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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 8 July 2024 (after trading hours), members of the Group subscribed for financial products offered by the Bank of Hangzhou, the Bank of Changsha and the Hang Seng Bank respectively. The aggregate of the outstanding investment amount of the Bank of Hangzhou Financial Products, the Bank of Changsha Financial Products and the Hang Seng Bank Financial Products subscribed by members of the Group from the Bank of Hangzhou, the Bank of Changsha and the Hang Seng Bank amounted to RMB386 million, RMB450 million and RMB570 million respectively as at the date of this announcement.

As at the date of this announcement, the Directors confirm that (i) except for the Bank of Hangzhou Financial Products, the Bank of Changsha Financial Products and the Hang Seng Bank Financial Products that remain outstanding, all the other financial products acquired from each of the Bank of Hangzhou, the Bank of Changsha and the Hang Seng Bank 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

Bank of Hangzhou Financial Product

As the highest applicable percentage ratio in relation to the subscription of the Bank of Hangzhou 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 Hangzhou Financial Products would constitute another 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 Changsha Financial Products

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

However, after the subscription of the Fifth Bank of Changsha Financial Product and the Sixth Bank of Changsha Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Bank of Changsha 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 Changsha 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.

Hang Seng Bank Financial Products

As the highest applicable percentage ratio 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 another 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 FURTHER FINANCIAL PRODUCTS

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Reference is made to the Previous Announcements, the subscription of the financial products from the Bank of Hangzhou on 3 June 2024 and the Hang Seng Bank on 23 April 2024 by members of the Group respectively triggers another disclosure requirement under Rule 14.34 of the Listing Rules by the Company.

A summary of the Financial Products is set out below:

Bank of Hangzhou

(i)

Date of Agreement	:	11 May 2024
Parties	:	(1) Smart Sino China (2) Bank of Hangzhou
Product	:	the capital protected structured deposit with an investment amount of RMB206 million
Approximate annual return rate	:	1.25% - 3.05%
Maturity date	:	31 July 2024
Expected interests to be received upon maturity	:	RMB1,270,709.59

(ii)

Date of Agreement	:	11 May 2024
Parties	:	(1) Owada Flavours (2) Bank of Hangzhou
Product	:	the capital protected structured deposit with an investment amount of RMB30 million
Approximate annual return rate	:	1.25% - 3.05%
Maturity date	:	31 July 2024
Expected interests to be received upon maturity	:	RMB185,054.79

(iii)

Date of Agreement	:	8 July 2024
Parties	:	(1) Guangdong Jiahao (2) Bank of Hangzhou
Product	:	the capital protected structured deposit with an investment amount of RMB100 million
Approximate annual return rate	:	1.25% - 3.10%
Maturity date	:	31 July 2024
Expected interest to be received upon maturity	:	RMB166,849.32

(iv)

Date of Agreement : 8 July 2024
Parties : (1) Jiahao Marketing
(2) Bank of Hangzhou
Product : the capital protected structured deposit with an investment amount of RMB50 million
Approximate annual return rate : 1.25% - 3.10%
Maturity date : 31 July 2024
Expected interest to be received upon maturity : RMB83,424.66

Bank of Changsha

(i) First Bank of Changsha Financial Product

Date of Agreement : 19 April 2024
Parties : (1) Huabao Flavours
(2) Bank of Changsha
Product : The capital protected structured deposit with an investment amount of RMB150 million
Approximate annual return rate : 1.43% - 3.77%
Maturity date : 21 October 2024
Expected interests to be received upon maturity : RMB1,944,657.53

(ii) Second Bank of Changsha Financial Product

Date of Agreement : 19 April 2024
Parties : (1) Huabao Flavours
(2) Bank of Changsha
Product : the capital protected structured deposit with an investment amount of RMB150 million
Approximate annual return rate : 1.43% - 3.77%
Maturity date : 21 October 2024
Expected interests to be received upon maturity : RMB1,944,657.53

(iii) Third Bank of Changsha Financial Product

Date of Agreement	:	23 May 2024
Parties	:	(1) Huabao Flavours (2) Bank of Changsha
Product	:	the capital protected structured deposit with an investment amount of RMB30 million
Approximate annual return rate	:	1.82% - 3.20%
Maturity date	:	20 November 2024
Expected interests to be received upon maturity	:	RMB371,342.47

(iv) Fourth Bank of Changsha Financial Product

Date of Agreement	:	23 May 2024
Parties	:	(1) Huabao Flavours (2) Bank of Changsha
Product	:	the capital protected structured deposit with an investment amount of RMB30 million
Approximate annual return rate	:	1.82% - 3.20%
Maturity date	:	20 November 2024
Expected interests to be received upon maturity	:	RMB371,342.47

(v) Fifth Bank of Changsha Financial Product

Date of Agreement	:	8 July 2024
Parties	:	(1) Smart Sino China (2) Bank of Changsha
Product	:	the capital protected structured deposit with an investment amount of RMB45 million
Approximate annual return rate	:	1.54% - 3.22%
Maturity date	:	8 October 2024
Expected interests to be received upon maturity	:	RMB267,016.44

(vi) Sixth Bank of Changsha Financial Product

Date of Agreement	:	8 July 2024
Parties	:	(1) Smart Sino China (2) Bank of Changsha
Product	:	the capital protected structured deposit with an investment amount of RMB45 million
Approximate annual return rate	:	1.54% - 3.22%
Maturity date	:	8 October 2024
Expected interests to be received upon maturity	:	RMB267,016.44

Hang Seng Bank

(i)

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)

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)

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	:	RMB2,846,666.67

(iv)

Date of Agreement	:	8 July 2024
Parties	:	(1) Smart Sino China (2) Hang Seng Bank
Product	:	the capital protected structured deposit with an investment amount of RMB70 million
Approximate annual return rate	:	1.50% - 2.45%
Maturity date	:	9 October 2024
Expected interest to be received upon maturity	:	RMB406,875.00

CURRENT STATUS

As at the date of this announcement, the Directors confirm that (i) except for the Bank of Hangzhou Financial Products, the Bank of Changsha Financial Products and the Hang Seng Bank Financial Products that remain outstanding, all the other financial products acquired from each of the Bank of Hangzhou, the Bank of Changsha and the Hang Seng Bank 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, Smart Sino China, Huabao Flavours, Owada Flavours, Guangdong Jiahao and Jiahao Marketing utilised part of their bank balances to subscribe for the Financial Products offered by the Bank of Hangzhou and/or Bank of Changsha and/or the Hang Seng 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

Bank of Hangzhou Financial Product

As the highest applicable percentage ratio in relation to the subscription of the Bank of Hangzhou 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 Hangzhou Financial Products would constitute another 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 Changsha Financial Products

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

However, after the subscription of the Fifth Bank of Changsha Financial Product and the Sixth Bank of Changsha Financial Product, as the highest applicable percentage ratios in relation to the subscription of the Bank of Changsha 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 Changsha 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.

Hang Seng Bank Financial Products

As the highest applicable percentage ratio 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 another 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 Company will closely monitor and review the status of the subscription of the financial products of each of the Bank of Hangzhou, the Bank of Changsha and the Hang Seng 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.

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. The principal businesses of Jiahao Marketing and Guangdong Jiahao are sales, marketing and distribution of condiment products in the PRC and production, sales, marketing and distribution of condiment products in the PRC, respectively.

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 an indirect non-wholly owned subsidiary of the Company. The principal activities of Owada Flavours are research, development, production and sales of tobacco flavours & fragrances in the PRC.

Counter Parties

Bank of Hangzhou is a commercial bank principally engaged in banking services and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600926).

Bank of Changsha 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: 601577).

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).

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 Bank of Hangzhou, the Bank of Changsha and the Hang Seng Bank 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 Changsha”	Bank of Changsha Co., Ltd.
“Bank of Changsha Financial Products”	collectively, the First Bank of Changsha Financial Product, the Second Bank of Changsha Financial Product, the Third Bank of Changsha Financial Product, the Fourth Bank of Changsha Financial Product, the Fifth Bank of Changsha Financial Product and the Sixth Bank of Changsha Financial Product
“Bank of Hangzhou”	Bank of Hangzhou Co., Ltd.
“Bank of Hangzhou Financial Products”	the financial products subscribed by members of the Group from the Bank of Hangzhou 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 Bank of Hangzhou Financial Products, the Bank of Changsha Financial Products and the Hang Seng Bank Financial Products
“Fifth Bank of Changsha Financial Product”	the capital protected structured deposit with an investment amount of RMB45 million pursuant to a subscription agreement entered into between Smart Sino China and Bank of Changsha dated 8 July 2024
“First Bank of Changsha Financial Product”	the capital protected structured deposit with an investment amount of RMB150 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Changsha dated 19 April 2024
“Fourth Bank of Changsha Financial Product”	the capital protected structured deposit with an investment amount of RMB30 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Changsha dated 23 May 2024
“Group”	the Company and its subsidiaries, as appropriate and regardless of whether directly or indirectly owned
“Guangdong Jiahao”	Guangdong Jiahao Foodstuff Co., Ltd.
“Hang Seng Bank”	Hang Seng Bank (China) Limited
“Hang Seng Bank Financial Products”	the financial products subscribed by members of the Group from the Hang Seng Bank that are and still remain outstanding as at the date of this announcement
“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.
“PRC” or “China”	the People’s Republic of China
“Previous Announcements”	collectively, the announcement published by the Company on 3 June 2024 regarding the subscription of further financial products by members of the Group from the Bank of Hangzhou and the announcement published by the Company on 23 April 2024 regarding the subscription of financial products by members of the Group from, among others, the Hang Seng Bank
“RMB”	Renminbi, the lawful currency of the PRC
“Second Bank of Changsha Financial Product”	the capital protected structured deposit with an investment amount of RMB150 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Changsha dated 19 April 2024
“Shareholder(s)”	the shareholder(s) of the Company
“Sixth Bank of Changsha Financial Product”	the capital protected structured deposit with an investment amount of RMB45 million pursuant to a subscription agreement entered into between Smart Sino China and Bank of Changsha dated 8 July 2024
“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 Bank of Changsha Financial Product”	the capital protected structured deposit with an investment amount of RMB30 million pursuant to a subscription agreement entered into between Huabao Flavours and Bank of Changsha dated 23 May 2024
“%”	per cent

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

Hong Kong, 8 July 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*