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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)

ANNOUNCEMENT IN COMPLIANCE WITH RULES 13.51B(2) AND 13.51(2)(h) AND (r) OF THE LISTING RULES AND RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 31 July 2011. The Company would like to provide further information relating to Mr. Mak in compliance with Rules 13.51B(2) and 13.51(2)(h) and (r) of the Listing Rules.

To the best knowledge, information and belief of the Board, the Administrative Penalties and/or the Class Actions do not relate to any Directors, the management and any of the business or operation of the Company and its subsidiaries (other than the fact that Mr. Mak is an independent non-executive Director of the Company).

The Board announces that Mr. Mak has withdrawn his offer for re-election as Director of the Company at the AGM, and he will retire from office of the Director of the Company after the expiration of his existing term on 5 August 2011.

Mr. Mak has confirmed that he has no disagreement with the Board and that he is not aware of any matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company.

Reference is made to the announcement of Huabao International Holdings Limited (the “**Company**”) dated 31 July 2011. The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide further information relating to Mr. Mak Kin Kwong (“**Mr. Mak**”), an independent non-executive Director of the Company, in compliance with Rules 13.51B(2) and 13.51(2)(h) and (r) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited.

The Board has received a written reply from Mr. Mak on 1 August 2011 in relation to an administrative penalty decision and shareholders' class actions against, amongst other things, Mr. Mak, details of which are as follows:

(A) Administrative penalty decision

The Board was informed that pursuant to an administrative penalty decision (Document No. 8 of 2010) (行政處罰決定書〔2010年〕8號) (the “**Regulatory Decision**”) issued by the China Securities Regulatory Commission (the “**CSRC**”) on or about 11 February 2010, the CSRC reached a decision that 成都聚友網絡股份有限公司 (Chengdu Unionfriend Network Co., Ltd.*) (stock code: 000693) (“**Chengdu Unionfriend**”), a company listed on the Shenzhen Stock Exchange, and its directors including Mr. Mak were in breach of the Securities Law of the People’s Republic of China (the “**Securities Law**”). Based on the published information in the Regulatory Decision, with respect to the false turnover and failure to make due disclosure on related party debts/loans and external guarantees found by the CSRC against Chengdu Unionfriend and its directors, Mr. Mak (together with other directors of Chengdu Unionfriend) was found to have breached the Securities Law for failure to make due information disclosure or, where the information had been disclosed, the information disclosed was false, misleading or contained material omission. The CSRC imposed on Mr. Mak administrative penalties (collectively, the “**Administrative Penalties**”) of a warning and a fine of RMB30,000.00.

According to the written reply from Mr. Mak, he was an independent director of Chengdu Unionfriend during the period from March 2002 to January 2006 and that he resigned, of his own accord, from position of independent director of Chengdu Unionfriend with effect from 14 January 2006.

(B) Shareholders’ class actions

According to the written reply from Mr. Mak, Mr. Mak was the chief financial officer of A-Power Energy Generation Systems, Ltd. (APWR) (“**A-Power**”), a NASDAQ listed company, during the period from May 2009 to July 2011.

As per the written reply from Mr. Mak, three Class Actions (collectively, the “**Class Actions**”) have recently been brought against A-Power in the United States (two in California and one in Nevada), alleging about misleading financial statements by A-Power. In all three Class Actions, Mr. Mak, along with various current and former officers and directors of A-Power, has been named as a defendant. We understand that Mr. Mak is seeking independent legal advice insofar as his position is concerned.

Save as disclosed in this Announcement, Mr. Mak confirms to the Company that he did not in the past or at present hold any directorship with A-Power and/or any of its subsidiaries.

To the best knowledge, information and belief of the Board, the Administrative Penalties and/or the Class Actions do not relate to any Directors, the management and any of the business or operation of the Company and its subsidiaries (other than the fact that Mr. Mak is an independent non-executive Director of the Company).

Retirement of independent non-executive Director of the Company

Mr. Mak's term of service as an independent non-executive Director of the Company will retire by rotation at the upcoming annual general meeting of the Company (i.e. 5 August 2011) ("AGM") in accordance with the Bye-laws of the Company and that Mr. Mak had initially offered himself for re-election as a Director of the Company in the AGM. For details, please refer to the circular and the notice of AGM (the "Notice of AGM") published by the Company on 29 June 2011.

Mr. Mak has today informed the Company that he has decided to withdraw his offer for re-election at the AGM as he wishes to allocate more time for his own business. As a result, Mr. Mak will retire to be an independent non-executive Director, chairman of audit committee and remuneration committee of the Company after the conclusion of the AGM. Mr. Mak has confirmed that he has no disagreement with the Board and that he is not aware of any matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company.

The Notice of AGM and the proxy form remain valid, and no new notice of AGM or proxy form will be despatched. Shareholders may wish to note that at the AGM, the chairman of AGM, is likely to propose not to move any motion in relation to re-election of Mr. Mak as a Director of the Company (i.e. resolution 3(a) of the Notice of AGM).

The Board would like to express its sincere gratitude to Mr. Mak for his contributions to the Company during his tenure of office.

In view of Mr. Mak's withdrawal of his offer for re-election, the Company may not have sufficient independent non-executive Directors by 5 August 2011 after the AGM which may result in the number of independent non-executive Directors to fall below the minimum number requirement of Rule 3.10(1) and as such the Company may not be able to satisfy the requirement of Code B.1.1 of the Code Provision under Appendix 14 of the Listing Rules by having a majority of the members of the remuneration committee to be the independent non-executive Directors of the Company and the number of members of the audit committee of the Company may also fall below the minimum number required under Rule 3.21 of the Listing Rules. The Board is now actively looking for suitable candidate to ensure that a sufficient number of independent non-executive Directors and sufficient members of the audit committee and the remuneration committee of the Company will be appointed to meet the requirements of the Listing Rules. The Company will make a further announcement once a new independent non-executive Director is appointed.

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

Hong Kong, 2 August 2011

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

* *For identification purposes only*