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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 PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE SIX MONTHS ENDED 30 JUNE 2022 OF HUABAO FLAVOURS & FRAGRANCES CO., LTD.

This announcement is made by Huabao International Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Huabao Flavours & Fragrances Co., Ltd. (“**Huabao Flavours**”) is a subsidiary of the Company and its shares are listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300741). In compliance with the relevant applicable regulations of Shenzhen Stock Exchange, Huabao Flavours published its 2022 Half Yearly Report for the six months ended 30 June 2022 on 29 August 2022 on the information disclosure webpage of the ChiNext Market of Shenzhen Stock Exchange at www.cninfo.com.cn (巨潮資訊網).

The board of directors of the Company would like to draw the attention of its shareholders and public investors to the appendices of this announcement (the “**Appendices**”) which set out the principal accounting data and financial indicators of Huabao Flavours prepared in accordance with the PRC Accounting Standard for Business Enterprises for the six months ended 30 June 2022.

Please note that the information in the Appendices is an extract of the financial statements prepared by Huabao Flavours in Chinese language. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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

Hong Kong, 29 August 2022

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*

Principal accounting data and financial indicators of Huabao Flavours prepared in accordance with the PRC Accounting Standard for Business Enterprises for the six months ended 30 June 2022

APPENDIX I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB (Yuan)

	Current reporting period	Corresponding period last year	Increase/decrease of the current reporting period compared to the corresponding period last year
Revenue	902,227,552	916,678,395	-1.58%
Net profit attributable to Huabao Flavours' shareholders	399,042,619	529,772,568	-24.68%
Net profit attributable to Huabao Flavours' shareholders less non-recurring items	299,722,636	424,647,419	-29.42%
Net cash flows arising from operating activities	228,956,600	510,102,908	-55.12%
Basic earnings per share (RMB/share)	0.65	0.86	-24.42%
Diluted earnings per share (RMB/share)	0.65	0.86	-24.42%
Weighted average return on net assets	5.26%	6.92%	-1.66%
	End of the current reporting period	End of last year	Increase/decrease of the end of the current reporting period compared to the end of last year
Total assets	8,249,815,131	8,392,050,769	-1.69%
Net assets attributable to Huabao Flavours' shareholders	7,220,211,254	7,707,268,109	-6.32%

APPENDIX II. NON-RECURRING GAIN/ LOSS ITEMS AND AMOUNTS

Unit: RMB (Yuan)

Items	Amount	Explanations
Gain/loss from disposal of non-current assets, including the portion offset from the provision for impairment of assets	-140,486	--
Government grants recognized in profit and loss of current period (excluding those closely related to the Company's normal operation and continuously granted under the State's policies according to certain quota of amount or volume)	81,569,438	--
Investment income arising from gain or loss resulted from changes in fair value of financial assets held for trading and financial liabilities held for trading, and disposal of financial assets held for trading, and financial liabilities held for trading, and available for sale financial assets; except those arising from the effective hedging business related to the Company's normal operation	36,187,867	--
Non-operating income and expenses other than the above items	-500,086	--
Less: Income tax impact	16,243,480	--
Minority interest impact (after tax)	1,553,270	--
Total	99,319,983	--

APPENDIX III. ANALYSIS OF CHANGES IN MAJOR FINANCIAL DATA
Unit: RMB (Yuan)

	Current reporting period	Corresponding period last year	Increase/Decrease	Reasons for changes
Revenue	902,227,552	916,678,395	-1.58%	
Cost of goods sold	309,194,870	252,214,315	22.59%	
Selling expenses	87,496,346	63,027,820	38.82%	Mainly due to increased investment in marketing and sales during the current reporting period and changes in the scope of consolidation
Administrative expenses	80,240,241	74,314,125	7.97%	
Finance expenses	-27,177,743	-51,771,395	47.50%	Mainly due to the decrease in time deposits during the current reporting period
Income tax expenses	81,126,974	87,939,981	-7.75%	
Research and development expenses	60,711,167	62,261,441	-2.49%	
Net cash flows from operating activities	228,956,600	510,102,908	-55.12%	Mainly due to the impact of the novel coronavirus pandemic during the current reporting period which resulted in the stockpiling of raw materials in advance and the increase in raw material prices
Net cash flows from investing activities	993,379,530	-61,672,402	1,710.74%	Mainly due to the maturity of the bank's structured deposit products during the current reporting period
Net cash flows from financing activities	-844,298,968	-997,156,923	15.33%	
Net increase in cash and cash equivalents	398,260,826	-553,802,321	171.91%	Mainly due to the relatively large number of the bank's structured deposit products which reached maturity during the current reporting period

APPENDIX IV. SIGNIFICANT CHANGES IN ASSETS COMPONENTS
Unit: RMB (Yuan)

	End of current reporting period		End of last year		Proportion increase or decrease	Explanations for significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Cash at bank and on hand	3,115,554,370	37.77%	2,280,494,140	27.17%	10.60%	Mainly due to the relatively large number of bank's structured deposit products which reached maturity and the increase in accrued interests during the current reporting period
Accounts receivables	608,156,995	7.37%	462,203,052	5.51%	1.86%	Mainly due to changes in the scope of consolidation during the current reporting period
Inventories	485,381,456	5.88%	426,517,884	5.08%	0.80%	
Long-term equity investments	185,674,194	2.25%	335,793,459	4.00%	-1.75%	Mainly due to changes in the scope of consolidation during the current reporting period
Fixed assets	333,746,195	4.05%	268,820,714	3.20%	0.85%	
Construction in progress	106,054,287	1.29%	61,566,263	0.73%	0.56%	
Right-of-use assets	31,669,705	0.38%	21,010,896	0.25%	0.13%	
Short-term loan	114,500,000	1.39%	0	0.00%	1.39%	Mainly due to changes in the scope of consolidation during the current reporting period
Contract liabilities	1,356,982	0.02%	2,953,199	0.04%	-0.02%	
Lease liabilities	17,727,648	0.21%	14,833,206	0.18%	0.03%	
Prepayments	50,615,217	0.61%	9,472,142	0.11%	0.50%	Mainly due to changes in the scope of consolidation during the current reporting period
Bills receivable	43,263,401	0.52%	20,928,930	0.25%	0.27%	Mainly due to changes in the scope of consolidation during the current reporting period
Bills payable	8,000,000	0.10%	0	0.00%	0.10%	Mainly due to changes in the scope of consolidation during the current reporting period
Non-current liabilities due within one year	46,274,488	0.56%	9,897,884	0.12%	0.44%	Mainly due to changes in the scope of consolidation during the current reporting period

APPENDIX V. GENERAL USAGE OF THE FUNDS RAISED

Unit: RMB (Ten Thousands)

Total funds raised	231,184.21
Total funds used during the reporting period	3,779.87
Accumulated funds used	86,938.51
Total funds (differs from initial purpose) used during the reporting period	0
Accumulated funds (differs from initial purpose) used	62,845.08
Proportion of accumulated funds (differs from initial purpose) used	27.18%

Description of usage of funds raised from initial public offering

According to the document “Approval of the Initial Public Offering of Huabao Flavours & Fragrances Co., Ltd.” (ZhengJianFaXingZi [2018] No.261) issued by the China Securities Regulatory Commission on 2 February 2018, the Company issued 61,590,000 ordinary shares (A shares) in RMB to the public at an issuance price of RMB38.60 per share in February 2018. Total funds raised were RMB2,377,374,000 and after deduction of the relevant issuance costs of RMB65,531,881.14, the total net funds raised were RMB2,311,842,118.86 (hereinafter referred to as the “Raised Funds”). The aforementioned funds were in place on 26 February 2018 and were verified by PricewaterhouseCoopers Zhong Tian LLP, which issued the “PricewaterhouseCoopers Zhong Tian (2018) No.0108 Capital Verification Report”.

Use of Raised Funds and balance of the unused Raised Funds: During the current reporting period, the total amount of Raised Funds used by the Company was RMB37,798,650.84; and accumulated amount of Raised Funds used was RMB869,385,101.78. The total amount received by the designated bank accounts for deposit of idle Raised Funds, from bank interests and income from cash management was RMB233,871,925.79; and the balance of the unused Raised Funds (including accumulated interest income received) was RMB1,676,328,942.87.