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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 OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

#### TABLE OF FINANCIAL HIGHLIGHTS

	Unaudited For the six months ended 30 June		Change in percentage
	2025 RMB'000	2024 RMB'000	
Revenue	1,621,157	1,582,285	+2.5%
Gross profit	703,462	709,254	-0.8%
Gross profit margin	43.4%	44.8%	
EBITDA <sup>1</sup>	293,690	262,021	+12.1%
EBITDA margin <sup>2</sup>	18.1%	16.6%	
Operating profit	122,194	100,287	+21.8%
Operating profit margin <sup>3</sup>	7.5%	6.3%	
Profit for the period	119,650	46,286	+158.5%
Profit attributable to the equity holders of the Company	118,081	29,662	+298.1%
Basic and diluted earnings per share	RMB3.66 cents	RMB0.92 cent	
Proposed/paid interim dividend per share (note 8)	HK1.2 cents	HK0.3 cent	
Proposed/paid special dividend per share (note 8)	HK3.2 cents	HK3.2 cents	
<b>Non-HKFRS Measures<sup>4</sup></b>			
Adjusted EBITDA	366,450	356,172	+2.9%
Adjusted EBITDA margin	22.6%	22.5%	
Adjusted operating profit	194,954	194,438	+0.3%
Adjusted operating profit margin	12.0%	12.3%	
Adjusted profit for the period	192,410	188,396	+2.1%

<sup>1</sup> "EBITDA" equals to "Operating profit before taxes, interest, depreciation, amortisation".

<sup>2</sup> "EBITDA margin" equals to "Operating profit before taxes, interest, depreciation, amortisation" divided by "Revenue".

<sup>3</sup> "Operating profit margin" equals to "Operating profit" divided by "Revenue".

<sup>4</sup> For more information about the Non-HKFRS Measures, please refer to the section under "Reconciliation of HKFRS Measures to the Non-HKFRS Measures".

\* For identification purpose only

The board of directors (the “Board”) of Huabao International Holdings Limited (the “Company” or “Huabao”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2025 together with the comparative figures for the six months ended 30 June 2024.

## CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		For the six months ended	
		30 June	
	Note	2025 RMB'000	2024 RMB'000
Revenue	3	1,621,157	1,582,285
Cost of goods sold		(917,695)	(873,031)
<b>Gross profit</b>		<b>703,462</b>	709,254
Other income and other gains – net	4	85,386	66,424
Selling and marketing expenses		(191,158)	(165,416)
Administrative expenses		(472,163)	(458,285)
Impairment of goodwill		—	(29,309)
Net impairment losses on financial assets		(3,333)	(22,381)
<b>Operating profit</b>		<b>122,194</b>	100,287
Finance income		56,781	36,034
Finance costs		(2,455)	(9,937)
Finance income – net		54,326	26,097
Share of results of associates and jointly controlled entities		(952)	574
Provision for impairment relating to the investment in an associate		—	(47,959)
<b>Profit before income tax</b>		<b>175,568</b>	78,999
Income tax expense	6	(55,918)	(32,713)
<b>Profit for the period</b>		<b>119,650</b>	46,286
<b>Attributable to:</b>			
Equity holders of the Company		118,081	29,662
Non-controlling interests		1,569	16,624
		<b>119,650</b>	46,286
<b>Earnings per share attributable to the Company's equity holders for the period</b>		<b>RMB cents</b>	<b>RMB cents</b>
Basic and diluted	7	3.66	0.92

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>119,650</b>	<b>46,286</b>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	—	(2,131)
Currency translation differences of the Company and its non-foreign operations	(21,245)	23,240
<i>Items that may be reclassified to profit or loss</i>		
Currency translation difference of foreign operations	(2,546)	(11,178)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(23,791)</b>	<b>9,931</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>95,859</b>	<b>56,217</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	84,275	38,532
Non-controlling interests	11,584	17,685
	<b>95,859</b>	<b>56,217</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025	As at 31 December 2024
	Note	RMB'000 Unaudited	RMB'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,191,561	2,228,802
Right-of-use assets		369,647	373,927
Investment properties		23,308	24,840
Intangible assets		3,476,020	3,462,208
Investments in associates		180,556	235,033
Investments in jointly controlled entities		26,515	26,820
Financial assets at fair value through other comprehensive income		12,455	12,455
Financial assets at fair value through profit or loss		156,281	145,030
Deferred income tax assets		280,416	273,086
Other non-current assets		253,684	56,348
		<u>6,970,443</u>	<u>6,838,549</u>
<b>Current assets</b>			
Inventories		916,336	893,330
Trade and other receivables	9	811,947	860,105
Financial assets at fair value through other comprehensive income		—	971
Financial assets at fair value through profit or loss		1,464,721	706,890
Assets held for sale		140,000	140,000
Cash and bank balances		4,501,462	5,562,231
		<u>7,834,466</u>	<u>8,163,527</u>
<b>Total assets</b>		<u><u>14,804,909</u></u>	<u><u>15,002,076</u></u>

		As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
	<i>Note</i>		
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		328,619	328,619
Reserves		4,552,119	4,503,576
Retained earnings		7,202,401	7,246,313
		<u>12,083,139</u>	<u>12,078,508</u>
<b>Non-controlling interests</b>		<u>1,666,615</u>	<u>1,641,848</u>
<b>Total equity</b>		<u>13,749,754</u>	<u>13,720,356</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		19,448	26,003
Deferred income tax liabilities		100,959	115,602
Trade and other payables	11	10,972	11,130
		<u>131,379</u>	<u>152,735</u>
<b>Current liabilities</b>			
Borrowings	10	155,160	194,000
Lease liabilities		16,985	17,747
Trade and other payables	11	600,254	689,749
Current income tax liabilities		92,702	101,782
Contract liabilities		58,675	125,707
		<u>923,776</u>	<u>1,128,985</u>
<b>Total liabilities</b>		<u>1,055,155</u>	<u>1,281,720</u>
<b>Total equity and liabilities</b>		<u><u>14,804,909</u></u>	<u><u>15,002,076</u></u>

*Notes:*

## 1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2024 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those financial statements.

### (a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. None of these amendments have had a material impact on how the Group’s results and financial position for the current period have been prepared or presented in the interim financial report. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

### (b) Impact of standards issued but not yet applied by the Group

The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for the financial year beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-Dependent Electricity	1 January 2026
Annual improvements to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
New Standards HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The management is in the process of making an assessment of the impact of the above new and revised standards, amendments and interpretations to existing standards on the Group’s consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The Group has organised its operations into four main operating segments:

- (1) Flavours and fragrances, and food ingredients (“F&F and Food ingredients”);
- (2) Tobacco raw materials;
- (3) Aroma raw materials; and
- (4) Condiment.

The chief operating decision-makers have been identified as the executive directors (the “Executive Directors”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from the operation’s perspective and assess the performance of F&F and Food ingredients, tobacco raw materials, aroma raw materials and condiment segments.

- (1) F&F and Food ingredients segment includes research and development, production and sale of flavours and fragrances products, and food ingredient products.
- (2) Tobacco raw materials segment includes research and development, production and sale of paper-making reconstituted tobacco leaves and new materials products that are innovative, functional and applicable to tobacco industry.
- (3) Aroma raw materials segment includes research and development, manufacture and sale of aroma raw materials products that are extracted from natural materials or generated from chemical process.
- (4) Condiment segment includes production, sales, marketing and distribution of condiments.

The segment information for the six months ended 30 June 2025 is presented below:

	Unaudited					
	For the six months ended 30 June 2025					
	F&F and Food ingredients <i>RMB'000</i>	Tobacco raw materials <i>RMB'000</i>	Aroma raw materials <i>RMB'000</i>	Condiment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	606,051	250,708	407,912	381,630	—	1,646,301
Inter-segment revenue	(10,321)	(12,284)	(2,539)	—	—	(25,144)
Segment revenue – net	<u>595,730</u>	<u>238,424</u>	<u>405,373</u>	<u>381,630</u>	<u>—</u>	<u>1,621,157</u>
Segment result	18,766	31,342	61,709	38,930	(28,553)	122,194
Finance income						56,781
Finance costs						(2,455)
Finance income – net						54,326
Share of results of associates and jointly controlled entities						(952)
Profit before income tax						175,568
Income tax expense						(55,918)
Profit for the period						<u>119,650</u>
Depreciation	<u>34,459</u>	<u>30,816</u>	<u>37,650</u>	<u>11,806</u>	<u>3,634</u>	<u>118,365</u>
Amortisation	<u>5,950</u>	<u>4,660</u>	<u>2,680</u>	<u>38,483</u>	<u>1,358</u>	<u>53,131</u>
	Unaudited					
	As at 30 June 2025					
	F&F and Food ingredients <i>RMB'000</i>	Tobacco raw materials <i>RMB'000</i>	Aroma raw materials <i>RMB'000</i>	Condiment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	7,470,888	1,730,772	1,630,228	3,132,367	840,654	14,804,909



The segment information for the six months ended 30 June 2024 is presented below:

	Unaudited					
	For the six months ended 30 June 2024					
	F&F and Food ingredients <i>RMB'000</i>	Tobacco raw materials <i>RMB'000</i>	Aroma raw materials <i>RMB'000</i>	Condiment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	661,666	171,196	378,909	389,072	509	1,601,352
Inter-segment revenue	(9,828)	(7,093)	(2,146)	—	—	(19,067)
Segment revenue – net	<u>651,838</u>	<u>164,103</u>	<u>376,763</u>	<u>389,072</u>	<u>509</u>	<u>1,582,285</u>
Segment result	137,858	(3,417)	(16,333)	55,457	(73,278)	100,287
Finance income						36,034
Finance costs						(9,937)
Finance income – net						26,097
Share of results of associates and jointly controlled entities						574
Provision for impairment relating to the investment in an associate						(47,959)
Profit before income tax						78,999
Income tax expense						(32,713)
Profit for the period						<u>46,286</u>
Depreciation	<u>33,756</u>	<u>28,340</u>	<u>33,223</u>	<u>11,469</u>	<u>3,135</u>	<u>109,923</u>
Amortisation	<u>4,502</u>	<u>4,743</u>	<u>3,312</u>	<u>37,870</u>	<u>1,384</u>	<u>51,811</u>
	Audited					
	As at 31 December 2024					
	F&F and Food ingredients <i>RMB'000</i>	Tobacco raw materials <i>RMB'000</i>	Aroma raw materials <i>RMB'000</i>	Condiment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>7,424,174</u>	<u>2,076,846</u>	<u>1,472,867</u>	<u>3,161,184</u>	<u>867,005</u>	<u>15,002,076</u>

#### 4. OTHER INCOME AND OTHER GAINS – NET

		Unaudited	
		For the six months ended	
		30 June	
		2025	2024
		RMB'000	RMB'000
Changes in fair value of financial assets at fair value through profit or loss		26,342	17,794
Dividend income from financial assets at fair value through profit or loss		2,574	848
Gain/(loss) on disposal of subsidiaries		13,176	(2,592)
Governments grants		52,412	68,021
Currency exchange gain/(loss) – net		10,051	(17,669)
Change in fair value of previously held interest in an associate upon acquisition as a subsidiary		(14,296)	(938)
Net (loss)/gain on disposal of property, plant and equipment, intangible assets and right-of-use assets		(1,067)	1,200
Others		(3,806)	(240)
		<u>85,386</u>	<u>66,424</u>

#### 5. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed according to their nature (with the exception of “research and development expenses” which are shown as a single item and analysed according to their nature in note (a) below) as follows:

		Unaudited	
		For the six months ended	
		30 June	
		2025	2024
		RMB'000	RMB'000
	Note		
Depreciation	3	109,980	101,672
Amortisation	3	52,294	51,429
Provision for impairment of intangible assets		—	14,380
Provision for impairment of property, plant and equipment		370	5,809
Provision for impairment of inventories		30,756	577
Employee benefit expenses		424,891	370,992
Research and development expenses	(a)	125,146	121,362
Short-term lease rentals		9,981	13,562
Travelling expenses		16,480	16,348
Utility expenses		54,154	48,100
Delivery expenses		<u>25,671</u>	<u>22,009</u>

- (a) Depreciation, amortisation and employee benefit expenses included in research and development expenses are set out below:

<b>Unaudited</b>			
<b>For the six months ended</b>			
<b>30 June</b>			
		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation	3	<b>8,385</b>	8,251
Amortisation	3	<b>837</b>	382
Employee benefit expenses		<b>78,917</b>	77,482

## 6. INCOME TAX EXPENSE

<b>Unaudited</b>			
<b>For the six months ended</b>			
<b>30 June</b>			
		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax:			
– PRC corporate income tax	(a)	<b>76,378</b>	70,178
– Hong Kong profits tax	(b)	<b>3</b>	—
– Germany company income tax	(c)	<b>104</b>	—
– Indonesia company income tax	(d)	<b>233</b>	237
Deferred income tax		<b>(20,800)</b>	(37,702)
		<b>55,918</b>	32,713

- (a) PRC corporate income tax has been calculated on the estimated assessable profit for the period at the tax rates applicable to respective companies of the Group.
- (b) Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2024: 16.5%) on the estimated assessable profit for the period.
- (c) Germany company income tax has been provided at the rate of 15.0% (six months ended 30 June 2024: 15.0%) on the estimated assessable profit for the period.
- (d) Indonesia company income tax has been provided at the rate of 22.0% (six months ended 30 June 2024: 22.0%) on the estimated assessable profit for the period.
- (e) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions for the six months ended 30 June 2025 and 2024.

## 7. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue for the six months ended 30 June 2025 and 2024.

	Unaudited For the six months ended 30 June	
	2025	2024
Profit attributable to equity holders of the Company ( <i>RMB '000</i> )	118,081	29,662
Weighted average number of ordinary shares in issue ( <i>'000</i> )	3,229,927	3,229,927
<b>Basic earnings per share for profit attributable to the equity holders of the Company (<i>RMB cents per share</i>)</b>	<b>3.66</b>	<b>0.92</b>

### (b) Diluted earnings per share

	Unaudited For the six months ended 30 June	
	2025	2024
Profit attributable to equity holders of the Company:		
Used in calculating basic earnings per share ( <i>RMB '000</i> )	118,081	29,662
Less: profit adjusted for restricted shares granted by a subsidiary (i) ( <i>RMB '000</i> )	(15)	(10)
Used in calculating diluted earnings per share ( <i>RMB '000</i> )	118,066	29,652
Weighted average number of ordinary shares in issue ( <i>'000</i> )	3,229,927	3,229,927
Weighted average number of ordinary shares for diluted earnings per share ( <i>'000</i> )	3,229,927	3,229,927
<b>Diluted earnings per share for profit attributable to the equity holders of the Company (<i>RMB cents per share</i>)</b>	<b>3.66</b>	<b>0.92</b>

- (i) The employee share scheme of Guangdong Jiahao Foodstuff Co., Ltd (“Guangdong Jiahao”) should be taken into account when calculating diluted earnings per share and the profit or loss attributable to the equity holders of the Company should be adjusted.

As at 30 June 2025 and 2024, unvested 1.63% restricted equity interests were not included in the calculation of diluted earnings per share because they are antidilutive. An adjustment of RMB15,000 and RMB10,000 has been made to the profit attributable to the equity holders of the Company for the six months ended 30 June 2025 and 2024, respectively, due to the total 0.30% restricted equity interests granted in 2023 and 2024.

## 8. DIVIDENDS

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Paid interim dividend of HK0.3 cent per share for the six months ended 30 June 2024	—	8,839
Paid special dividend of HK3.2 cents per share for the six months ended 30 June 2024	—	94,285
Proposed interim dividend of HK1.2 cents per share for the six months ended 30 June 2025	<b>35,346</b>	—
Proposed special dividend of HK3.2 cents per share for the six months ended 30 June 2025	<b>94,257</b>	—
	<b><u>129,603</u></b>	<b><u>103,124</u></b>

Interim dividend of approximately HKD9,690,000 (equivalent to approximately RMB8,839,000) and special dividend of approximately HKD103,358,000 (equivalent to approximately RMB94,285,000) for the period ended 30 June 2024 was paid in October 2024.

Special dividend of approximately HKD161,496,000 (equivalent to approximately RMB147,998,000) for the year ended 31 December 2024 was paid in June 2025.

As the interim and special dividend was declared after the balance sheet date, they have not been recognised as dividend payable as at 30 June 2025.

## 9. TRADE AND OTHER RECEIVABLES

		<b>As at</b>	<b>As at</b>
		<b>30 June</b>	<b>31 December</b>
		<b>2025</b>	<b>2024</b>
		<b>Unaudited</b>	<b>Audited</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables	(a)	<b>693,451</b>	769,875
Less: provision for impairment of trade receivables		<b>(134,353)</b>	(127,652)
Trade receivables – net		<b>559,098</b>	642,223
Notes receivable		<b>17,034</b>	33,751
Prepayments and other receivables		<b>207,706</b>	161,448
Advances to staff		<b>6,025</b>	3,325
Others		<b>28,383</b>	23,135
Less: provision for impairment of other receivables		<b>(6,299)</b>	(3,777)
		<b><u>811,947</u></b>	<b><u>860,105</u></b>

Except for prepayments of RMB93,452,000 (31 December 2024: RMB37,125,000), trade and other receivables are financial assets categorised as “financial assets measured at amortised cost”. All trade and other receivables are either repayable within one year or on demand.

- (a) The credit period generally granted to customers ranges from 0 to 180 days. At 30 June 2025 and 31 December 2024, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on the invoice date was as follows:

	As at <b>June 2025</b> <b>Unaudited</b> <b>RMB'000</b>	As at 31 December 2024 Audited RMB'000
0 – 1 year	548,761	645,438
1 – 2 years	8,654	13,117
2 – 3 years	30,721	14,885
Over 3 years	105,315	96,435
	<u>693,451</u>	<u>769,875</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2025, a provision for impairment of RMB134,353,000 (31 December 2024: RMB127,652,000) was made against the gross amount of trade receivables.

## 10. BORROWINGS

	As at <b>30 June 2025</b> <b>Unaudited</b> <b>RMB'000</b>	As at 31 December 2024 Audited RMB'000
<i>Note</i>		
<b>Non-current</b>		
Long-term bank borrowings		
– Secured bank borrowings	(a) —	36,000
Less: current portion	—	(36,000)
	<u>—</u>	<u>—</u>
<b>Current</b>		
Short-term bank borrowings		
– Secured bank borrowings	(a) 22,000	18,000
– Unsecured bank borrowings	(b) 133,160	140,000
Current portion of non-current liabilities		
– Secured bank borrowings	(a) —	36,000
	<u>155,160</u>	<u>194,000</u>
<b>Total borrowings</b>	<u>155,160</u>	<u>194,000</u>

- (a) As at 30 June 2025, the Group's short-term secured bank borrowings of RMB22,000,000 (31 December 2024: RMB18,000,000), was repayable within one year, while the Group did not have long-term secured bank borrowings (31 December 2024: RMB36,000,000 and repayable within one year). The above-mentioned bank borrowings was secured by certain properties, right-of-use assets and intangible assets of Hunan Jiapinjiawei Technology Development Group Co., Ltd. and its subsidiaries with total carrying values of RMB25,504,000 (31 December 2024: secured by certain properties and right-of-use assets of Shanghai Yifang Rural Technology Co., Ltd. and its subsidiaries with total carrying values of approximately RMB43,063,000).

For the six months ended 30 June 2025, the average interest rate of the loan was 4.0% (six months ended 30 June 2024: 4.2%) per annum.

- (b) The Group's unsecured bank borrowings are repayable within one year. For the six months ended 30 June 2025, the average interest rate was 1.4% (six months ended 30 June 2024: 2.6%) per annum.

Borrowings are financial liabilities categorised under "financial liabilities measured at amortised cost".

## 11. TRADE AND OTHER PAYABLES

		As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
	Note		
Trade payables	(a)	264,139	266,504
Notes payables		7,271	—
Wages payable		114,645	166,238
Other taxes payable		39,712	54,971
Other payables		174,487	202,036
Deferred income from government grants		10,972	11,130
		<u>611,226</u>	<u>700,879</u>

Except for other taxes payable of RMB39,712,000 (31 December 2024: RMB54,971,000), wages payable of RMB114,645,000 (31 December 2024: RMB166,238,000) and deferred income from government grants of RMB10,972,000 (31 December 2024: RMB11,130,000), trade and other payables are financial liabilities categorised under "financial liabilities measured at amortised cost".

The non-current and current portion of trade and other payables was as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
Non-current	10,972	11,130
Current	600,254	689,749
	<b>611,226</b>	<b>700,879</b>

The non-current portion of trade and other payables mainly represents the deferred income derived from various grants received from government authorities in PRC.

- (a) As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on the invoice dates was as follows:

	As at 30 June 2025 Unaudited RMB'000	As at 31 December 2024 Audited RMB'000
0 – 90 days	230,259	232,100
91 – 180 days	17,555	21,997
181 – 360 days	4,897	3,564
Over 360 days	11,428	8,843
	<b>264,139</b>	<b>266,504</b>



## RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES

For review of financial performance, the Group has provided non-HKFRS measures, including adjusted EBITDA, adjusted EBITDA margin, adjusted operating profit, adjusted operating profit margin, adjusted profit for the period, which are supplementary to the Group's consolidated results in accordance with HKFRS. The Group believes that these additional figures provide our shareholders and investors with useful supplementary information to facilitate the analysis and assessment of performance of the Group's core operations by excluding certain non-cash items, which consist of share-based compensation expenses, impairment of goodwill, impairment of plant, equipment and intangible assets, and provision for impairment relating to the investment in an associate, recognised in the condensed consolidated income statement. These non-HKFRS measures also allow the Group to evaluate its ongoing operations and are applied for internal planning and forecasting purposes.

The use of these non-HKFRS measures may have certain limitations as a tool for analysis and comparison. Shareholders and investors are advised not to consider these non-HKFRS measures in isolation from, or as a substitute for analysis of, the Group's financial performance as reported under HKFRS. Also, please note that these non-HKFRS measures may be defined differently from similar terms used by other companies.

The following table highlighted the reconciliations of the Group's financial measures prepared in accordance with HKFRS for six months ended 30 June 2025 and six months ended 30 June 2024 to the non-HKFRS measures.

Unaudited							
Six months ended 30 June 2025							
Non-HKFRS adjustments							
	As reported	Share-based compensation expenses	Impairment of goodwill	Impairment of intangible assets	Impairment of plant and equipment	Provision for impairment of investment in an associate	Adjusted
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(a)	(b)	(c)	(d)	(e)	
EBITDA	293,690	72,390	—	—	370	—	366,450
EBITDA margin	18.1%						22.6%
Operating profit	122,194	72,390	—	—	370	—	194,954
Operating profit margin	7.5%						12.0%
Profit for the period	119,650	72,390	—	—	370	—	192,410

Unaudited  
Six months ended 30 June 2024  
Non-HKFRS adjustments

	As reported <i>RMB '000</i>	Share-based compensation expenses <i>RMB '000</i> <i>(a)</i>	Impairment of goodwill <i>RMB '000</i> <i>(b)</i>	Impairment of intangible assets <i>RMB '000</i> <i>(c)</i>	Impairment of plant and equipment <i>RMB '000</i> <i>(d)</i>	Provision for impairment of investment in an associate <i>RMB '000</i> <i>(e)</i>	Adjusted <i>RMB '000</i>
EBITDA	262,021	44,653	29,309	14,380	5,809	—	356,172
EBITDA margin	16.6%						22.5%
Operating profit	100,287	44,653	29,309	14,380	5,809	—	194,438
Operating profit margin	6.3%						12.3%
Profit for the period	46,286	44,653	29,309	14,380	5,809	47,959	188,396

*Notes:*

- (a) Including shares granted to the grantees according to Guangdong Jiahao's Share Incentive Scheme and restricted shares granted to the incentive participants according to Huabao Flavours & Fragrances Co. Ltd's Share Incentive Scheme
- (b) Including impairment provision for goodwill arising from acquisitions
- (c) Including impairment provision for intangible assets arising from acquisitions
- (d) Including impairment provision for plant and equipment
- (e) Including impairment provision for investment in an associate

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

In the first half of 2025 (the “Reporting Period”), the global economy struggled to move forward amid changes in tariff policies and geopolitical conflicts. Overseas, major economies experienced sluggish growth due to the adverse impacts of high inflation, high interest rates and supply chain disruptions. Market demand from certain overseas countries and regions declined as a result of tariff measures. Domestically, overall consumption remained weak. Insufficient consumer demand prompted enterprises to compete for market share through “price wars”, which further intensified market competition and eroded profit margins. Confronted with uncertainties in economic outlook and market demand, enterprises adopted a more prudent approach to new investments, with an increased focus on risk management. Nevertheless, supportive monetary and fiscal policies from the Chinese government, rapid advancements in artificial intelligence (AI) technologies and further opening of the unified national market provided impetus for China’s economy to sustain its steady and positive momentum.

During the Reporting Period, the Group’s management organised its information technology team to integrate AI technologies into the Group’s operations and management, which has enhanced the Group’s intelligent and digital operations. In terms of market expansion, the Group invested in new facility construction and commenced production at its factories in Southeast Asia. Leveraging its accumulated industry expertise and technical know-how, as well as leading production and delivery capabilities, the Group made steady progress in developing overseas markets. As for risk management, the Group deployed human and financial resources to optimise operating procedures and strengthen rules and regulations from multiple aspects including climate change, workplace safety and compliance, with the aim of mitigating various operational risks. Overall, the Group maintained steady operations, with management and employees proactively fulfilling their duties and conducting their work in an orderly manner.

## **INDUSTRY OVERVIEW**

### **Overview of the tobacco industry**

During the Reporting Period, according to the data from the National Bureau of Statistics, the cigarette production volume reached 27.513 million cases in the first half of 2025, representing an increase of 0.8% year-on-year (YOY). Due to policy restrictions, traditional cigarettes continued to dominate the domestic cigarette market. Globally, the tobacco industry has accelerated its shift towards harm-reduction transformation. International tobacco companies continued to increase investment in technology, production capacity and market deployment in heat-not-burn (“HNB”) tobacco products, bringing more business opportunities to companies along the innovative tobacco industry chain. The sales proportion of HNB products and other smokeless products such as oral tobacco continued to rise among international tobacco companies. The competitiveness and supply capacity of these new smokeless products have become core medium- to long-term strategic focuses for enterprises along the industry chain. The e-cigarette market also maintained a growth trend, although its growth rate may fluctuate due to increasingly stringent regulatory oversight.

### **Overview of the food and beverage industry and daily-use chemical industry**

During the Reporting Period, according to data from the National Bureau of Statistics, the value-added industrial output of the agricultural product processing industry with enterprises of designated size or above, food manufacturing industry and wine, beverage and refined tea manufacturing industry increased by 7.5%, 6.3% and 4.7% YOY, respectively. In the food and beverage industry, healthy consumption, emotional consumption and rational consumption became the main consumer trends. Consumers placed greater emphasis on health attributes and functionality of products, preferred high-quality products at lower prices and paid more attention to the sustainability in product packaging and supply chains. To achieve sales growth, enterprises should upgrade product R&D, adopt digital tools to enhance production and operational efficiency, and use big data for precise marketing to target customers. In addition, enterprises need to adjust strategies continuously to adapt to market changes. As for the daily-use chemical industry, increased demand for natural, environmentally friendly and additive-free products has driven the upgrades in product ingredients and prompted enterprises to step up investment in related technology, R&D and marketing. Social media and online stores are becoming increasingly important sales channels for daily chemical brands. Enterprises need to enhance their sales networks to expand market coverage and engage with consumers through creative content marketing to strengthen brand influence.

## **Overview of the condiment industry**

During the Reporting Period, according to data from the National Bureau of Statistics, domestic catering industry reached a revenue of RMB2,748.0 billion, representing a YOY increase of 4.3%. However, the growth rate decreased by 3.6 percentage points compared with the same period last year, indicating that the industry has entered a slow-growth cycle. The catering industry remained highly competitive, with excessive price competition intensifying the “growth in sales but not in profits” pressure faced by catering companies. In addition, the industry saw rising chain penetration, distinct consumption stratification and accelerated digital transformation. Condiment companies should keep pace with changes in the catering industry and adjust operating strategies to meet customer needs. Specifically, they need to enhance digital marketing capabilities by expanding online sales channels and strengthen product and service differentiation by developing exclusive condiments for catering companies to increase customer loyalty. Additionally, they should improve supply chain management to reduce costs and increase efficiency. These efforts will enhance product cost-effectiveness and help win customer preference.

## **RESULTS**

During the Reporting Period, the Group achieved revenue of approximately RMB1,621 million (1H 2024: approximately RMB1,582 million), representing a YOY increase of 2.5%; a gross profit margin of 43.4% (1H 2024: 44.8%), representing a YOY decrease of 1.4 percentage points; operating profit of approximately RMB122 million (1H 2024: approximately RMB100 million), representing a YOY increase of 21.8%; profit attributable to equity holders of the Company of approximately RMB118 million (1H 2024: approximately RMB29.662 million), representing a YOY increase of 298.1%; and basic earnings per share of approximately RMB3.66 cents (1H 2024: approximately RMB0.92 cent).

The significant increase in operating profit and profit attributable to equity holders of the Company was primarily due to the recognition of an impairment loss of approximately RMB29.309 million on goodwill, an impairment loss of approximately RMB20.189 million on other assets, and a provision for impairment of approximately RMB47.959 million related to an investment in an associate in the corresponding period last year, whereas no similar impairment provisions were recognised during the Reporting Period.

## **BUSINESS REVIEW**

### **Review of Flavours and Fragrances, and Food Ingredients (“F&F and Food ingredients”) business**

During the Reporting Period, revenue of the F&F and Food ingredients business of the Group amounted to approximately RMB596 million (1H 2024: approximately RMB652 million), representing a YOY decrease of 8.6%, and accounting for approximately 36.7% (1H 2024: 41.2%) of the Group’s total revenue. The decrease in revenue of the segment was mainly due to major customers’ change in demand resulting in reduced procurement. Operating profit of the segment was approximately RMB18.766 million (1H 2024: approximately RMB138 million), representing a YOY decrease of 86.4%; the operating profit margin was approximately 3.2% (1H 2024: approximately 21.1%), representing a YOY decrease of 17.9 percentage points. The decline in operating profit and margin was mainly due to changes in product sales mix and expenses of approximately RMB70.056 million recognised upon the termination of the segment’s share incentive scheme.

#### *(1) Flavours*

In terms of tobacco flavours, sales declined due to changes in demand from major customers, adjustments in their procurement policies and self-developed flavouring. The Group actively explored tobacco flavour demand in Southeast Asia and the Middle East, while building distribution channels and product portfolios to expand market coverage. In terms of food flavours, the Group strengthened its technical capabilities in microwave drying, extraction, encapsulation and flavour base module development to enhance the competitiveness of its products and services. The successful expansion of Chinese tea beverage brands increased demand for various natural extracts, and the Group’s products and comprehensive solutions were able to meet their needs and enhance the consumer appeal of their products.

#### *(2) Fragrances*

Through research on global market trends, the Group strengthened its product and service capabilities in niche markets such as oral care and indoor fragrances, and developed more customers both domestically and internationally. As sustainability factors played an increasingly important role in daily chemical products, the Group invested in sourcing unique, safe and environmentally friendly natural aroma raw materials for flavour production, to enhance the brand image of its products. The Group also collaborated with domestic and overseas universities to conduct research and exploration into fragrance scent, emotional value and blending techniques. By providing customised and differentiated fragrance solutions, the Group has strengthened the competitiveness of its customers’ products.

### *(3) Food ingredients*

With the continuing development of the catering and tea & coffee industries, the market demand for jams, fruit granules and syrups grows correspondingly, which presents a growth opportunity for the food ingredients business. The Group's products are widely used in a variety of milk tea, coffee, dessert, yoghurt and bakery products to enrich their flavour and texture, and bring consumers delicious enjoyment. While customers of the food ingredients business are mainly located in Mainland China, the Group has begun actively expanding into overseas markets. During the Reporting Period, the Group commenced the construction of a food technology complex in Indonesia, which will primarily be used to produce food flavours and food ingredients, and will expand the Group's coverage and delivery capabilities in Southeast Asian market.

### **Review of the tobacco raw materials business**

During the Reporting Period, revenue of the Group's tobacco raw materials business was approximately RMB238 million (1H 2024: approximately RMB164 million), representing a YOY increase of 45.3%, and accounting for approximately 14.7% (1H 2024: 10.4%) of the Group's total revenue. The increase in segment revenue was mainly due to the growth in overseas sales. Operating profit of the business segment was approximately RMB31.342 million (1H 2024: operating loss of approximately RMB3.417 million), with an operating profit margin of approximately 13.1%. The segment's turnaround from loss to profit was due to an increase in revenue and gross profit, as well as the recognition of gains from the disposal of subsidiaries amounting to RMB13.176 million.

#### *(1) Reconstituted Tobacco Leaves ("RTL")*

The Group's RTL include two categories: traditional RTL and innovative RTL, which are used in the cores of traditional cigarettes and HNB cigarettes, respectively. Due to a decline in domestic customer purchases, sales of traditional RTL have fallen. The production base for the innovative RTL is located in Indonesia, with three production lines and an annual capacity of 3,000 tonnes. All three lines have been fully constructed and are already supplying bulk orders to international tobacco customers, with production capacity utilisation steadily increasing. Innovative RTL has become a key driver for the sustainable development of the RTL business.



## *(2) Tobacco New materials*

The main product of the tobacco new materials business is tobacco capsules. Due to the continuing oversupply in the domestic market, the Group has actively expanded into overseas markets and achieved rapid growth in overseas revenue. During the Reporting Period, the Group enhanced the competitiveness of its products in terms of technologies and flavours. In terms of technologies, the Group applied technologies such as drip acceleration and optical AI visual inspection to improve product delivery capabilities and efficiency; applied special flavouring and rubber adaptation technologies to improve product quality; and applied centralised refrigeration and automatic rubber supply technologies to improve manufacturing processes. In terms of flavours, the Group promoted the development and application of regionally distinctive flavours, such as fruit-coconut-milk, pandan, and fennel herbs. With its outstanding technical and taste development capabilities, the Group has gained recognition from overseas customers, and its business and market development are progressing steadily.

### **Review of the aroma raw materials business**

During the Reporting Period, revenue of the aroma raw materials business of the Group was approximately RMB405 million (1H 2024: approximately RMB377 million), representing a YOY increase of 7.6%, and accounting for approximately 25.0% (1H 2024: approximately 23.8%) of the Group's total revenue. The increase in segment revenue was mainly attributable to the gradual release of production capacity and the successful development of new customers. Operating profit of the business segment was approximately RMB61.709 million (1H 2024: operating loss of approximately RMB16.333 million). Such significant increase in segment operating profit was mainly due to the recognition of impairment for goodwill and assets of approximately RMB49.498 million in the corresponding period last year, while no relevant impairment provisions were recognised during the Reporting Period.

During the Reporting Period, the aroma raw materials business faced certain market pressures. Overseas markets were affected by tariff policy disturbances, resulting in reduced customer purchases and declining demand. In response to these challenges, the Group developed a certain number of new customers in China by controlling costs and improving price competitiveness, resulting in steady growth in revenue. The Group seriously implemented the "Lean Production (精益生產)" initiative in its main factories, introducing intelligent management systems to further optimise production processes, reduce resource consumption and production costs, and improve management efficiency and profitability.

### **Review of the condiment business**

During the Reporting Period, revenue of the Group's condiment business was approximately RMB382 million (1H 2024: approximately RMB389 million), basically the same as the corresponding period last year, and accounting for approximately 23.5% (1H 2024: approximately 24.6%) of the Group's total revenue. The operating profit of the business segment was approximately RMB38.930 million (1H 2024: approximately RMB55.457 million), representing a YOY decrease of 29.8%. Operating profit margin was approximately 10.2% (1H 2024: approximately 14.3%), representing a YOY decrease of 4.1 percentage points. The decline in operating profit and operating profit margin was mainly due to an increase in expenses for expanding the sales network.



In terms of product mix, flavour-enhancing seasonings, wasabi paste, and fruit juices are the segment's core products. Additionally, over the past two years, the R&D team has actively developed new products, successively launching Chinese-style soup bases and soy sauce categories. These products enjoy broad market prospects, not only enriching the product portfolio but also providing new momentum for sales growth. The Group regularly reviews its product mix based on market demand, continuously refining and upgrading products to maintain competitiveness.

In terms of marketing strategy, centered on “innovating value in food service channels,” the Group organises targeted online and offline campaigns to provide catering clients with tailored solutions. For online initiatives, the Group engages customers through livestreaming to enhance brand influence and recognition. Offline, the “Jinba Hustle and Bustle” events facilitate exchanges with chefs on cooking techniques and seasoning applications, deepening their understanding and adoption of the brand and products.

In terms of sales channels, the number of Tier 1 distributors reached 956. The Group employs a traceability system to manage omnichannel sales, improving distributors' market coverage and customer service capabilities. To advance global expansion, the Group has initiated overseas sales deployment with a preliminary go-global strategy. Starting with Chinese restaurants abroad, it analyzes local market size, distribution networks, and consumption preferences to gradually establish local supply chains and brand awareness. Product development and sales networks will be customized to overseas demand to expand market penetration.

### **Review of R&D**

During the Reporting Period, the Group's investment in R&D was approximately RMB125 million (1H 2024: approximately RMB121 million). R&D costs accounted for 7.7% (1H 2024: 7.7%) of revenue, remaining flat YoY. All R&D costs (1H 2024: 100%) were expensed, with no related costs capitalised (1H 2024: Nil).

### **Human Resources and Corporate Culture Construction**

As at 30 June 2025, the Group employed a total of 3,910 (as at 31 December 2024: 4,056) employees in Mainland China, Hong Kong, Germany, Indonesia, Singapore and other regions.

### **Digital Transformation**

During the Reporting Period, AI technology has attracted intense attention and discussion both in China and globally, with businesses and individuals focusing on how it will reshape corporate operations and transform people's work and lifestyle. The information technology team of the Group promptly integrated mainstream AI models into internal work systems and completed local deployment of high-performance computing infrastructure, enabling employees to quickly and accurately obtain information through AI technology, thereby improving their efficiency in problem-solving and task completion. We have also applied AI technology in various operational areas including customer visits, knowledge base development, smart F&F preparation, and quality screening, effectively enhancing the operational capabilities and efficiency across all business divisions.

Given the rapid evolution and development of AI technology, the Group will continue to focus on its advancements and applications. We will use AI technology to improve our operational and managerial processes while further applying it to business areas such as flavouring.

## **OUTLOOK**

Overall, the Group maintains a prudent and reserved outlook regarding both the domestic and international economic and operating environments for the second half of the year. Sluggish consumer confidence and intensifying competition in the domestic market, coupled with persistent tariff policy uncertainties in overseas markets, are materially impairing the competitiveness of China's products internationally.

However, the Group will continue to implement the strategic measures established at the beginning of the year, including (1) strengthening R&D innovation and driving innovation-led growth; (2) achieving transformative growth through AI empowerment; (3) accelerating international expansion; (4) enhancing supply chain management to provide strong support for business development; (5) building core capabilities through lean production management; (6) strengthening a value-creation-oriented corporate culture, and implementing employee equity incentive plans including employee stock ownership plans and stock options at an opportune time to achieve win-win outcomes; (7) realizing dual-engine growth through mergers and acquisitions to provide growth momentum; (8) strengthening communication with capital markets to enhance investor confidence. The Group believes that the above measures will enable it to maintain competitiveness in a complex and ever-changing environment, drive business growth and create greater value for shareholders.

In terms of F&F and Food ingredients, the Group continues to focus on the health field, emphasizing green, nutrition and health, and will further increase investment in natural flavours and extracts, which will further increase the proportion of revenue from food flavours, fragrances and food ingredients, while improving profit levels through cost control and business development. In terms of tobacco raw materials, the Group will continue to increase its efforts to develop overseas markets and enhance local service capabilities. While leveraging its strengths in the tobacco capsule business to achieve rapid revenue growth, the Group will also increase investment in new tobacco products, thereby further strengthening its ability to provide comprehensive solutions to international clients and continuously expanding the proportion of overseas revenue. In terms of aroma raw materials, the Group will continue to increase development and investment in new products, achieve cost reduction and efficiency improvement through "Lean Production", and strengthen the expansion of overseas markets to realize stable growth in revenue. In terms of condiments, the Group will further broaden its product categories, vigorously develop compound condiments and strengthen brand development. This will enable the leveraging of sales channels and customer relationships across multiple products, thereby enhancing operational capabilities and ultimately increasing revenue.

## **FINANCIAL REVIEW**

Analysis of interim results for the six months ended 30 June 2025

### **Revenue**

The Group's revenue amounted to RMB1,621,157,000 for the six months ended 30 June 2025, representing an increase of 2.5% as compared with RMB1,582,285,000 for the corresponding period last year. The increase in revenue was mainly attributable to an increase in the revenue of the tobacco raw materials segment by 45.3% year-on-year to RMB238,424,000 as a result of the rapid growth in the overseas tobacco new materials business, and an increase in the revenue of aroma raw material segment by 7.6% year-on-year to RMB405,373,000 as a result of the gradual release of production capacity and the development of new customers during the Reporting Period. However, the increase was partially offset by a 8.6% year-on-year decrease in revenue of the F&F and Food ingredients segment to RMB595,730,000 due to the changes in market demand and keen competition.

### **Cost of goods sold**

For the six months ended 30 June 2025, the Group's cost of goods sold amounted to RMB917,695,000, representing an increase of 5.1% as compared with RMB873,031,000 for the corresponding period last year.

### **Gross profit and gross profit margin**

For the six months ended 30 June 2025, the Group's gross profit amounted to RMB703,462,000, representing a slight decrease of approximately 0.8% as compared with RMB709,254,000 for the corresponding period last year. The decrease in gross profit was mainly attributable to the decline in gross profit margin for the Reporting Period. The gross profit margin of the Group for the Reporting Period was approximately 43.4%, representing a decrease of approximately 1.4 percentage points as compared with 44.8% for the corresponding period last year. It was mainly attributable to the keen competition in the market as well as changes in the product mix of the Group.

**Other income and other gains – net**

For the six months ended 30 June 2025, other income and other gains (net) of the Group was RMB 85,386,000, representing an increase of RMB18,962,000 as compared with RMB66,424,000 for the corresponding period last year. The increase in other income and other gains was mainly attributable to a gain in disposal of subsidiary of RMB13,176,000 was recorded during the Reporting Period, compared to a disposal loss of RMB2,592,000 for the corresponding period last year. Also, an exchange gain of RMB10,051,000 was recorded during the Reporting Period, compared to an exchange loss of RMB17,669,000 for the corresponding period last year. However, government grants amounted to RMB52,412,000 during the Reporting Period (six months ended 30 June 2024: RMB68,021,000), representing a year-on-year decrease of RMB15,609,000, and loss on fair value changes of previously held interest in an associate upon acquisition as a subsidiary of RMB14,296,000 was recorded during the Reporting Period (six months ended 30 June 2024: RMB938,000), representing a year-on-year increase of RMB13,358,000, hence partially offsets the increase.

**Selling and marketing expenses**

The selling and marketing expenses of the Group were mainly comprised of travelling expenses, advertising and promotion expenses, salaries and office expenses, etc. The selling and marketing expenses of the Group for the six months ended 30 June 2025 was RMB191,158,000, representing an increase of RMB25,742,000 or 15.6% as compared with RMB165,416,000 for the corresponding period last year. Selling and marketing expenses for the Reporting Period accounted for approximately 11.8% of the total revenue, representing an increase of approximately 1.3 percentage points as compared with approximately 10.5% for the six months ended 30 June 2024. The increase in such ratio and selling and marketing expenses was mainly attributable to the Group's increase in sales and marketing staff and related expenses for opening up and development of overseas business during the Reporting Period.

**Administrative expenses**

The Group's administrative expenses amounted to RMB472,163,000 for the six months ended 30 June 2025, representing an increase of RMB13,878,000 or 3.0% as compared with RMB458,285,000 for the corresponding period last year. The increase in administrative expenses was mainly attributable to share-based compensation expenses amounted to RMB69,859,000 for the Reporting Period, representing an increase of RMB27,281,000 as compared with RMB42,578,000 for the corresponding period last year, as a result of the termination of implementation of the first Phase of Restricted Share Incentive Plan of Huabao Flavours (a subsidiary of the Company) during the Reporting Period where such termination of plan requires accelerated vesting in accordance with relevant regulations of the HKFRS. Administrative expenses for the Reporting Period accounted for approximately 29.1% of the total revenue, remains stable as compared with 29.0% for the six months ended 30 June 2024.

## **Operating profit**

For the six months ended 30 June 2025, the Group's operating profit was RMB122,194,000, representing an increase of RMB21,907,000 or 21.8% as compared with RMB100,287,000 for the six months ended 30 June 2024. The increase in operating profit was mainly due to other income and other gains (net) amounted to RMB85,386,000 for the Reporting Period (six months ended 30 June 2024: RMB66,424,000), resulting in a year-on-year increase of RMB18,962,000; provisions for impairment of receivables (net) (presented as "Net impairment losses on financial assets" in the condensed consolidated income statement) amounted to RMB3,333,000 for the Reporting Period (six months ended 30 June 2024: RMB22,381,000), representing a year-on-year decrease of RMB19,048,000; and provisions for plant and equipment impairment of RMB370,000 for the Reporting Period (six months ended 30 June 2024: RMB5,809,000), representing a year-on-year decrease of RMB5,439,000. Meanwhile, for the corresponding period last year, the Group recognised goodwill impairment of RMB29,309,000 and intangible asset impairment provision of RMB14,380,000, whereas no similar impairment provisions were recognised during the Reporting Period. However, it was offset by the decrease in gross profit, the increase in share-based compensation expenses and selling and marketing expenses for the Reporting Period.

If the effects of goodwill impairment of RMB29,309,000 and intangible asset impairment provision of RMB14,380,000 for the corresponding period last year were excluded, as well as the effects of share-based compensation expenses for the Reporting Period and the corresponding period last year of RMB72,390,000 and RMB44,653,000, respectively, and the effects of plant and equipment impairment provision for the Reporting Period and the corresponding period last year of RMB370,000 and RMB5,809,000, respectively, were all excluded, the adjusted operating profit for the Reporting Period would be approximately RMB194,954,000, representing an increase of approximately RMB516,000 or 0.3% as compared with the adjusted operating profit for the corresponding period last year of RMB194,438,000 (excluding goodwill impairment, plant and equipment impairment, intangible asset impairment and share-based compensation expenses). It was mainly due to the increase in other income and other gains and decrease in provisions for impairment of receivables, however, offset by the decrease in gross profit, as well as the increase in selling and marketing expenses during the Reporting Period. The adjusted operating profit margin for the Reporting Period amounted to approximately 12.0%, representing a decrease of 0.3 percentage point from approximately 12.3% for the corresponding period last year, mainly due to the drop in gross profit margin for the Reporting Period.

## **Income tax expenses**

The income tax expenses of the Group for the six months ended 30 June 2025 was RMB55,918,000, representing an increase of RMB23,205,000 as compared with RMB32,713,000 for the six months ended 30 June 2024, which was mainly attributable to the increase in profit before income tax for the Reporting Period.

**Profit for the period**

For the six months ended 30 June 2025, the Group's profit was RMB119,650,000, representing an increase of RMB73,364,000 or 158.5% as compared with RMB46,286,000 for the corresponding period last year. The year-on-year change was mainly due to other income and other gains (net) amounted to RMB85,386,000 for the Reporting Period (six months ended 30 June 2024: RMB66,424,000), resulting in a year-on-year increase of RMB18,962,000; provisions for impairment of receivables amounted to RMB3,333,000 for the Reporting Period (six months ended 30 June 2024: RMB22,381,000), representing a year-on-year decrease of RMB19,048,000; provisions for plant and equipment impairment of RMB370,000 for the Reporting Period (six months ended 30 June 2024: RMB5,809,000), representing a year-on-year decrease of RMB5,439,000; and finance income (net) amounted to RMB54,326,000 for the Reporting Period (six months ended 30 June 2024: RMB26,097,000), representing a year-on-year increase of RMB28,229,000. Meanwhile, for the corresponding period last year, the Group recognised goodwill impairment of RMB29,309,000, intangible asset impairment provision of RMB14,380,000, and impairment provision of approximately RMB47,959,000 arising from the reclassification of investment in an associate to assets held for sale, whereas no similar impairment provisions were recognised during the Reporting Period. However, it was offset by the decrease in gross profit, the increase in share-based compensation expenses, selling and marketing expenses and income tax expenses for the Reporting Period.

If the effects of goodwill impairment of RMB29,309,000, intangible asset impairment provision of RMB14,380,000, and provision for impairment of investment in an associate of RMB47,959,000 for the corresponding period last year were excluded, as well as the effects of share-based compensation expenses for the Reporting Period and the corresponding period last year of RMB72,390,000 and RMB44,653,000, respectively, and the effects of plant and equipment impairment provision for the Reporting Period and the corresponding period last year of RMB370,000 and RMB5,809,000, respectively, were all excluded, the adjusted profit for the Reporting Period would be approximately RMB192,410,000, representing an increase of approximately RMB4,014,000 or 2.1% as compared with the adjusted profit for the corresponding period last year of RMB188,396,000 (excluding goodwill impairment, plant and equipment impairment, intangible asset impairment, share-based compensation expenses and provision for impairment of investment in an associate).

**Net current asset value and financial resources**

As at 30 June 2025, the net current asset of the Group was RMB6,910,690,000 (31 December 2024: RMB7,034,542,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 30 June 2025, the Group's cash and bank balances (including fixed deposits) amounted to RMB4,501,462,000 (31 December 2024: RMB5,562,231,000), over 74% of which were held in RMB. In addition, as at 30 June 2025, the fair value of outstanding bank wealth management products amounted to RMB1,372,909,000 (31 December 2024: RMB649,498,000), classified as financial assets at fair value through profit or loss, and long-term bank deposits amounted to RMB253,684,000 (31 December 2024: RMB51,435,000), classified as other non-current assets, were held by the Group.



**Bank borrowings and gearing ratio**

As at 30 June 2025, the total bank borrowings of the Group amounted to RMB155,160,000 (31 December 2024: RMB194,000,000), all of which were RMB loans, including secured loans amounting to RMB22,000,000 (31 December 2024: RMB54,000,000) due within one year and unsecured loans amounting to RMB133,160,000 (31 December 2024: RMB140,000,000) due within one year. For the six months ended 30 June 2025, the average annual interest rate for secured loans was 4.0% (six months ended 30 June 2024: 4.2%), while the average annual interest rate for unsecured loans was 1.4% (six months ended 30 June 2024: 2.6%). As at 30 June 2025, the Group's debt ratio (total loans (including current and non-current loans) divided by total equity, excluding non-controlling interests) was 1.3%, representing a decrease of 0.3 percentage point from 1.6% as at 31 December 2024.

**Investing activities**

The Group's investing activities included the purchase of property, plant and equipment, financial assets investment and merger & acquisition activities related to the strategical development strategies. For the six months ended 30 June 2025, the net cash used in investing activities amounted to RMB909,004,000, mainly used in the purchase of bank wealth management products and placement of long-term bank deposits. For the six months ended 30 June 2024, the net cash generated from investing activities amounted to RMB39,886,000.

**Financing activities**

For the six months ended 30 June 2025, the net cash used in the Group's financing activities amounted to RMB301,080,000, mainly comprising of repayment of bank loans of RMB227,000,000, payment of cash dividends of approximately RMB147,998,000 to shareholders of the Company, payment of cash dividends of RMB31,171,000 to non-controlling interests, and addition of bank loans of RMB126,260,000. For the six months ended 30 June 2024, the net cash used in financing activities amounted to RMB444,621,000.

**Trade receivables turnover period**

Trade receivables turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and at the end of a relevant financial period divided by the total revenue for the corresponding period and multiplied by 180 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with the customers. For the six months ended 30 June 2025, the Group's average trade receivables turnover period was 81 days, similar to the 83 days for the corresponding period last year, the ratio has remained stable.

**Trade payables turnover period**

Trade payables turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial period divided by the cost of goods sold for the corresponding period and multiplied by 180 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the six months ended 30 June 2025, the Group's average trade payables turnover period was 52 days, similar to the 51 days for the corresponding period last year, the ratio has remained stable.

**Inventory and inventory turnover period**

As at 30 June 2025, the Group's inventory balance amounted to RMB916,336,000, representing an increase of RMB23,006,000 as compared with the balance of RMB893,330,000 as at 31 December 2024. For the six months ended 30 June 2025, the Group's inventory turnover period (calculated on the basis of the average of the inventory balances as at the beginning and at the end of a relevant financial period divided by the total cost of goods sold for the corresponding period and multiplied by 180 days) was 177 days, representing a decrease of 32 days as compared with 209 days for the corresponding period last year. The decrease was mainly due to the lower average inventory balance as compared with the corresponding period last year, while the cost of goods sold for the Reporting Period recorded a year-on-year increase.

**Foreign exchange and exchange rate risk**

The principal businesses of the Group are located in Mainland China and the majority of the revenue is denominated in RMB, with the exception of only a certain amount of imported raw materials and equipment which are denominated in foreign currency such as USD or EUR. The Group's bank deposits are mainly denominated in RMB, USD and HKD. Management concurs with the views of the People's Bank of China on the RMB exchange rate, that is, the RMB exchange rate has the capability to continuously remain basically stable within reasonable a range of equilibrium.

**Pledge of assets**

As at 30 June 2025, certain properties, right-of-use assets and intangible assets of Hunan Jiapinjiawei Technology Development Group Co., Ltd. and its subsidiaries with total carrying values of RMB25,504,000 (31 December 2024: properties and right-of-use assets of Shanghai Yifang Rural Technology Co., Ltd. and its subsidiaries with total carrying values of RMB43,063,000) were used as collateral for the Group's secured bank loans of RMB22,000,000 (31 December 2024: RMB54,000,000). Apart from the above-mentioned, the Group had no pledged assets as at 30 June 2025.

**Capital Commitments**

As at 30 June 2025, the Group had capital commitments in respect of the purchase of property, plant and equipment, intangible assets, investment in associates and a jointly controlled entity, and investment in financial assets at fair value through profit or loss, contracted for but not provided in the financial statements amounted to approximately RMB116,093,000 (31 December 2024: RMB97,854,000).

**Contingent liabilities**

According to the information available to the Board, the Group had no material contingent liabilities as at 30 June 2025.



## SIGNIFICANT EVENTS OR TRANSACTIONS

### USE OF PROCEEDS OF A SUBSIDIARY

In 2018, Huabao Flavours & Fragrances Co., Ltd., (“Huabao Flavours”) a joint stock limited company established in the PRC and an indirect non-wholly owned subsidiary of the Company, completed its initial public offering (“IPO”), raising gross proceeds of approximately RMB2,377 million. After deducting issuance expenses, the net proceeds amounted to approximately RMB2,312 million. Huabao Flavours was successfully listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300741).

As of 31 December 2024, the balance of unutilised net proceeds, amounting to approximately RMB1,360.57 million, and the accumulated interest and cash management income, amounting to approximately RMB331.39 million, were brought forward to the Reporting Period. As of 30 June 2025, Huabao Flavours had utilised approximately RMB953.06 million, representing approximately 41.23% of the net proceeds.

		Proceeds allocated after the previous change	Unutilised proceeds as of 31 December 2024	Actual utilised proceeds during the six months ended 30 June 2025	Unutilised proceeds as of 30 June 2025
Use of IPO proceeds	Proceeds allocated at the IPO (RMB millions)	(RMB millions)	(RMB millions)	(RMB millions)	(RMB millions)
Huabao Technology Innovation Center and Supporting Facilities Project (“Huabao TechInno Project”) <sup>(2)</sup>	—	449.9742	439.82	0.80	439.02
Huabao Digital Transformation Project (“Huabao Digital Project”) <sup>(3)</sup>	—	60.00	31.19	0.99	30.20
Special account for the unutilised proceeds (“Special Account”) <sup>(4)</sup>	N/A	889.56	889.56	—	889.56
<b>Total <sup>(1)</sup></b>			<u>1,360.57</u>	<u>1.79</u>	<u>1,358.78</u>

- (1) Accumulated interest and cash management income in the amounts of RMB331.39 million and RMB346.57 million for the years ended 31 December 2024 and six months ended 30 June 2025, respectively, were excluded.
- (2) The Huabao TechInno Project aims to build a new science and technology innovation center for research on food flavours, tobacco flavours and new tobacco materials, etc, as well as a talent apartment building to provide residential support for recruited talent. The expected investment amount for the project was RMB449.9742 million, with proceeds transferred from the Lhasa Pure Land Healthy Food Project (“Huabao Lhasa Project”) and Huabao H&K Food Flavours and Food Technology Development Project, initially expected to be fully utilised on or before 31 December 2022, with the timeline postponed to 31 December 2025 in 2022. At the board meeting of Huabao Flavours held on 30 March 2023, the expected date for full utilisation of the proceeds was delayed to 31 December 2026. At the board meeting of Huabao Flavours held on 26 March 2024, the expected date was postponed to 31 December 2027. At the board meeting of Huabao Flavours held on 28 March 2025, the expected date was postponed to 30 June 2029. As of the date of this announcement, the remaining unutilised proceeds allocated to this project are proposed to be fully utilised in accordance with the intentions and expected timelines disclosed in this announcement.
- (3) The Huabao Digital Project aims to build an integrated service platform through digital transformation, which includes three parts: application front-end, capability middle-end, and basic backend, to realize the digital transformation of enterprises and improve operational efficiency. The expected investment amount for the project was RMB60.00 million, which was transferred from the Huabao Lhasa Project in 2022, with full utilisation expected on or before 31 December 2023. At the board meeting of Huabao Flavours held on 25 March 2022, the expected date for full utilisation of the proceeds was delayed to 31 December 2024. At the board meeting of Huabao Flavours held on 26 March 2024, the expected date for full utilization of the proceeds was delayed to 31 December 2026. As of the date of this announcement, the remaining unutilised proceeds allocated to this project are proposed to be fully utilised in accordance with the intentions and expected timelines disclosed in this announcement.
- (4) According to Article 7 of the Rules on the Supervision of Funds Raised by Listed Companies (《上市公司募集資金監管規則》), the special account is designated solely for the deposit of proceeds and shall not be used for funds other than proceeds or for any other purposes. Pursuant to Article 8, the proceeds shall be utilised in accordance with the intended use set out in the prospectus or other public offering documents. Any change in the use of proceeds by a listed company must be approved by a resolution of the general meeting of shareholders. Article 11 stipulates that the proceeds which are temporarily idle may be used for cash management. As of 30 June 2025, the balance of Special Account mainly consisted of special funds that have not yet been allocated following the termination of certain projects. Huabao Flavours will, in accordance with the Rules on the Supervision of Funds Raised by Listed Companies (《上市公司募集資金監管規則》), submit any new fund raising projects to the shareholders’ meeting of Huabao Flavours for approval including, but not limited to, the amount of the projects and the timeline for the use of the funds thereof, after a decision has been made by the board of directors of Huabao Flavours.

### **Adjustment of the Investment Plan Progress for a Project Related to the Use of Proceeds by a Subsidiary**

Huabao Flavours held the 16th meeting of the 3rd session of its board of directors and the 11th meeting of the 3rd supervisory board respectively on 28 March 2025. During these meetings, Huabao Flavours reviewed and approved the “Proposal for Adjusting the Investment Plan Progress of a Project Related to the Use of Proceeds” and agreed to revise the investment plan progress for Huabao Technology Innovation Center and Supporting Facilities Project (“Huabao TechInno Project”). This proposal does not involve any changes to the intended use of proceeds and does not require submission to Huabao Flavours’ shareholders’ meeting for approval.

The original expected investment amount for the Huabao TechInno Project was RMB449.9742 million. The required land designation has been changed from industrial land to research and development land. The conversion of the owned land and the relevant land acquisition has been completed, and the relevant government departments are handling the land use procedures and subsequent matters. Therefore, based on the actual progress of the project’s land construction, Huabao Flavours, after comprehensive evaluation, proposes to adjust the annual investment plan for the Huabao TechInno Project, with date for the project to meet the conditions for its intended use being moved from the original scheduled date of 31 December 2027 to 30 June 2029.

The Board considers that adjusting the investment plan progress of a project related to the use of proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. Save as disclosed in this announcement, the Board confirms that there are no other changes to the intended use of the unutilised proceeds.

The Company, though Huabao Flavours will continuously assess the plans for the use of unutilised proceeds and may revise or amend such plans where necessary to adapt to the changing market conditions to strive for a better business performance of the Group.

### **Termination of Share Incentive Scheme of a Subsidiary**

On 28 March 2025, the board of directors of Huabao Flavours, an indirect non-wholly owned subsidiary as well as a principal subsidiary of the Company approved the termination of the share incentive scheme (the “Huabao Flavours Share Incentive Scheme”), which was approved by the shareholders of Huabao Flavours at its shareholders’ meeting held on 18 April 2025, in accordance with the terms of Huabao Flavours Share Incentive Scheme and the applicable laws of the People’s Republic of China (the “Termination”).

Upon Termination, all unvested restricted shares shall not vest.

In accordance with relevant regulations of the Hong Kong Financial Reporting Standards, the Termination requires accelerated vesting, and the share-based compensation expenses of approximately RMB70.06 million was recognised in the first half of 2025. The impact on the net profits of the Company and Huabao Flavours is subject to the final audit results.

The Termination does not relate to, and will not have any impact on, the shareholding structure of the Company.

### **Disclosure of Non-Fulfillment of Profit Guarantee under Rule 14.36B of the Listing Rules**

References are made to the Company’s announcements dated 8 March 2022, 9 August 2023, 11 March 2024, 8 October 2024, 4 November 2024 and 26 February 2025 (collectively, the “Announcements”) respectively.

On 8 March 2022, Huabao Flavours, a non-wholly owned subsidiary of the Company whose shares are listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300741), entered into a share transfer agreement (the “Share Transfer Agreement”) with Shanghai Keli Enterprise Management and Consulting Company Limited\* (上海克瀝企業管理諮詢有限公司) (“Keli Enterprise”), Qian Rong (錢戎) and Wong Kam Wing (黃錦榮) (the beneficial controllers of Keli Enterprise) and other related parties. Pursuant to the Share Transfer Agreement, Huabao Flavours agreed to acquire an additional 27% equity interest in Shanghai Yifang Rural Technology Co. Ltd. (“Shanghai Yifang”) for a total consideration of RMB121.5 million in cash. Upon completion of the transaction, Huabao Flavours held approximately 67% interest in Shanghai Yifang and Shanghai Yifang became an indirect non-wholly owned subsidiary of Huabao Flavours and the financial results of Shanghai Yifang have been consolidated into the financial statements of Huabao Flavours since March 2022.

Pursuant to the Share Transfer Agreement, among others, Huabao Flavours, Qian Rong and Wong Kam Wing are obligated to fulfill their respective capital increase commitments as scheduled in proportion to their respective shareholdings in Shanghai Yifang. Additionally, Qian Rong and Wong Kam Wing have agreed to undertake the performance undertaking and compensation obligations in favor of Huabao Flavours. The performance undertaking period is a three-year period, commencing from 1 January 2022 to 31 December 2024 (the “Performance Undertaking Period”). During the Performance Undertaking Period, Shanghai Yifang is required to achieve the following consolidated net profits: (i) at least RMB41.00 million for 2022, (ii) at least RMB55.00 million for 2023, and (iii) at least RMB74.00 million for 2024. In the event that Shanghai Yifang fails to fulfill the performance undertaking by the expiry of the Performance Undertaking Period, Qian Rong and Wong Kam Wing shall compensate Huabao Flavours in cash within 15 days following the issuance of Shanghai Yifang’s 2024 annual audit report.

Based on the financial information of Shanghai Yifang, the actual net losses for the years ended 31 December 2022, 2023 and 2024 amounted to approximately RMB42,195,600, RMB65,755,900 and RMB70,036,000 respectively. The performance shortfalls for the years ended 31 December 2022, 2023 and 2024 amounted to approximately RMB83,195,600, RMB120,755,900 and RMB144,036,000, respectively.

The actual performance of Shanghai Yifang for the years 2022, 2023 and 2024 did not meet the guaranteed profit targets set by Qian Rong and Wong Kam Wing.

The Share Transfer Agreement did not provide any option for Huabao Flavours to sell the equity interests in Shanghai Yifang or any part thereof back to Qian Rong and Wong Kam Wing. However, the consideration will be adjusted after the expiry of the Performance Undertaking Period in accordance with the Share Transfer Agreement, should Shanghai Yifang fail to meet the Performance Undertaking. In addition, Qian Rong and Wong Kam Wing previously failed to fulfill the obligations on paying the agreed additional capital, constituting a material breach of their undertakings under the Share Transfer Agreement. At the same time, considering that Shanghai Yifang has sustained losses during the Performance Undertaking Period, Huabao Flavours initiated arbitration proceedings against Qian Rong and Wong Kam Wing as respondents (the “Arbitration”) at the Shanghai International Arbitration Center (the “Arbitration Center”) in 2023. Please refer to the Announcements for details of the Arbitration and its results.

Given the material breach of Qian Rong and Wong Kam Wing for failure to fulfill their capital increase obligations, and to safeguard the benefits of Huabao Flavours as well as the legitimate rights and interests of investors, Huabao Flavours separately submitted relevant materials and documents to the Arbitration Center for an arbitration application and preservation of assets. In accordance with the relevant provisions of the Civil Code of the People's Republic of China and the undertakings set forth in the Share Transfer Agreement, Huabao Flavours requested Qian Rong and Wong Kam Wing fulfil the capital increase obligations specified in the Share Transfer Agreement through Keli Enterprise, compensate for a loss totaling RMB28,410,400 and bear the corresponding arbitration fees, legal fees, assets preservation fees, preservation guarantee fees and other associated costs. In November 2024, Huabao Flavours received the "Notice of Acceptance for Arbitration" issued by the Arbitration Center.

Based on the fact that Shanghai Yifang's Performance Undertaking Period has expired and it has continued to suffer losses during the Performance Undertaking Period, Huabao Flavours submitted an application to the Arbitration Center to modify its Arbitration claims. According to the performance compensation calculation formula stipulated in the Share Transfer Agreement, Huabao Flavours requested a ruling that Qian Rong and Wong Kam Wing should pay RMB606 million in performance compensation to Huabao Flavours and also bear the corresponding legal fees, property preservation fees, security fees, and other costs for the realization of creditor's rights. The total amount of claim relating to the Arbitration is approximately RMB636 million. On 25 February 2025, Huabao Flavours received a letter from the Arbitration Center confirming acceptance of the modified Arbitration claims.

According to Shanghai Yifang's 2024 audited financial statements and the performance compensation calculation formula stipulated in the Share Transfer Agreement, Qian Rong and Wong Kam Wing are required to compensate Huabao Flavours in the amount of approximately RMB617.17 million. Huabao Flavours will submit an application to the Arbitration Center to modify the Arbitration claims.

As of the date of this announcement, as the Arbitration has not yet begun, the Group is unable to precisely predict the final outcome or evaluate the impact of the Arbitration on the Group's financial position. Should there be any further developments regarding the Arbitration, the Company will make further announcements to inform the shareholders and the public as and when appropriate in accordance with relevant requirements.

Based on the current situation of Shanghai Yifang and its available actions to be considered, the Board is of the view that the claimed amount submitted to the Arbitration is fair and reasonable and in the best interest of the Company and shareholders as a whole.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed elsewhere in this announcement, there were no significant events after the Reporting Period.

## **CORPORATE GOVERNANCE**

### **Compliance with the Corporate Governance Code**

Save and except as disclosed below, the Company had complied with the code provisions in the Corporate Governance Code set out in Appendix C1 of the Listing Rules (the “CG Code”) and, where appropriate, adopted the recommended best practices set out in the CG Code throughout the Reporting Period.

The Company has not fully complied with code provision C.2.1 in part 2 of the CG code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. CHU Lam Yiu, Chairlady of the Board and Executive Director of the Company took up the position of chief executive officer on 9 April 2013. As the Board meets regularly to consider the matters relating to the business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be affected.

### **Model Code for Securities Transactions by Directors of Listed Issuers**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct for dealings in the Company’s securities by its directors. Based on the information available and the written confirmations received from the directors, the Company considered that the directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

## **INTERIM DIVIDEND AND SPECIAL DIVIDEND**

The Board has resolved to declare an interim dividend of HK1.2 cents (2024: HK0.3 cent) per share and a special dividend of HK3.2 cents (2024: HK3.2 cents) per share, both in cash, for the six months ended 30 June 2025. The interim and special dividends are expected to be paid on 10 October 2025 to Shareholders whose names appear on the register of members of the Company on 19 September 2025.



## **CLOSE OF REGISTER OF MEMBERS**

In order to determine Shareholders who qualify for the interim and special dividends, the register of members of the Company will be closed from 16 September 2025 to 19 September 2025, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 15 September 2025.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as at 30 June 2025.

## **AUDIT COMMITTEE**

The Board has formed an Audit Committee in accordance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting procedures and internal control of the Company. The Audit Committee currently comprises all of the independent non-executive directors of the Company, namely Mr. LEE Luk Shiu, Mr. Jonathan Jun YAN and Mr. HOU Haitao. The Audit Committee and the Board have reviewed and approved the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2025.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.hbglobal.com](http://www.hbglobal.com)). The Company's 2025 interim report will be dispatched to Shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 18 August 2025

*As at the date of this announcement, the Board comprises six executive directors, namely Ms. CHU Lam Yiu, Messrs. LAM Ka Yu, XIA Liquan, 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.*