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 SIX MONTHS ENDED 30 JUNE 2020

This announcement is made by Huabao International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") 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 (the "**Board**") of directors of the Company wishes to inform shareholders (the "**Shareholders**") and potential investors of the Company that, based on a preliminary review of the Group's unaudited interim consolidated management accounts for the six months ended 30 June 2020 and other information currently available to the Board, the Group is expected to record a net profit after tax of around RMB30,600,000 to RMB85,200,000 for the six months ended 30 June 2020, representing a decrease of approximately 95.0% to 86.0% as compared with the net profit after tax of RMB609,173,000 of the corresponding period in 2019. The decrease was mainly attributable to the following two factors:

1. Goodwill Impairment of the Condiment Segment

During the period since the outbreak of COVID-19 at the beginning of 2020, various contingency measures were adopted by the government of The Peoples' Republic of China ("**PRC**") such as an extension of the Chinese New Year holiday, as well as travel and work restrictions, suspension of various daily consumption activities including those of retail, catering and restaurants; resulting in a significant decrease in the sales of Jiahao Foodstuff Limited and its subsidiaries ("**Jiahao Group**"), which is principally engaged in the production, sales, marketing and distribution of condiment products in the PRC, for the six months ended 30 June 2020, representing a drop by approximately 53% as compared with the corresponding period last year. Despite the occasional confirmed cases of COVID-19 were identified, people nationwide have returned to work in recent months, and the restaurant and catering businesses in the PRC are expected to be gradually stable in the coming future.

Given that the sales of Jiahao Group had dropped significantly for the six months ended 30 June 2020, an impairment loss on goodwill of the cash generation unit ("**CGU**") of Jiahao Group is expected. To this, the management of the Group, with the assistance of an independent valuer, has reviewed and reassessed the key assumptions used in the value-in-use calculations to determine the recoverable amounts of the CGU of Jiahao Group. Based on the preliminary assessment of the Group, an impairment loss on goodwill is expected to be around RMB494,900,000 to RMB504,900,000, representing approximately 81.2% to 82.9% of the net profit after tax for the six months ended 30 June 2019. The preliminary goodwill impairment assessment was made based on the applicable accounting principles on a prudent basis. The impairment loss on goodwill is a non-cash item and does not have an impact on the Group's cash flows and operations.

2. Overall Performance

Due to the outbreak of COVID-19 at the beginning of 2020, the market demand is relatively sluggish in general. Sales revenues of the Group decreased for the six months ended 30 June 2020 and without taking into consideration the impact of the above impairment loss on goodwill, profit after tax of the Group recorded approximately a decrease of 4.8% to 12.1% as compared with the corresponding period in 2019.

Interim Results to be published by end of August 2020

The Company is still in the process of finalising the interim consolidated financial statements of the Group for the six months ended 30 June 2020. The information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the Group's unaudited interim consolidated management accounts and other information currently available, which may be subject to change upon further review. Shareholders and potential investors of the Company are advised to refer to the details in the interim results announcement of the Company for the six months ended 30 June 2020 which is expected to be published by end of August 2020.

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, 31 July 2020

As at the date of this announcement, the Board comprises four executive directors, namely Ms. CHU Lam Yiu (Chairlady and CEO), Messrs. XIA Liqun, POON Chiu Kwok, and LAM Ka Yu and four independent non-executive directors, namely Mr. LEE Luk Shiu, Ms. MA Yunyan, Mr. WU Chi Keung and Mr. Jonathan Jun YAN.

* *For identification purposes only*