



## HUABAO INTERNATIONAL HOLDINGS LIMITED

華寶國際控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 336)

### MOVEMENT IN SHAREHOLDINGS HELD BY CONTROLLING SHAREHOLDER

For the purpose of and upon completion of an acquisition transaction which involves partly in cash and partly in Shares as consideration, between Ms. Chu on the part as purchaser and a third party independent from and not being connected with the Company or any of the Company's connected persons on the part as vendor, Ms. Chu will, as requested by the Vendor, transfer 69,420,000 Shares at approximately HK\$6.5 per Share to the Vendor as payment of part of the acquisition price. Ms. Chu's shareholdings in the Company will reduce from approximately 65.22% to approximately 62.96% of the total issued shares of the Company. The Vendor also has undertaken to Ms. Chu not to dispose of the Consideration Shares for a period of six to twelve months respectively from the date on which the Consideration Shares are obtained.

This announcement is made pursuant to Rule 13.09 (1) of the Listing Rules.

The Company has been informed by Ms. Chu, chairman of the Company, that she has entered into a sale and purchase agreement (the "Agreement") with the Vendor, pursuant to which Ms. Chu agreed to acquire a flavour and fragrance manufacturing business in the PRC (the "Business") from the Vendor by consideration partly in cash and partly in Shares (collectively the "Acquisition"). The Vendor is a third party independent from and not being connected with the Company or any of the Company's connected persons. As agreed by Ms. Chu and the Vendor in the Agreement, part of the acquisition price to be paid by Ms. Chu to the Vendor will, as requested by the Vendor, be settled by way of Shares held by Ms. Chu at approximately HK\$6.5 per Share. The total number of Shares in issue is 69,420,000 (the "Consideration Shares"), representing approximately 2.26% of the total issued shares of the Company while the Consideration Shares will be transferred to the Vendor upon completion. It is estimated that the completion of the Agreement will be by 31 March, 2008.

Pursuant to the Agreement, the Vendor of such flavor and fragrance production will be subject to a moratorium period in respect of the Consideration Shares. The Vendor has undertaken to Ms. Chu that it will not and will procure the relevant registered holders of the Consideration Shares not to dispose 50% of the Consideration Shares (i.e. 34,710,000 Shares) and the remaining 50% of the Consideration Shares (i.e. 34,710,000 Shares) during a period of six months and twelve months respectively from the date of obtaining the Consideration Shares, neither will it enter into any agreement during the above periods to dispose such 50% and the remaining 50% of the Consideration Shares or otherwise by creation of any option, right, entitlement, lien, pledge or charge over such 50% and the remaining 50% of the Consideration Shares.

Currently, Ms. Chu holds 2,001,599,415 Shares, representing approximately 65.22 % of the total issued shares of the Company. Upon completion of the acquisition as contemplated by the Agreement, Ms. Chu's shareholdings in the Company will reduce to 1,932,179,415 Shares, representing approximately 62.96% of total issued shares of the Company.

Pursuant to a non-competition undertaking given by Ms. Chu under the agreement relating to the acquisition of Chemactive Investments Limited by the Company from Ms. Chu dated 7 June 2006 (please refer to the circular of the Company dated 28 June 2006), the Company has the right to acquire all interests in any competing businesses held by Ms. Chu at any time at fair and reasonable price, terms and conditions, and on terms not less favourable than those offered to third parties by Ms. Chu, subject to compliance of relevant requirements under the Listing Rules. Ms. Chu was requested to update the Company the status of the Acquisition from time to time. The Company will conduct a feasibility appraisal at an appropriate time accordingly. Lastly, the Company may or may not proceed to acquire in whole or in part of the interest in the Business from Ms. Chu in future.

Investors shall be cautious in dealing with the shares of the Company.

**DEFINITIONS:**

“Company”	Huabao International Holdings Limited;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ms. Chu”	Ms. Chu Lam Yiu;
“Share(s)”	ordinary shares of the Company;
“Vendor”	the owner of the flavour and fragrance manufacturing business to be acquired by Ms. Chu pursuant to the Agreement.

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

Hong Kong, 26 March 2008

*As at the date of this announcement, the Board comprises five executive directors, namely Ms. CHU Lam Yiu (Chairman), Messrs. WANG Guang Yu, POON Chiu Kwok, XIA Liqun, XIONG Qing and three independent non-executive directors, namely Mr. MAK Kin Kwong, Peter, Ms. MA Yun Yan and Mr. LEE Luk Shiu.*

\* *For identification purposes only*