected structured deposit with an investment amount of RMB200 million
Approximate annual return rate	:	1.50% - 3.00%
Maturity date	:	23 October 2024
Expected interest to be received upon maturity	:	RMB RMB2,846,666.67

Bank of Nanjing

(i) First Bank of Nanjing Financial Product

Date of Agreement	:	22 April 2024
Parties	:	(1) Huabao Flavours (2) Bank of Nanjing
Product	:	The capital protected structured deposit with an investment amount of RMB212 million
Approximate annual return rate	:	1.60% - 4.00%
Maturity date	:	21 October 2024
Expected interests to be received upon maturity	:	RMB2,756,000.00

(ii) Second Bank of Nanjing Financial Product

Date of Agreement	:	23 April 2024
Parties	:	(1) Huabao Flavours (2) Bank of Nanjing
Product	:	the capital protected structured deposit with an investment amount of RMB110 million
Approximate annual return rate	:	1.60% - 4.00%
Maturity date	:	25 July 2024
Expected interests to be received upon maturity	:	RMB722,944.44

(iii) Third Bank of Nanjing Financial Product

Date of Agreement	:	23 April 2024
Parties	:	(1) Huabao Flavours (2) Bank of Nanjing
Product	:	the capital protected structured deposit with an investment amount of RMB189 million
Approximate annual return rate	:	1.60% - 4.00%
Maturity date	:	22 October 2024
Expected interests to be received upon maturity	:	RMB2,457,000.00

Bank of Jiangsu

(i) First Bank of Jiangsu Financial Product

Date of Agreement	:	22 April 2024
Parties	:	(1) Huabao Flavours (2) Bank of Jiangsu
Product	:	the capital protected structured deposit with an investment amount of RMB269 million
Approximate annual return rate	:	1.50% - 3.40%
Maturity date	:	21 October 2024
Expected interests to be received upon maturity	:	RMB3,497,000.00

(ii) Second Bank of Jiangsu Financial Product

Date of Agreement	:	23 April 2024
Parties	:	(1) Huabao Kongque (2) Bank of Jiangsu
Product	:	the capital protected structured deposit with an investment amount of RMB240 million
Approximate annual return rate	:	1.50% - 3.40%
Maturity date	:	22 October 2024
Expected interests to be received upon maturity	:	RMB3,120,000.00

(iii) Third Bank of Jiangsu Financial Product

Date of Agreement	:	23 April 2024
Parties	:	(1) Lhasa Huabao (2) Bank of Jiangsu
Product	:	the capital protected structured deposit with an investment amount of RMB140 million
Approximate annual return rate	:	1.50% - 3.40%
Maturity date	:	25 July 2024
Expected interests to be received upon maturity	:	RMB920,111.11

CURRENT STATUS

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

Hang Seng Bank Financial Product

Before the subscription of the Third Hang Seng Bank Financial Product, all the applicable percentage ratios in relation to the First Hang Seng Bank Financial Product and the Second Hang Seng 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 Hang Seng Bank Financial Product and the Second Hang Seng Bank Financial Product does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

However, after the subscription of the Third Hang Seng Bank Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Hang Seng 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 Hang Seng 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

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

However, after the subscription of the Second Bank of Nanjing Financial Product and the Third Bank of Nanjing Financial Product, 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 is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

Bank of Jiangsu Financial Products

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

However, after the subscription of the Second Bank of Jiangsu Financial Product and the Third Bank of Jiangsu Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Bank of Jiangsu 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 Jiangsu 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 the Hang Seng Bank, the Bank of Nanjing and the Bank of Jiangsu 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.

Each of Huabao Kongque and Lhasa Huabao is wholly owned by Huabao Flavours and are indirect non-wholly owned subsidiaries of the Company. The principal activities of each of Huabao Kongque and Lhasa Huabao are manufacturing and sales of food flavours & fragrances in the PRC.

Counter Parties

Hang Seng Bank is a commercial bank principally engaged in banking services, it is a wholly-owned subsidiary of Hang Seng Bank Limited, the shares of which are listed on the Stock Exchange (Stock Code: 00011).

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).

Bank of Jiangsu is a commercial bank principally engaged in banking services and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600919).

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 the Hang Seng Bank, the Bank of Nanjing and the Bank of Jiangsu 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 Jiangsu”	Bank of Jiangsu Co., Ltd.
“Bank of Jiangsu Financial Products”	collectively, the First Bank of Jiangsu Financial Product, the Second Bank of Jiangsu Financial Product and the Third Bank of Jiangsu Financial Product
“Bank of Nanjing”	Bank of Nanjing Co., Ltd.
“Bank of Nanjing Financial Products”	collectively, the First Bank of Nanjing Financial Product, the Second Bank of Nanjing Financial Product and the Third Bank of Nanjing Financial Product
“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 Hang Seng Bank Financial Products, the Bank of Nanjing Financial Products and the Bank of Jiangsu Financial Products
“First Bank of Jiangsu Financial Product”	the capital protected structured deposit with an investment amount of RMB269 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Jiangsu dated 22 April 2024

“First Bank of Nanjing Financial Product”	the capital protected structured deposit with an investment amount of RMB212 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Nanjing dated 22 April 2024
“First Hang Seng Bank 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 Hang Seng Bank dated 22 April 2024
“Group”	the Company and its subsidiaries, as appropriate and regardless of whether directly or indirectly owned
“Hang Seng Bank”	Hang Seng Bank (China) Limited
“Hang Seng Bank Financial Products”	collectively, the First Hang Seng Bank Financial Product, the Second Hang Seng Bank Financial Product and the Third Hang Seng Bank Financial Product
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huabao Flavours”	Huabao Flavours & Fragrances Co., Ltd.
“Huabao Kongque”	Shanghai H&K Flavors & Fragrances 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
“RMB”	Renminbi, the lawful currency of the PRC
“Second Bank of Jiangsu Financial Product”	the capital protected structured deposit with an investment amount of RMB240 million pursuant to a subscription agreement entered into between Huabao Kongque and Bank of Jiangsu dated 23 April 2024
“Second Bank of Nanjing Financial Product”	the capital protected structured deposit with an investment amount of RMB110 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Nanjing dated 23 April 2024
“Second Hang Seng Bank Financial Product”	the capital protected structured deposit with an investment amount of RMB200 million pursuant to a subscription agreement entered into between Huabao Flavours and Hang Seng Bank dated 22 April 2024

“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
“Third Bank of Jiangsu 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 Bank of Jiangsu dated 23 April 2024
“Third Bank of Nanjing Financial Product”	the capital protected structured deposit with an investment amount of RMB189 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Nanjing dated 23 April 2024
“Third Hang Seng Bank Financial Product”	the capital protected structured deposit with an investment amount of RMB200 million pursuant to a subscription agreement entered into between Huabao Flavours and Hang Seng Bank dated 23 April 2024
“%”	per cent

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

Hong Kong, 23 April 2024

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*