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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: 336)

### PLACING OF EXISTING SHARES BY THE CONTROLLING SHAREHOLDER AND RESUMPTION OF TRADING

*Sole Bookrunner and Placing Agent*

Deutsche Bank   
德意志銀行

Deutsche Bank AG, Hong Kong Branch

*Joint Lead Managers*

Deutsche Bank   
德意志銀行

Deutsche Bank AG, Hong Kong Branch

 DBS

DBS Asia Capital Limited

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the circular dated 28 June 2006 of the Company regarding, among other things, the acquisition by the Company from its controlling shareholder, Ms. Chu, of all the issued share capital of Chemactive Investments Limited, the announcement dated 26 July 2006 of the Company in relation to the results of the SGM and the announcement dated 26 July 2006 of the Company in relation to the possible exercise by Ms. Chu of the conversion right of the Existing Preference Shares, the New Convertible Preference Shares and the Warrants and the possible placing of Ordinary Shares.

On 3 August 2006, the Company received notices from the New CPS Holders for the conversion of 2,219,731,526 New Convertible Preference Shares, and notices from Mogul for the conversion of 526,900,000 Existing Preference Shares and the exercise of Warrants for the subscription of 49,000,000 Ordinary Shares. The Company has been informed by Ms. Chu that she and Resourceful Link International Limited would dispose of the 690,000,000 Ordinary Shares issued as a result of such conversion through a placing. For this purpose, the Vendors have entered into a placing agreement dated 3 August 2006 with Deutsche Bank AG, Hong Kong Branch, pursuant to which the Placing Agent has agreed to procure placees on an underwritten basis for the Placing Shares at a placing price of HK\$2.20 per Placing Share.

Due to the settlement procedures of CCASS, completion of the settlement of the Placing is expected to take place on 8 August 2006. The beneficial interest of the Placing Shares has been passed to the placees before 9:30 a.m. on 4 August 2006 and on this basis, the Company will maintain a public float of 25.11%. As such, the minimum public float as required by the Listing Rules will be maintained.

Trading in the Ordinary Shares on the Stock Exchange was suspended at the Company's request with effect from 9:30 a.m. on 2 August 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Ordinary Shares with effect from 9:30 a.m. on 4 August 2006.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

## **PLACING OF EXISTING SHARES BY THE CONTROLLING SHAREHOLDER**

Reference is made to the circular dated 28 June 2006 of the Company regarding, among other things, the acquisition by the Company from its controlling shareholder, Ms. Chu of all the issued share capital of Chemactive Investments Limited (the “**Circular**”), the announcement dated 26 July 2006 of the Company in relation to the results of the SGM and the announcement dated 26 July 2006 of the Company in relation to the possible exercise by Ms. Chu of the conversion right of the Existing Preference Shares, the New Convertible Preference Shares and the Warrants and the possible placing of Ordinary Shares. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise stated.

Completion took place on 1 August 2006. Upon Completion, the Company issued 2,219,731,526 New Convertible Preference Shares to Ms. Chu and her four wholly-owned companies, namely Jumbo Elite Limited, Power Nation International Limited, Real Elite Investments Limited, Resourceful Link International Limited (together with Ms. Chu, the “**New CPS Holders**”). Each New Convertible Preference Share is convertible into one Ordinary Share. Ms. Chu also beneficially owns, through Mogul Enterprises Limited (a company wholly-owned by Ms. Chu) (“**Mogul**”), 173,219,445 Ordinary Shares, 526,900,000 Existing Preference Shares (convertible into 526,900,000 Ordinary Shares) and Warrants that entitle Mogul to subscribe for a maximum of 49,000,000 Ordinary Shares.

On 3 August 2006, the Company received notices from the New CPS Holders for the conversion of 2,219,731,526 New Convertible Preference Shares, and notices from Mogul for the conversion of 526,900,000 Existing Preference Shares and the exercise of Warrants for the subscription of 49,000,000 Ordinary Shares. The Company has been informed by Ms. Chu that she and Resourceful Link International Limited would dispose of the 690,000,000 Ordinary Shares (the “**Placing Shares**”) issued as a result of such conversion through a placing (the “**Placing**”). For this purpose, the Vendors have entered into a placing agreement dated 3 August 2006 (the “**Placing Agreement**”) with Deutsche Bank AG, Hong Kong Branch (the “**Placing Agent**”), pursuant to which the Placing Agent has agreed to procure placees on an underwritten basis for the Placing Shares at a placing price of HK\$2.20 per Placing Share (the “**Placing Price**”).

The Placing Shares represent approximately 22.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Ordinary Shares as a result of the conversion of the Existing Preference Shares and the New Convertible Preference Shares and the exercise of the Warrants.

The Placing Price represents:

1. a discount of approximately 21.43% to the closing price of HK\$2.80 per Ordinary Share as quoted on the Stock Exchange on 1 August 2006, being the last trading day immediately before the date of the Placing Agreement; and
2. a discount of approximately 22.26% to the average closing price of approximately HK\$2.83 per Ordinary Share as quoted on the Stock Exchange for the last five trading days up to and including 1 August 2006.

To the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Placing Agent has already procured placees for all Placing Shares, the placees are institutional investors while the Placing Agent and the placees and their respective ultimate beneficial owners are all independent from and not connected with the Company, any of the connected persons of the Company or any of their respective associates as defined under the Listing Rules, and there will not be any new substantial shareholder within the meaning of the Listing Rules as a result of the Placing.

Due to the settlement procedures of CCASS, completion of the settlement of the Placing is expected to take place on 8 August 2006. The beneficial interest of the Placing Shares has been passed to the placees before 9:30 a.m. on 4 August 2006.

The following table illustrates the shareholding structure of the Ordinary Shares immediately before the conversion of the Existing Preference Shares and the New Convertible Preference Shares and the exercise of the Warrants, immediately after such conversion and exercise and the Placing:

| Shareholders | Immediately before the conversion of the Existing Preference Shares and the New Convertible Preference Shares and the exercise of the Warrants and the Placing |                 | Immediately after the full conversion of the Existing Preference Shares and the New Convertible Preference Shares and the full exercise of the Warrants but before the Placing |                 | Immediately after the Placing            |                 |
|--------------|--|-----------------|--|-----------------|--|-----------------|
|              | No. of Shares  | % (Approximate) | No. of Shares  | % (Approximate) | No. of Shares                            | % (Approximate) |
| Ms. Chu      | 173,219,445 ( <i>Note 1</i> )  | 70.04           | 2,968,850,971 ( <i>Note 2</i> )  | 97.57           | 2,278,850,971 ( <i>Notes 2 &amp; 3</i> ) | 74.89           |
| Public       | 74,089,990   | 29.96           | 74,089,990   | 2.43            | 764,089,990                              | 25.11           |
| Total        | 247,309,435  | 100.00          | 3,042,940,961  | 100.00          | 3,042,940,961                            | 100.00          |

*Notes:*

1. Ms. Chu beneficially owned, through Mogul, the Shares immediately before the conversion of the Existing Preference Shares and the New Convertible Preference Shares and the exercise of the Warrants and the Placing.
2. Ms. Chu beneficially owns, through Mogul, Jumbo Elite Limited, Power Nation International Limited, Real Elite Investments Limited and Resourceful Link International Limited, the Shares immediately after the full conversion of the Existing Preference Shares and the New Convertible Preference Shares and the exercise of the Warrants and immediately after the Placing.
3. Immediately after the full conversion of the Existing Preference Shares and the New Convertible Preference Shares and the full exercise of the Warrants, Ms. Chu does not hold any convertible shares or warrants of the Company and the Company does not have any outstanding convertible securities.

## RESUMPTION OF TRADING

Trading in the Ordinary Shares on the Stock Exchange was suspended at the Company's request with effect from 9:30 a.m. on 2 August 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Ordinary Shares with effect from 9:30 a.m. on 4 August 2006.

By Order of the Board  
**POON Chiu Kwok**  
*Executive Director*

Hong Kong, 3 August 2006

*As at the date of this announcement, the Board comprises Ms. CHU Lam Yiu<sup>+</sup>, Messrs. CHEN Yong Chang<sup>+</sup>, WANG Guang Yu<sup>+</sup>, POON Chiu Kwok<sup>+</sup>, MAK Kin Kwong, Peter<sup>#</sup>, Ms. MA Yun Yan<sup>#</sup> and Mr. LEE Luk Shiu<sup>#</sup>.*

<sup>+</sup> *Executive director*

<sup>#</sup> *Independent non-executive director*

<sup>\*</sup> *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard”