HUABAO INTERNATIONAL HOLDINGS LIMITED
華寶國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00336)

PROFIT WARNING
FOR THE FOUR MONTHS ENDED 31 JULY 2015

This announcement is made by Huabao International Holdings Limited (the "**Company**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review by the management on the recent unaudited consolidated management accounts of the Company and its subsidiaries (collectively the "**Group**"), the net profit before income tax of the Group for the four months ended 31 July 2015 recorded a decrease of approximately 30% as compared to the same period last year.

Based on the information currently available to the Company, the Board believes that, as disclosed in 2014/2015 annual report and the most recent market situation, under the influence of macro-economic situation and policies, the continued decline in sales of main downstream customers of the Group, and the inventory remained at high level, resulting in the decrease in the Group's sales revenue of reconstituted tobacco leaves and flavour business. It is also noted that the Group's operating cost increased significantly, including an increase in administration expenses and selling and marketing expenses. All these factors have primarily led to the decrease of the net profit before income tax as compared with the same period last year. The Board expects that such market and sales downward trend may persist, the Group does not exclude the possibility of making provision to the impairment of the assets of reconstituted tobacco leaves segment.

Save as disclosed above, the management considers both the overall operation and financial position of the Company remain normal, and the management is actively improving the operation and management to enhance the overall operational performance.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available, including the recent unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the auditors of the Company.

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

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

Hong Kong, 15 August 2015

As at the date of this announcement, the Board comprises four executive directors, namely Ms. CHU Lam Yiu (Chairwoman and CEO), Messrs. XIA Li Qun, POON Chiu Kwok, WANG Guang Yu, one non-executive director, namely Mr. LAM Ka Yu and four independent non-executive directors, namely Dr. DING Ningning, Mr. LEE Luk Shiu, Ms. MA Yun Yan and Mr. WU Chi Keung.

** For identification purposes only*