HUABAO INTERNATIONAL HOLDINGS LIMITED
華寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00336)

CLARIFICATION ANNOUNCEMENT
RESUMPTION OF TRADING

This announcement is published by the Company to clarify commentaries made in the Relevant Reports.

At the request of the Company, trading in its shares on the Stock Exchange was suspended from 9:00 a.m. on 25 April 2012, pending the release of this announcement which is considered to be price-sensitive. The Company has applied to the Stock Exchange for resumption of trading in its shares on the Stock Exchange with effect from 9:00 a.m. on 4 May 2012.

A. RESUMPTION OF TRADING

At the request of Huabao International Holdings Limited (the "Company"), trading in its shares on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended from 9:00 a.m. on 25 April 2012, pending the release of this announcement which is considered to be price-sensitive. The Company has applied to the Stock Exchange for resumption of trading in its shares on the Stock Exchange with effect from 9:00 a.m. on 4 May 2012.

B. CLARIFICATION ON THE RELEVANT REPORTS

The board of directors (the "Board") of the Company notes that there were negative reports (collectively, the "Relevant Reports") against the Company in the market recently, and hereby emphasizes that the shareholders of the Company and investors should exercise extreme caution in reading the Relevant Reports, and the substances of the Relevant Reports are misleading with facts referred therein being distorted. Therefore, the Company would like to clarify as follows:

1. ***Explain the reason for resignation of Deloitte Touche Tohmatsu ("DTT") and appointment of PricewaterhouseCoopers ("PwC") as the auditor in 2006.***

   Prior to the very substantial acquisition of its flavours and fragrances business, DTT was the auditor of the Company. DTT resigned in late March 2006 because the Company and DTT could not reach a consensus on the audit fees for the financial year ending 31 March 2006. DTT had also confirmed that there was no disagreement between it and the Company when it resigned.

The Company then convened a special general meeting, at which a proposal of appointing PwC as the auditor of the Company was approved. For details, please refer to the announcement of the Company issued on 28 March 2006.

PwC remains to be the Company's auditor to-date since its appointment on 18 April 2006. PwC did not express any qualified opinion on the Group's consolidated financial statements prepared in accordance with Hong Kong Financial Reports Standards ("HKFRS") for the financial years from 2005/06 to 2010/11.

2. ***The Relevant Reports claimed that based on the financial information regarding the Company's 23 subsidiaries located in the People's Republic of China ("PRC") filed with the Administration for Industry and Commerce in the PRC, the actual profits of the Company for 2010 should be HKD1.2 billion, instead of HKD1.632 billion as stated in the Company's audited financial statements. The difference between such two figures accounted for at least 36%, thus suspecting the Company overstated its profits.***

To the best knowledge of the Company, only persons having the authority from the relevant company(ies) are entitled to obtain copies of information filed with the State Administration for Industry & Commerce of the PRC ("SAIC") under normal circumstances. The Company confirms that our subsidiaries in PRC have never provided any authorization to any person(s) outside of the Company for the purposes of obtaining the SAIC filings.

Under relevant laws, administrations, regulations and rules in the PRC, all corporate legal entities operating businesses in the PRC are required to report their annual filing materials for the previous full year (from 1 January to 31 December) to the local offices of the SAIC, of which includes the financial statements prepared and audited under the PRC Generally Accepted Accounting Principles ("GAAP"), where those financial statements were reported in Renminbi ("RMB"). Given that the consolidated financial statements of the Company and its subsidiaries (the "Group") are prepared based on the Company's financial year which represents the 12 months commencing from 1 April each year to 31 March of the following year, they differ from the audited financial statements of such domestic subsidiaries in terms of difference in reporting periods and GAAP, in addition to the Group's consolidated financial statements were reported in Hong Kong dollars ("HKD").

On 26 April and 27 April 2012, the Company had dispatched delegates to the respective local offices of the SAIC to verify the financial information for the year of 2010 (i.e. for the 12 months ended 31 December 2010) of all of the Company's 28 domestic subsidiaries filed thereat (the "Financial Information"). According to the Financial Information, the sum of the profit after tax for the year ended 31 December 2010 of the Company's 28 domestic subsidiaries is RMB1,131,827,000, (equivalent to HKD1,311,017,000, where applicable exchange rate was used to convert into HKD according to the Hong Kong Accounting Standards ("HKAS")), plus the profit after tax of the Company's subsidiaries located outside mainland China, and adjusted for the differences in reporting periods and GAAP as listed in Table 1 below in details. This adjusted sum is the same as the audited consolidated profit after tax for the year ended 31 March 2011 of HKD1,631,858,000 as listed in the Company's 2010/11 annual report.

Further, the yearly research and development ("R&D") expense published in the Company's notes to consolidated financial statements have been included in the expenses of the Company's subsidiaries' financial statements prepared in accordance with PRC accounting standards, and deducted from profit after tax thereafter.

Table 1: Reconciliation of profit and loss statement

(Applicable exchange rate for the 2010-11 financial year: 1HKD to RMB0.86332)

	Profit after tax as shown by SAIC for the period from 1 Jan 2010 to 31 Dec 2010	HKD equivalents	Profit after tax included in the consolidated financial statements of the Group*	
	RMB '000	*HKD'000*	*RMB '000*	*HKD'000*
28 PRC principal subsidiaries in aggregate	**1,131,827**	**1,311,017**	**1,099,080**	**1,273,085**
amount shown on the Relevant Report		**1,200,000**		
Plus: Huabao Flavour & Fragrances (HK) Limited			58,174	67,384
F&G (Botswana) (Proprietary) Limited ("F&G")			2,065	2,392
Total net profit on the books of principal subsidiaries			**1,159,319**	**1,342,861**
Adjustments:				
1 Provision of investment loss regarding Maoming Kebi Flavour & Fragrances Limited ("Maoming Kebi") recognized by Wuxi Hua Hai Flavour Co., Ltd ("Wuxi Hua Hai") in its PRC statutory accounts for the year ended 31 December 2010 was reversed in the Group's consolidated financial statements since there was no impairment on this investment (explanation: Maoming Kebi was acquired through the Group's subsidiary Wuxi Hua Hai and was accounted as an investment asset of Wuxi Hua Hai. The business of Maoming Kebi has been transferred through integration from Maoming Kebi to the Group's other subsidiaries after acquisition, thus arising an investment loss in the PRC statutory accounts of Wuxi Hua Hai which was reversed in the consolidated financial statements as there was no impairment on such investment asset).				115,849
2 Exchange gain recognized by Hong Kong subsidiaries for the year ended 31 March 2011 (explanation: exchanged gain recognized on dividend receivable by Hong Kong subsidiaries regarding profit allocation from PRC subsidiaries was due to appreciation of RMB. It was disclosed in note 22 to the consolidated financial statements on page 153 of the Company's 2010-11 Annual Report).				55,712
3 Effect of unrealized gross profit arised from internal sales of the Group (explanation: sales among subsidiaries of corporations will become unrealized gross profit, which will be compared with that at the end of last year and the net impact will be adjusted to the Group's net profit when preparing the consolidated financial statements).				85,000
4 The amount of profit for the quarter from January to March 2011 increased when comparing with the same period of last year.				73,816
5 Loss in book of the Company and other subsidiaries located outside PRC not included in the principal subsidiaries above (the exchange gain mentioned in item 2 above have been deducted).				-25,973
6 Discrepancies of GAAP and other adjustments in the consolidated financial statements.				-15,407
Adjusted profit after tax for the year ended 31 March 2011				**1,631,858**
Audited profit after tax of the Group for the year ended 31 March 2011 from the consolidated financial statements prepared in accordance with HKFRS				**1,631,858**
Discrepancy				**Nil**

* *Profits after tax before acquisition of the Company's newly acquired subsidiaries during the year were deducted.*

3. ***The Relevant Reports claimed that 150 calls had been made to the Company's tobacco customers by certain parties, among which, two major tobacco customers acknowledged that the Company has provided a tiny portion of their materials. Moreover, a website of the domestic subsidiary of the Company contained information that they offered products to its US customers. Upon enquiries by relevant parties, those US customers replied over phone that they did not use any fragrance made in China.***

   The Company is unable to verify or offer any comments on which tobacco customers the relevant parties had called or whom they spoke with through telephone. Meanwhile, the Company believes that upon receipt of such anonymous inquiries and in circumstances where the identities of the calls were not verified, it is reasonable to believe that tobacco customers would be reluctant to comment or reveal the truth so as to preserve the interests of business counterparties.

   In fact, the Company is committed to achieving comprehensive cooperation with its customers, and has maintained long-term cooperation with major customers for over 10 years. Its products are also well recognized by customers. The Company hereby reiterates that the Company's transactions with its tobacco customers are genuine, with the support of legitimate sale invoices. Shareholders are welcome to view the relevant documents. For details of such arrangement, please refer to the section headed "Other Matters for Attention" in this announcement.

   The Relevant Reports mentioned that the products shown on the web-page(s) ("H&K Website") of Shanghai H&K Flavours & Fragrances Company Limited, a subsidiary of the Company in the PRC, are products that are used by the Company's customers. The Company hereby clarifies that those products (the "Relevant Products") are merely recommended products included in the section headed "Market" (the "Section") on H&K Website. Information set out in the Section is acquired from third parties for the purpose of providing market direction, which is intended to assist the customers, research staff and sales staff of the Company to find out the current popular foods in domestic and overseas markets, and upon which the Company can use as a base for developing the corresponding products. The flavours involved in the Relevant Products as depicted in the Section are not products of the Company, the manufacturers of which are also not the Company's customers. The Company has no intention whatsoever, whether expressly or by implication, to indicate that those products are the Company's products. In addition, details of the products belonging to the Company are available in the section headed "Products" on H&K Website. We have made improvements with reference to the comments accordingly. Currently, the Company has already adjusted the wording used on H&K Website. To be more precise in the expression, extensive attention will be paid to ensure the accuracy of information contained in contents on the websites and the appropriateness of application of information from third parties that may give rise to any potential confusion or association by the public.

4. ***The Relevant Reports claimed that visits have been made to the plant of the Company in Africa, discovering that the address of such plant has been deliberately deleted from the photo published in the Company's annual report and the plant is not engaged in fragrances manufacture.***

   The Company acquired the production base F&G located in the Republic of Botswana in the south of Africa in November 2009. For details, please refer to the announcement of the Company issued on 20 November 2009.

According to the disclosure by the Company in the aforesaid announcement, the major reasons for acquiring F&G was that the acquisition collaborated with the future development of Group's business in new tobacco materials and in the exploration of new products mainly made up with natural raw materials. The Group would thus be able to capture the promising business opportunities in tobacco industry arising from the development trend of reduction in tar content and its harm. Following completion of the acquisition, the Company becomes the only end customer of F&G. For the year ended 31 December 2010, F&G's audited sales revenue and net profit were 13,684,000 Pula and 2,012,000 Pula respectively. The aforesaid amount represented approximately 0.55% and 0.14% of the Group's consolidated sales revenue and consolidated net profit after tax respectively in the financial year of 2010/11.

F&G is located in the Republic of Botswana, next to Zimbabwe, which is famous of planting quality tobacco leaves. Because of its geographical advantage, F&G is principally engaged in the production of natural tobacco extracts. The technology of extracting quality natural tobacco leaves of F&G will effectively improve the quality and competitiveness of the Company's reconstituted tobacco leaves. The reasons for choosing the Republic of Botswana, but not directly in Zimbabwe, for establishing its plant were primarily based on the risk concern over operating environment, volatile fluctuation in foreign exchange rates, etc., as well as the long-term political instability of Zimbabwe.

A photo of F&G was published in the Company's 2009/2010 Annual Report. However, its address was not shown on the photo due to commercial secrecy and the fact that F&G was then one of the very few Chinese companies establishing factories in the Republic of Botswana. In addition, given the long-term instability of public security in the Republic of Botswana and its surrounding regions, the Company considered such measure at that time was to assist in protecting the personal safety of F&G's Chinese employees then working there, since Chinese employees of F&G had in fact been robbed before. Other than the few Chinese employees stationed there, F&G mainly hired local people as employees. The Company has also published a picture of part of the then employees in its 2009/2010 Annual Report.

The Company is deeply disappointed about the unwarranted allegation made by the Relevant Reports, suspecting that F&G was engaged in business other than natural tobacco extracts manufacturing.

5. ***The Relevant Reports claimed that visit has been made to the R&D centre of the Company, with the findings that most rooms of the building have not turned their lights on and very few visits have been received by the building.***

The Company's overseas R&D centre in Germany (the "R&D Centre"), named Aromascape Development Centre GmbH, is located in a small town, being Neuhaus Town, in Holzmiden County, Germany. The business registered address of the R&D Centre is at Hackelbergstrase 1, Schlob Neuhaus 37603 Holzminden, and the R&D Centre's rental area is approximately 665 square meters.

The R&D Centre commenced operation in January 2007. As disclosed in the 2006/2007 Annual Report of the Company, the R&D Centre employed 4 foreign technicians, with photos attached (please refer to page 18 of the 2006/2007 Annual Report of the Company). Currently, the R&D Centre employs 7 foreign technicians. Research staff mainly engages in data collection such as industry data, technology and upcoming trend, etc., and to follow closely the latest development of the industry in the international market, so as to capture speedily the technology for key raw materials and develop appropriate products and technologies that meet with market requirements (please refer to page 23 of the 2008/2009 Annual Report of the Company). The German research staff travels to China for providing the Company's R&D staff with technical support and communication and the Company's customers with services, and also in the Company's various domestic research centers performing R&D related work.

6. ***The Relevant Reports claimed that in terms of revenue as asserted by the Company, flavours and fragrances accounted for approximately 2.4% of the aggregate cigarette sales in the PRC, and also claimed that flavours and fragrances account for approximately 2.4% of the cost of the China tobacco industry, which was substantially different from 0.3% that fragrances generally accounted for in cigarette value according to a research document prepared for the American National Standards Institute in 1987.***

   To the best of the Company's knowledge, belief and information, no official report concerning sales amount and production costs of the industry has ever been released by the PRC tobacco industry. The Company noted as claimed in the Relevant Reports, flavours and fragrances account for 2.4% of the cost of the China tobacco industry and its hypothetical calculations. Since the Company is not aware of the basis of such hypothesis, nor does it concur with the reasonableness of the calculations, as such, the Company is not prepared to offer any comment.

   The Company has never provided any data in its published documents that the Company accounted for approximately 2.4% of the aggregate cigarette sales in the PRC. The Company is unable to offer any comment to the issue as the Company is not aware of the relevancy or especially the meaning of comparison between the data in the Relevant Reports based on the research documents, the "**Cost Analysis of Options for Self-Extinguishing Cigarettes**", prepared for the American National Standards Institute in 1987 and those of the current PRC tobacco industry.

7. ***The Relevant Reports claimed that Ms. Chu Lam Yiu ("Ms. Chu"), a substantial shareholder of the Company, has through injection of assets with inflated value to rationalize the cash level of the Company, which was reported to be inconsistent with the actual circumstances. According to the reports, through reducing her shareholding in the Company, Ms. Chu had cashed out HKD9.4 billion over the years. A portion of the cashed out amount might have been transferred back to the Company for payment of dividend purpose, so as to fortify investors' confidence.***

   The Company believes that the reports about injection of assets with inflated value are misleading. The Company hereby clarifies that all the connected transactions between the Company and its controlling shareholders stated in the Relevant Reports were in compliance with the requirements of relevant laws and regulations, including the approval of the relevant transactions by independent shareholders of the Company, where applicable. Summary of acquisition items is listed in the table below.

	Acquisition	Consideration for the acquisition of the Company	Direct cost for the acquisition by the substantial shareholder	Difference between the acquisition price and the sale price	Date of the announcement (page number of the announcement)	Date of passing of the resolution at the special general meeting	Conclusion
1.	Win New Group Limited and its subsidiaries	HKD652,337,000	Approximately RMB631,300,000	–	30 July 2007 (page 2)	6 September 2007	No benefit obtained by the substantial shareholder
2.	Wealthy King Investments Limited and its subsidiaries	HKD870,550,000	Approximately HKD401,067,041 cash plus the stock equivalent to approximately HKD451,230,000 (HKD6.5 per share X 69,420,000 shares) totaling HKD852,297,041 (please refer to page 1 of the announcement dated 26 March 2008 for details)	The difference of HKD18,252,959 is the interest of HKD470,550,000 calculated based on the 9-month HIBOR per annum for the delayed payment of the remaining consideration for the acquisition	7 July 2008 (page 2)	7 August 2008	No benefit obtained by the substantial shareholder
3.	F&G	HKD29,267,000, based on the net asset value as at 31 October 2009		–	20 November 2009	Pursuant to Rule 14.07 of the Listing Rules for calculation of relevant percentage ratios in connection with the acquisition, the acquisition is only subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements.	No benefit obtained by the substantial shareholder who conducted transfer with net asset value

The Company's funds mainly derive from its operating profit and bank loans, and it maintains a relatively adequate cash position. Its dividend payout arrangement always considers a basic dividend payout ratio of 30% as a direction. Taking into account the factors like the application of cash flows and business development of the Company in the future, an additional special dividend may be paid to reciprocate its shareholders. According to the data, the annual dividend payout ratios of the Company did not fall below 30% for the past few years, and special dividends have been paid for four times, with the consolidated payout ratios ranging from 30% to 50%.

The Company did not declare a special dividend in the financial year of 2010/2011 as the internal fund in the total sum of HKD1,329,763,000 had been applied towards the acquisition of Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited and its subsidiaries and affiliated companies during that year. As the Company has maintained a healthy cash flow, the Company has made special dividend payment again in the first half of the financial year of 2011/2012, after making payment for the aforesaid acquisition. Its aggregate dividend payout ratios are above 50%, therefore, the allegations that the Company has recently terminated its high dividend payout ratio policy in the Relevant Reports are groundless.

8. Explain how to support the rapid growth while the proportion of R&D costs are low relative to the sales amount.

The Company's R&D costs relative to the sales amount are low as compared to the peers in the international market, which is mainly due to the fact that the R&D team comprises mainly Chinese members and research centers are mainly based in China, less foreign experts were employed by the Company for its R&D team. During the past few years, the Company has been increasing input in R&D, increasing from 2.7% of sales amount in 2008/2009 to 4.3% in 2010/2011, while the absolute amounts of R&D cost increased from approximately HKD52 million in 2008/2009 to approximately HKD122 million in 2010/2011. Such figures indicated that the Company has been relentlessly increasing its input in R&D.

9. Explain the resignation of an independent non-executive director in August 2011.

Reference is made to the Annual General Meeting Circular (the "Circular") issued by the Company on 29 June 2011, among others, Mr. Mak Kin Kwong ("Mr. Mak"), would retire by rotation at the annual general meeting in accordance with Bye-law 87(1) and (2) of the Bye-laws and whom, being eligible, offered himself for re-election. For good corporate governance, as disclosed in the Circular, the Company has voluntarily and adopted earlier, pursuant to Appendix 14 to the Listing Rules, the recommended best practices, that Mr. Mak has served more than nine years, this could be relevant to the determination of a non-executive director's independence. The Company has then put Mr. Mak's further appointment be subjected to a separate resolution to be approved by shareholders.

The Circular also pointed out that the Company received from Mr. Mak a confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and that Mr. Mak did not have any management role in the Group and he had no relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company. In view of the above mentioned, the Company hereby reiterates at time of Mr. Mak's appointment, Mr. Mak fully complied with the requirements of an independent director under the Listing Rules.

Reference is also made to the announcements issued by the Company on 31 July and 5 August 2011, among all, these announcements stated the Board has learned that Mr. Mak was facing several lawsuits raised by domestic and international regulating bodies and these lawsuits were concerning some of the other companies in which Mr. Mak held positions. To the best of the Company's knowledge, belief and information, such matters did not relate to any Directors, the management and any of the business or operation of the Company and its subsidiaries. Reference is also made to the announcement issued by the Company on 2 August 2011, Mr. Mak decided to withdraw his offer for re-election at the Annual General Meeting as he wished to allocate more time for his own business. Mr. Mak confirmed that he had no disagreement with the Board and that he was not aware of any matter relating to his retirement that needed to be brought to the attention of the shareholders of the Company. Accordingly, Mr. Mak retired as an independent director of the Company after the conclusion of the Annual General Meeting on 5 August 2011. Please refer to the announcement issued by the Company on 5 August 2011.

Reference is also made to the announcement issued by the Company on 19 August 2011, in view of requirement of corporate governance, the Company appointed Dr. Jin Lizou ("Dr. Jin") to be the Company's independent non-executive director. Dr. Jin graduated from Peking University and Oxford University and holds a bachelor degree in Political and Economics and a doctorate degree in Economics respectively. Dr. Jin had worked for university, the PRC government, international investment banks and consultancy firm, accumulated experiences in civil sectors and business consultancy. Dr. Jin also has experience in serving as an independent director of listed companies.

10. Explain the reason of higher gross margin of the Company when compared with its competitors, especially the gross margin of 2006/2007 jumped more than 20%.

The Company has responded to the market numerous times in the past that the characteristics of the flavours and fragrances industry are personalized products, minimal portion of cost or sales, and difficulties for competitors to duplicate due to secrecy of formula. Of these gross profits for flavours and fragrances, the gross profit margin for tobacco flavours are particularly higher which is primarily due to the relatively high profit margin of the value chain in the tobacco industry. Since tobacco flavours represent a very high proportion of the Company's revenue mix, as a result the Company's overall gross profit margin is higher than those international flavours and fragrances companies. According to the prospectus of several domestic comparable companies listed in recent years, their gross profit margins at time of listing were ranging from approximately 64% to 73%. Since tobacco flavours also represent a very high proportion of these companies' revenue mix at that time, their overall gross profit margins were similar to that of the Company. Furthermore, the Company also offers a series of value-added, integrated services to its customers, including mutual product manufacturing, industry trend exploration and post-sales service management.

The Company was founded primarily as the flavours and fragrances trading company at the inception of its incorporation. After more than 10 years of development, it has gradually developed an integrated production chain. After years of hard work, the Company's R&D centre received a State-recognized R&D facility status, representing the significant improvement of the Company's R&D capability. In order to further realise its R&D results, the Company commenced to establish production bases in Jiangsu Province between the years of 2003 to 2005, to replace and optimize its raw material structure, and further increased the level of its upstream integration. With those manufacturing bases gradually reaching their production targets, the Company evolved from a mere trading company into an industrial company, and hence the production costs can be substantially lowered and the gross profit margin has improved and become stable.

C. OTHER MATTERS FOR ATTENTION

1. Insofar as it is practicable, the Board and the management of the Company have no intention to change the dividend arrangement. In the future, subject to compliance with the Listing Rules, we do not exclude the possibility of using the funds of not less than HKD500 million to repurchase the shares of the Company, and to further repurchase shares by applying more internal resources and/or external resources in the light of market conditions.

2. As at 31 March 2012, the banking deposits of the Company amounted to approximately HKD2,286,577,000.

3. The controlling shareholder of the Company, Ms. Chu, has strongly indicated to the Company in writing that, subject to full compliance with the Listing Rules and other applicable laws and regulations regarding shares dealing by directors (including but not limited to the restriction that the Company's directors are prohibited from dealing in shares within 60 days prior to the release of the Company's final results), Ms. Chu will increase her shareholding interest in the Company as soon as practicable.

4. PwC is in the progress of auditing the final results of the Company and its subsidiaries for the year ended 31 March 2012. The Company proposes to publish its final results on or before 30 June 2012 according to the Listing Rules. The Company reiterates that its current production and business activities remain as usual.

5. The following documents are available for viewing by duly registered shareholders of the Company at the Company's principal business place in Hong Kong. Such duly registered shareholder(s) shall produce appropriate documents of title (i.e. share certificate) that is acceptable to the Company for proof of his/her/its identity(ies) as the registered shareholders of the Company prior to inspection. Viewing time frame will be from 7 May 2012 to 31 May 2012 (inclusive of both days), between 2 p.m. to 4:30 p.m from Monday to Friday (exclusive of Saturdays, Sundays and Hong Kong public holidays):

   (a) The Company and its subsidiaries' bank statements as at end of March 2012;

   (b) The Company's certain business transaction receipts with its top 5 customers and suppliers (including VAT receipts) for the year of 2010; and

   (c) The Company's 28 PRC subsidiaries' SAIC filings and financial statements for the year of 2010.

6. The Company reserves the right to take legal action for the aforesaid irresponsible and misleading statements as contained in the Relevant Reports.

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

By Order of the Board
Huabao International Holdings Limited
CHU Lam Yiu
Chairman

Hong Kong, 3 May 2012

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 Dr. JIN Lizuo, Mr. LEE Luk Shiu and Ms. MA Yun Yan.

* *For identification purposes only*