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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)

INSIDE INFORMATION ANNOUNCEMENT IN RELATION TO PROGRESS ON ARBITRATION OF SUBSIDIARY

This announcement is made by Huabao International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the Company’s announcements dated 8 March 2022, 9 August 2023, 11 March 2024 and 8 October 2024 (collectively, the “**Announcements**”) respectively. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings ascribed thereto in the Announcements.

On 8 March 2022, Huabao Flavours & Fragrances Co., Ltd. (“**Huabao Flavours**”) (a non-wholly owned subsidiary of the Company, the shares of which are listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300741)), Shanghai Keli Enterprise Management and Consulting Company Limited (上海克瀝企業管理諮詢有限公司) (“**Keli Enterprise**”), QIAN RONG (錢戎) (“**Qian Rong**”) and Wong Kam Wing (黃錦榮) (the beneficial controllers of Keli Enterprise) and other related parties entered into the share transfer agreement (the “**Share Transfer Agreement**”) in relation to the further acquisition of 27% equity interest in Shanghai Yifang Rural Technology Holdings Co. Ltd. (上海奕方農業科技股份有限公司) (“**Shanghai Yifang**” or the “**Target Company**”) at total cash consideration of RMB121,500,000, while Qian Rong and Wong Kam Wing provided a performance undertaking (the “**Performance Undertaking**”) and agreed to assume compensation obligations to Huabao

Flavours. Upon the completion of transaction on 8 March 2022, Huabao Flavours held 67% interest in Shanghai Yifang. Hence, Shanghai Yifang has become the controlling subsidiary of Huabao Flavours and has been included into the scope of the consolidated statements of Huabao Flavours.

Qian Rong and Wong Kam Wing previously failed to fulfill the obligations on paying the agreed additional capital and seriously breached the undertakings of the Share Transfer Agreement. At the same time, considering that Shanghai Yifang has sustained a loss during the Performance Undertaking Period, Huabao Flavours applied to the Shanghai International Arbitration Center (the “**Arbitration Center**”) with Qian Rong and Wong Kam Wing as respondents for arbitration (the “**Arbitration**”) in 2023. Please refer to the Announcements for details of the Arbitration and its results.

Given the material breach of Qian Rong and Wong Kam Wing for failure to fulfill the capital increase obligations, to safeguard the benefits of Huabao Flavours as well as the legitimate rights and interests of investors, Huabao Flavours separately submitted relevant materials and documents to the Arbitration Center for arbitration application and preservation of assets, and in accordance with the relevant provisions of the Civil Code of the People’s Republic of China and the undertakings of the Share Transfer Agreement, requested Qian Rong and Wong Kam Wing to fulfil the capital increase obligations specified in the Share Transfer Agreement through Keli Enterprise, compensate a loss totaling RMB28,410,400 and bear the corresponding arbitration fees, legal fees, assets preservation fees, preservation guarantee fees and other costs. As at the date hereof, Huabao Flavours received the “Notice of Acceptance for Arbitration” issued by the Arbitration Center.

As of the date of this announcement, as the Arbitration case has not been processed yet, the Group is unable to accurately predict the final results of the Arbitration or evaluate the impact of the Arbitration on the Group’s financial position. Should there be any further information regarding the Arbitration, the Company will make further announcements to inform the shareholders and the public as and when appropriate in accordance with relevant requirements.

Based on the current situation of the Target Company and its available actions to be considered, the Board is of the view that the claimed amount submitted to the Arbitration is fair and reasonable and in the best interest of the Company and shareholders as a whole.

Meanwhile, in compliance with the relevant regulations of the Shenzhen Stock Exchange, on 4 November 2024, Huabao Flavours has published the “Announcement in relation to the progress on acquisition of partial equity interests of Shanghai Yifang” on <http://www.cninfo.com.cn>, the information disclosure website (巨潮資訊網) of the ChiNext Market of the Shenzhen Stock Exchange.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Hong Kong, 4 November 2024

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

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*