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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### TABLE OF FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue	3,484,655	3,373,265
Gross profit	1,423,146	1,441,444
Gross profit margin	40.8%	42.7%
EBITDA <sup>1</sup>	(8,411)	(69,690)
EBITDA margin <sup>2</sup>	-0.2%	-2.1%
Operating loss	(360,879)	(401,946)
Operating profit margin <sup>3</sup>	-10.4%	-11.9%
Loss before income tax	(286,849)	(402,425)
Loss attributable to the equity holders of the Company	(388,803)	(385,509)
Net cash generated from operating activities	825,947	679,702
	RMB cents	RMB cents
Basic and diluted loss per share	(12.04)	(11.94)
Proposed/paid special dividend per share (note 8)	HK5.5 cents	HK5.0 cents
Total dividend per share for the year (note 8)	HK9.9 cents	HK8.5 cents
Dividend payout ratio for the year	N/A	N/A
<b>Non-HKFRS Measures<sup>4</sup></b>		
Non-HKFRS EBITDA	575,727	624,126
Non-HKFRS operating profit	223,259	291,870
Non-HKFRS profit before income tax	297,289	340,510

<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

On 20 March 2026, the board of directors (the “Board”) of Huabao International Holdings Limited (the “Company” or “Huabao”) approved the audited annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	3,484,655	3,373,265
Cost of goods sold	4	<u>(2,061,509)</u>	<u>(1,931,821)</u>
<b>Gross profit</b>		<b>1,423,146</b>	1,441,444
Other income and other gains - net	5	142,585	149,273
Selling and marketing expenses	4	(456,468)	(370,150)
Administrative expenses	4	(967,308)	(930,894)
Impairment of goodwill		(488,392)	(630,887)
Net impairment losses on financial assets		<u>(14,442)</u>	<u>(60,732)</u>
<b>Operating loss</b>		<b>(360,879)</b>	(401,946)
Finance income		97,997	76,802
Finance costs		<u>(21,028)</u>	<u>(21,018)</u>
Finance income– net		76,969	55,784
Share of results of associates and jointly controlled entities		(2,939)	(7,144)
Provision for impairment relating to the investment in an associate		—	<u>(49,119)</u>
<b>Loss before income tax</b>		<b>(286,849)</b>	(402,425)
Income tax expense	6	<u>(118,638)</u>	<u>(56,432)</u>
<b>Loss for the year</b>		<b><u>(405,487)</u></b>	<b><u>(458,857)</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		(388,803)	(385,509)
Non-controlling interests		<u>(16,684)</u>	<u>(73,348)</u>
		<b><u>(405,487)</u></b>	<b><u>(458,857)</u></b>
<b>Loss per share for loss attributable to the Company’s equity holders for the year</b>		<b><i>RMB cents</i></b>	<b><i>RMB cents</i></b>
Basic and diluted	7	<b><u>(12.04)</u></b>	<b><u>(11.94)</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Loss for the year</b>	<b>(405,487)</b>	<b>(458,857)</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	(2,658)	1,765
Currency translation differences of the Company and its non-foreign operations	(37,691)	43,611
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences of foreign operations	(4,463)	(10,139)
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(44,812)</b>	<b>35,237</b>
<b>Total comprehensive loss for the year, net of tax</b>	<b>(450,299)</b>	<b>(423,620)</b>
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	(431,967)	(357,656)
Non-controlling interests	(18,332)	(65,964)
	<b>(450,299)</b>	<b>(423,620)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,086,697	2,228,802
Right-of-use assets		371,668	373,927
Investment properties		20,974	24,840
Intangible assets		3,148,575	3,462,208
Investments in associates		175,197	235,033
Investments in jointly controlled entities		24,379	26,820
Financial assets at fair value through other comprehensive income		9,328	12,455
Financial assets at fair value through profit or loss		131,750	145,030
Deferred income tax assets		273,113	273,086
Other non-current assets		—	56,348
		<u>6,241,681</u>	<u>6,838,549</u>
<b>Current assets</b>			
Inventories		894,776	893,330
Trade and other receivables	9	918,992	860,105
Financial assets at fair value through other comprehensive income		300	971
Financial assets at fair value through profit or loss		2,733,247	706,890
Assets held for sale		—	140,000
Cash and bank balances		3,601,295	5,562,231
		<u>8,148,610</u>	<u>8,163,527</u>
<b>Total assets</b>		<u><u>14,390,291</u></u>	<u><u>15,002,076</u></u>

		<b>As at 31 December</b>	
		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		<b>328,619</b>	328,619
Reserves		<b>4,540,572</b>	4,503,576
Retained earnings		<b>6,509,453</b>	7,246,313
		<u><b>11,378,644</b></u>	<u>12,078,508</u>
<b>Non-controlling interests</b>		<u><b>1,657,665</b></u>	<u>1,641,848</u>
<b>Total equity</b>		<u><b>13,036,309</b></u>	<u>13,720,356</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>15,852</b>	26,003
Deferred income tax liabilities		<b>124,711</b>	115,602
Other payables	<i>11</i>	<b>10,813</b>	11,130
		<u><b>151,376</b></u>	<u>152,735</u>
<b>Current liabilities</b>			
Borrowings	<i>10</i>	<b>146,900</b>	194,000
Lease liabilities		<b>16,031</b>	17,747
Trade and other payables	<i>11</i>	<b>813,447</b>	689,749
Current income tax liabilities		<b>93,900</b>	101,782
Contract liabilities		<b>132,328</b>	125,707
		<u><b>1,202,606</b></u>	<u>1,128,985</u>
<b>Total liabilities</b>		<u><b>1,353,982</b></u>	<u>1,281,720</u>
<b>Total equity and liabilities</b>		<u><b>14,390,291</b></u>	<u>15,002,076</u>

*Notes:*

**1. BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622. The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss (“FVPL”), which are carried at fair value.

**2. ACCOUNTING POLICIES**

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

**(a) New or amended standards adopted by the Group**

The Group has applied the following new or amended standards for the first time for their annual reporting period commencing 1 January 2025:

- Amendments to HKAS 21 – Lack of Exchangeability

The amendments listed above did not have material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

		<b>Effective for the financial year beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7	Disclosure on 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
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 ingredients.
- (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 year ended 31 December 2025 is presented below:

Year ended 31 December 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	1,337,834	561,084	813,215	832,268	89	3,544,490
Inter-segment revenue	(20,297)	(32,249)	(6,186)	(1,103)	—	(59,835)
Segment revenue – net	<u>1,317,537</u>	<u>528,835</u>	<u>807,029</u>	<u>831,165</u>	<u>89</u>	<u>3,484,655</u>
Segment result	55,386	22,809	78,881	(409,143)	(108,812)	(360,879)
Finance income						97,997
Finance costs						(21,028)
Finance income – net						76,969
Share of results of associates and jointly controlled entities						(2,939)
Loss before income tax						(286,849)
Income tax expense						(118,638)
Loss for the year						<u>(405,487)</u>
Depreciation	<u>70,947</u>	<u>59,121</u>	<u>76,859</u>	<u>26,331</u>	<u>7,434</u>	<u>240,692</u>
Amortisation	<u>13,598</u>	<u>9,427</u>	<u>5,379</u>	<u>80,672</u>	<u>2,700</u>	<u>111,776</u>
As at 31 December 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	<u>7,332,917</u>	<u>1,732,557</u>	<u>1,486,080</u>	<u>2,877,742</u>	<u>960,995</u>	<u>14,390,291</u>

The segment information for the year ended 31 December 2024 is presented below:

	Year ended 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>
Total revenue	1,356,794	486,634	799,312	774,576	509	3,417,825
Inter-segment revenue	(17,824)	(18,940)	(7,789)	(7)	—	(44,560)
Segment revenue – net	<u>1,338,970</u>	<u>467,694</u>	<u>791,523</u>	<u>774,569</u>	<u>509</u>	<u>3,373,265</u>
Segment result	(300,493)	(82,136)	22,803	97,592	(139,712)	(401,946)
Finance income						76,802
Finance costs						(21,018)
Finance income – net						55,784
Share of results of associates and jointly controlled entities						(7,144)
Provision for impairment relating to the investment in an associate						(49,119)
Loss before income tax						(402,425)
Income tax expense						(56,432)
Loss for the year						<u>(458,857)</u>
Depreciation	<u>71,320</u>	<u>57,120</u>	<u>69,961</u>	<u>23,106</u>	<u>6,239</u>	<u>227,746</u>
Amortisation	<u>10,257</u>	<u>9,512</u>	<u>6,000</u>	<u>76,028</u>	<u>2,713</u>	<u>104,510</u>

	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>

Segment result represents the loss before income tax earned by each segment without inclusion of unallocated corporate expenses, finance costs, finance income and share of results of associates and jointly controlled entities and provision for impairment relating to the investment in an associate. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

#### 4. 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:

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Depreciation		<b>221,072</b>	213,749
Amortisation		<b>109,980</b>	102,977
Provision for impairment of property, plant and equipment		<b>62,048</b>	15,463
Provision for impairment of intangible assets		<b>—</b>	14,380
Provision for impairment of inventories		<b>78,926</b>	112,605
Changes in inventories of finished goods and work in progress		<b>45,891</b>	(72,604)
Raw materials and consumables used		<b>1,200,585</b>	1,257,761
Short-term lease rentals		<b>19,814</b>	25,323
Auditor’s remuneration			
– Audit services		<b>9,385</b>	10,091
– Non-audit services		<b>—</b>	125
Consulting service fee		<b>67,303</b>	38,478
Travelling expenses		<b>36,194</b>	37,127
Employee benefit expenses		<b>874,307</b>	778,305
Research and development expenses	(a)	<b>287,001</b>	245,242
Delivery expenses		<b>49,644</b>	50,367
Utilities expenses		<b>110,421</b>	104,922
Motor vehicle expenses		<b>5,732</b>	6,273
Maintenance expenses		<b>21,545</b>	20,026
Advertising, promotion and agency service expenses		<b>72,249</b>	95,738
Office administrative and communication expenses		<b>6,868</b>	7,215
Other surcharges		<b>41,979</b>	40,941
Others		<b>164,341</b>	128,361
		<hr/>	<hr/>
Total of cost of goods sold, selling and marketing expenses and administrative expenses		<b><u>3,485,285</u></b>	<b><u>3,232,865</u></b>

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

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Depreciation	<b>19,620</b>	13,997
Amortisation	<b>1,796</b>	1,533
Employee benefit expenses	<b>175,936</b>	155,538
	<hr/>	<hr/>
	<b><u>197,352</u></b>	<b><u>171,068</u></b>

## 5. OTHER INCOME AND OTHER GAINS – NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Change in fair value of financial assets at FVPL	26,961	60,004
Dividend income from financial assets at FVPL	34,835	4,550
Gain/(loss) on disposal of subsidiaries	13,225	(3,256)
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	10,581	647
Government grants	90,031	99,980
Foreign exchange loss - net	(14,359)	(20,215)
Change in fair value of previously held interest in an associate upon acquisition as a subsidiary	(14,296)	(902)
Provision for impairment of prepayments	(39)	(1,799)
Written off of payables	1,837	10,525
Donations	(2,181)	(281)
Others	(4,010)	20
	<u>142,585</u>	<u>149,273</u>

## 6. INCOME TAX EXPENSE

	<i>Note</i>	Year ended 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Current income tax			
– PRC corporate income tax	(a)	135,067	133,239
– Hong Kong profits tax	(b)	958	(106)
– Germany company income tax	(c)	82	70
– Indonesia company income tax	(d)	1,086	406
Deferred income tax		(18,555)	(77,177)
		<u>118,638</u>	<u>56,432</u>

- (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% (2024:16.5%) on the estimated assessable profit for the year.

- (c) Germany company income tax has been provided at the rate of 15.0% (2024:15.0%) on the estimated assessable profit for the year.
- (d) Indonesia company income tax has been provided at the rate of 22.0% (2024:22.0%) on the estimated assessable profit for the year.
- (e) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions for the year ended 31 December 2025 and 2024.

## 7. LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
Loss attributable to equity holders of the Company ( <i>RMB'000</i> )	(388,803)	(385,509)
Weighted average number of ordinary shares in issue ( <i>'000</i> )	3,229,927	3,229,927
<b>Basic loss per share for loss attributable to the equity holders of the Company (<i>RMB cents per share</i>)</b>	<b>(12.04)</b>	<b>(11.94)</b>

### (b) Diluted loss per share

	Year ended 31 December	
	2025	2024
Loss attributable to equity holders of the Company: Used in calculating basic loss per share ( <i>RMB'000</i> )	(388,803)	(385,509)
Less: profit adjusted for restricted shares granted by a subsidiary ( <i>RMB'000</i> )	—	(28)
Used in calculating diluted loss per share ( <i>RMB'000</i> )	(388,803)	(385,537)
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 loss per share ( <i>'000</i> )	3,229,927	3,229,927
<b>Diluted loss per share for loss attributable to the equity holders of the Company (<i>RMB cents per share</i>)</b>	<b>(12.04)</b>	<b>(11.94)</b>

## 8. DIVIDENDS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Paid interim dividend of HK1.2 cents per share for the six months ended 30 June 2025	35,332	—
Paid special dividend of HK3.2 cents per share for the six months ended 30 June 2025	94,218	—
Paid interim dividend of HK0.3 cents 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
	<u>129,550</u>	<u>103,124</u>
Proposed special dividend of HK 5.5 cents per share for the year ended 31 December 2025	160,453	—
Paid special dividend of HK 5.0 cents per share for the year ended 31 December 2024	—	147,998
	<u>160,453</u>	<u>147,998</u>
	<u><u>290,003</u></u>	<u><u>251,122</u></u>

On 20 March 2026, the Board proposed a special dividend of HK5.5 cents per share, totalling approximately RMB 160,453,000 for the year ended 31 December 2025. The proposed dividend in respect of the year ended 31 December 2025 is calculated based on the total number of shares in issue as at the date of this report. The proposed dividend is subject to the shareholder's approval at the Company's forthcoming Annual General Meeting. The financial statements do not reflect this dividend payable.

## 9. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	As at 31 December	
		2025	2024
		<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables	(a)	<b>831,699</b>	769,875
Less: provision for impairment of trade receivables		<b>(117,846)</b>	(127,652)
Trade receivables - net		<b>713,853</b>	642,223
Notes receivable		<b>13,618</b>	33,751
Prepayments and other receivables		<b>169,692</b>	161,448
Advances to staff		<b>1,584</b>	3,325
Others		<b>24,140</b>	23,135
Less: provision for impairment of other receivables		<b>(3,895)</b>	(3,777)
		<b>918,992</b>	860,105

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

	As at 31 December	
	2025	2024
	<b>RMB'000</b>	<b>RMB'000</b>
0 - 1 year	<b>696,978</b>	645,438
1 – 2 years	<b>25,349</b>	13,117
2 – 3 years	<b>9,980</b>	14,885
Over 3 years	<b>99,392</b>	96,435
	<b>831,699</b>	769,875

## 10. BORROWINGS

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<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)	<b>14,000</b>	18,000
– Unsecured bank borrowings	(b)	<b>132,900</b>	140,000
Current portion of non-current liabilities			
– Secured bank borrowings	(a)	—	36,000
		<u><b>146,900</b></u>	<u>194,000</u>
<b>Total borrowings</b>		<u><b>146,900</b></u>	<u>194,000</u>

- (a) As at 31 December 2025, the Group's short-term secured bank borrowings of RMB14,000,000 were repayable within one year (31 December 2024: RMB18,000,000), There is no long-term secured bank borrowings (31 December 2024: RMB 36,000,000 were repayable within one year) and secured by certain buildings and right-of-use assets of Hunan Jiapinjiawei Biological Technology Co., Ltd. with total carrying amount of approximately RMB24,569,000 (31 December 2024: secured by certain buildings and right-of-use assets of Shanghai Yifang Rural Technology Holding Co. Ltd and its subsidiaries with total carrying amount of approximately RMB43,063,000).

During the year, the average interest rate of the loan was 3.7% (2024: 3.8%) per annum.

- (b) The Group's unsecured bank borrowings are repayable within one year. During the year, the average interest rate was 1.2% (2024: 2.2%) per annum.
- (c) As at 31 December 2025 and 2024, the carrying amounts of the Group's borrowings were denominated in RMB.

## 11. TRADE AND OTHER PAYABLES

	<i>Note</i>	As at 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	(a)	296,971	266,504
Notes payable		13,284	—
Wages payable		238,232	166,238
Other taxes payable		55,504	54,971
Other payables		209,456	202,036
Deferred income from government grants		10,813	11,130
		<u>824,260</u>	<u>700,879</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current	10,813	11,130
Current	813,447	689,749
	<u>824,260</u>	<u>700,879</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 90 days	270,584	232,100
91 - 180 days	11,069	21,997
181- 360 days	5,619	3,564
Over 360 days	9,699	8,843
	<u>296,971</u>	<u>266,504</u>

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

For review of financial performance, the Group has provided Non-HKFRS measures, including Non-HKFRS EBITDA, Non-HKFRS EBITDA margin, Non-HKFRS operating profit, Non-HKFRS operating profit margin and Non-HKFRS profit for the year, 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 the 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 intangible assets and provision for impairment relating to the investment in an associate, recognised in the 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 the year ended 31 December 2025 and 2024 to the Non-HKFRS measures.

	As reported RMB'000	Non-HKFRS adjustments			Non-HKFRS RMB'000
		Share-based compensation expenses RMB'000 (a)	Impairment of goodwill RMB'000 (b)	Impairment of intangible assets RMB'000 (c)	
<b>For the year ended 31 December 2025</b>					
EBITDA	(8,411)	95,746	488,392	—	575,727
EBITDA margin	(0.2%)				16.5%
Operating (loss)/profit	(360,879)	95,746	488,392	—	223,259
Operating profit margin	(10.4%)				6.4%
(Loss)/Profit before tax	(286,849)	95,746	488,392	—	297,289
(Loss)/Profit for the year	(405,487)	95,746	488,392	—	178,651
<b>For the year ended 31 December 2024</b>					
EBITDA	(69,690)	48,549	630,887	14,380	624,126
EBITDA margin	(2.1%)				18.5%
Operating (loss)/profit	(401,946)	48,549	630,887	14,380	291,870
Operating profit margin	(11.9%)				8.7%
(Loss)/Profit before tax	(402,425)	48,549	630,887	14,380	340,510
(Loss)/Profit for the year	(458,857)	48,549	630,887	14,380	284,078

### Note:

- Including share-based payment expenses related to Guangdong Jiahao Foodstuff Co. Ltd's Share Incentive Scheme, Huabao Flavours & Fragrances Co. Ltd's Share Incentive Scheme and Huabao International Holdings Limited's Share Option Scheme (if applicable)
- Including impairment provisions for goodwill arising from acquisitions
- Including impairment provision for intangible assets arising from acquisitions
- Including impairment provision for investment in an associate

## **GROUP STRATEGIC LAYOUT**

For the year ended 31 December 2025 (the “Reporting Period”), Huabao International Holdings Limited (the “Company”) and its subsidiaries (Collectively the “Group”) implemented a concentric diversification strategy centered on the taste industry, consistently adhering to the development philosophy of green, delicious and healthy products. We focused on high-growth sectors such as innovative tobacco, health and daily-use chemicals, optimizing resource allocation to drive the strategic upgrade of each core business segment.

In the innovative tobacco sector, the Group prioritised breakthroughs in key technologies for HNB (Heat-not-burn) and smokeless products, established a global patent portfolio, and expanded overseas production capacity to build comprehensive solution capabilities for innovative tobacco. The Group deepened its presence in international markets, strengthened collaborations with major global tobacco clients and achieved breakthroughs in partnerships with regional tobacco companies. Meanwhile, the Group closely monitored developments and changes in the domestic tobacco market concerning innovative tobacco. In the health sector, the Group accelerated technology commercialisation, forging in-depth strategic alliances with leading clients, which created a demonstration effect and established the Group’s capability to provide holistic solutions for its clients. In the daily-use chemicals sector, the Group further increased its shareholding in its subsidiary, Amber (Xiamen) Fragrance Co., Ltd. (“Amber (Xiamen)”), persistently promoted international market expansion and aligned with consumer development trends, through which, the sector achieved rapid performance growth.

Looking ahead, the Group will continue to be supported by technological innovation and lean management to enhance its core competitiveness, comprehensively advance its internationalisation strategy, and achieve high-quality, sustainable development.

## **MAJOR ACQUISITIONS AND DISPOSALS**

In June 2025, the Group completed the acquisition of a controlling interest in Hunan Jiapinjiawei Technology Development Group Co., Ltd. (“Jiapin Technology”) and became its controlling shareholder. Jiapin Technology specialises in small molecule peptide flavoring technology, with deep expertise in the research and development (“R&D”) of bone extracts, bone materials, and animal and plant extracts. The acquisition of Jiapin Technology further strengthened the Group’s key presence in the natural meat extract sector, while upgrading and enhancing its innovation capabilities in both basic and compound flavor products.

In August 2025, the Group completed the acquisition of 51% equity interests in Jiangsu Jiafu Foodstuff Co., Ltd. (“Jiangsu Jiafu”) at a cash consideration of approximately RMB159 million, and became the controlling shareholder of the company. Jiangsu Jiafu principally produces compound condiments and spices. Its customers include renowned chain catering companies and industrial clients. Jiangsu Jiafu also possesses strong flexible production capabilities, enabling it to rapidly adjust production models and product specifications in response to customer needs. Jiangsu Jiafu will leverage the Group’s mature experience in finance, information technology, human resources management, law, lean production, and sales network to enhance its management capability, operational efficiency and performance. The acquisition of Jiangsu Jiafu has also enriched the product types of the condiment segment, further enhanced the comprehensive competitiveness of the condiment segment, and effectively complemented the product line and key account resources of the Group’s condiment segment.

During the Reporting Period, the Group further increased its shareholding in its subsidiary Amber (Xiamen). Amber (Xiamen) specialises in the R&D, production and sales of fragrances. It possesses core competitive advantages in multiple technological areas, including the development of base aromatic materials, incense evaluation tests, fragrance technology research, microcapsule technology applications and product stability testing. Amber (Xiamen)’s products are widely used across all scenarios in the daily-use chemicals sector, including fabric care, personal care, perfumes and cosmetics, home fragrance, household cleaning, incense and disinfection products, pet care, oral care and innovative applications, holding a leading position in China in the incense and disinfection sub-segments of the daily-use fragrance market. Upholding the philosophy of “natural, healthy and safe”, Amber (Xiamen), while consolidating its incense and disinfection market, focuses on advancing the market expansion of Eucalyptol LTB, daily chemical washing and care fragrances and microencapsulated fragrances, continuously enhancing its technological barriers and industry competitiveness.

During the Reporting Period, the Group disposed of its subsidiary, Hunan Jishou Minzu Yancai Co., Ltd. (“Jishou Yancai”). Jishou Yancai is primarily engaged in the production and sales of filter rods for traditional cigarettes, mainly serving domestic tobacco customers. The divestiture of Jishou Yancai, as a proactive measure to shed non-core assets, facilitates the Group’s strategic focus on innovative tobacco and comprehensively advances its internationalisation process.

## OVERVIEW

In 2025, the global economic landscape underwent profound adjustments, and structural changes in the consumer market continued to evolve. Facing a complex and ever-changing operating environment, the Group adhered to its established three-year strategic development plan, maintained strategic focus, and concentrated on building core capabilities, thereby consolidating its foundation amidst transformation and accumulating momentum amidst adjustments.

The downstream sectors served by the Group's four major business segments (Flavours and fragrances, and food ingredients ("F&F and Food ingredients"), tobacco raw materials, aroma raw materials, and condiments) cover five major consumer markets, namely food and beverage, daily-use chemicals, health industry, catering and tobacco. These downstream sectors offer broad development prospects, substantial market capacity and strong resilience against economic cycles. During the Reporting Period, the Group achieved revenue of approximately RMB3,485 million (2024: approximately RMB3,373 million), representing an increase of 3.3% as compared to the same period of last year. In terms of revenue structure, although there is a relatively significant decline in revenue from domestic tobacco customers, the Group's overall revenue achieved steady growth, which was mainly attributable to the comprehensive internationalisation of the Group's various business units.

Revenue of the F&F and Food ingredients segment amounted to approximately RMB1,318 million (2024: approximately RMB1,339 million). While maintaining steady operations, the segment achieved breakthrough progress in international expansion. In terms of tobacco flavours, the Group has established cooperative relationships with multiple international clients in overseas markets. The international business of fragrances progressed rapidly, with overseas revenue achieving rapid growth. In addition, the Group commenced the construction of the Huabao food complex base project in Indonesia, which is expected to be completed and commence operation in 2026. It will serve as a production base for the Group's food ingredients business to develop international markets and provide better and more efficient service for international clients.

Revenue of the tobacco raw materials segment amounted to approximately RMB529 million (2024: approximately RMB468 million). Leveraging technological upgrades and flavour innovation, the tobacco capsules business successfully entered markets in Southeast Asia, the Middle East, North America and South America, covering more than ten countries and regions including Indonesia, Paraguay and Dubai, thereby driving the continued significant growth in revenue from international markets of the tobacco raw materials segment. In the field of HNB products, the innovative RTL (Reconstituted Tobacco Leaves) production base in Indonesia was fully completed and commenced operation, with three production lines operating steadily. During the year, the Group achieved mass delivery to internationally renowned tobacco customers, marking that the Group has occupied a critical position in the global innovative tobacco raw materials supply chain. In terms of R&D innovation, the Group completed 178 new patent applications domestically and internationally throughout the year, establishing technological barriers in key markets such as the US, Japan and Europe.

Revenue of the aroma raw materials segment amounted to approximately RMB807 million (2024: approximately RMB792 million). The segment also accelerated its international expansion pace, actively implementing its business deployment in Southeast Asia. The localisation of teams in overseas markets such as Indonesia was steadily advanced, making organisational and capability preparations for in-depth expansion into local markets. The internationalisation of the aroma raw materials business is not merely an expansion of sales markets, but a systematic project encompassing supply chain integration, production layout optimisation and global allocation of R&D resources.

Revenue of the condiment segment amounted to approximately RMB831 million (2024: approximately RMB775 million). The segment's internationalisation strategy achieved substantial progress. The Guangdong Jiahao Foodstuff Limited ("Jiahao") Indonesia project was formally approved. Upon implementation, the project will enter the local condiment market through localised production. The export business of the newly acquired Jiangsu Jiafu progressed steadily, with multiple customised products tailored to the regional characteristics of overseas customers entering the testing or delivery stage.

In addition, in 2025, the Group focused on advancing digital transformation, with AI applications progressing from pilot initiatives to deep empowerment. We established a dedicated AI+ (Artificial Intelligence +) task force, completed local deployment of high-computing-power models, and confirmed the annual project implementation list. On the R&D front, the AI-assisted flavouring and intelligent flavour simulation system achieved phased results, with overlapping peak analysis and natural flavour identification technologies reaching industry-leading levels. On the production front, the AI optical sorting project enhanced inspection efficiency to over 95%, and Jiangxi Huabao Xinhui Technology Co. Ltd. was rated as provincial Level 6 level in digital development. On the business front, an AI assistant for condiment was put into use. Meanwhile, the independently upgraded PLM (Product Lifecycle Management) system was fully launched, enabling digital management of the entire R&D data process and laying a solid foundation for future in-depth AI expansion. During the Reporting Period, the improvement of these digital infrastructures laid a solid foundation for the future in-depth expansion of the Group's AI applications.

In 2025, the Group's solid transformation results validated the correctness of its strategic direction. The rapid growth of overseas business, the accelerated implementation of AI empowerment, and the deep engagement with strategic clients all confirm the foresight of the Group's "concentric diversification" strategy and collectively paint a compelling picture of the Group's future growth prospects.

## **INDUSTRY OVERVIEW**

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

In 2025, the global tobacco industry presented a development landscape where traditional cigarettes maintained commercial resilience, innovative tobacco products accelerated their penetration, and the regulatory environment became increasingly complex and diversified. According to projections from Euromonitor International, global legal cigarette sales are expected to reach approximately USD520 billion in 2025, representing a Year on Year (“YOY”) increase of approximately 3.4%. Although cigarette sales volumes in mature markets showed a moderate downward trend affected by regulations and social perceptions, major multinational tobacco companies enabled overall cigarette revenue and profit levels to remain stable or even grow by continuously optimising product portfolios, enhancing pricing structures and intensifying expansion efforts in emerging markets, which demonstrated significant resilience of their commercial value and profitability.

In the field of innovative tobacco products, the market for HNB products continued to expand steadily. Leveraging their “harm reduction” characteristics and a smoking experience close to that of traditional cigarettes, HNB products are accelerating the erosion of the traditional cigarette market. Consumers’ requirements for product taste, smoke generation stability, device design and user experience are constantly increasing, driving high quality development of the industry. According to data from Berges Consulting, in 2025, the global market size of HNB tobacco products reached RMB95.867 billion, and is expected to reach RMB275.72 billion by 2032, representing a compound annual growth rate (“CAGR”) of 16.29% from 2025 to 2032. Leading multinational tobacco companies continued to increase strategic investment, promoting technological iteration and deeper market penetration of this category.

HNB tobacco products generate nicotine-containing aerosol by heating rather than burning tobacco, using real tobacco to provide end-users with an authentic tobacco flavour. The rapid development of HNB tobacco products has driven structural changes in upstream raw materials. HNB tobacco requires specialised RTL, whose formulation and process requirements are significantly higher than those for traditional RTL. Tobacco capsules, as flavour carriers, are widely used in both HNB tobacco products and traditional cigarettes. Raw material suppliers with technological advantages and guaranteed production capacity have secured an important position in the international division of labour.

On the regulatory front, global tobacco control policies show an increasingly strict trend. In November 2025, the Eleventh Session of the Conference of the Parties to the WHO's Framework Convention on Tobacco Control was held in Geneva, Switzerland, where in-depth discussions were held on multiple agenda items including compliance assessment and regulation of innovative tobacco products. In Europe, the EU's TPD (Tobacco Products Directive) continues to regulate the innovative tobacco products market, with member states' regulatory frameworks for HNB products becoming increasingly mature. The Group believes that in a complex environment where stringent regulations coexist with illegal trade, companies possessing compliant production capabilities, technological leadership and global expansion capabilities will gain greater development space.

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

The global food and beverage market continued to grow steadily. In the Chinese market, consumers' increasing focus on food quality, flavour innovation and health attributes is driving the industry towards premiumisation and differentiation. Segments such as new-style tea beverages, functional foods and natural healthy snacks performed actively and became important forces driving industry growth. According to data from the National Bureau of Statistics, the cumulative revenue of the food manufacturing industry from January to November 2025 increased by 0.5% YOY, with the overall industry in a phase of structural adjustment.

In terms of the daily-use chemical industry, according to data from McKinsey and the professional data platform STATISTA, global beauty industry sales reached USD441 billion in 2024, of which skincare accounted for 41% of sales and cosmetics accounted for 19%. It is estimated that the beauty and personal care market will achieve a CAGR of 3.37% over the next five years (up to 2030). Market growth is primarily driven by factors such as increased demand for personal care products, enhanced skincare and personal care habits, and the emerging trend of natural and organic ingredients. The Asia-Pacific region, with its growing middle-class population and rising disposable income, has become the region with the greatest growth potential in the global daily-use chemical market. In terms of product innovation, functional fragrances, emotional skincare and sustainability concepts are becoming the main trends of industry development, prompting upstream aroma raw material companies to continuously increase R&D investment and technological innovation efforts.

## Overview of the condiment industry

In 2025, the condiment industry presented an overall pattern of “stabilisation in basic categories, acceleration in healthy categories, and pressure in traditional segments”. In terms of category structure, soy sauce continued to occupy the top position in the condiment market, with a market share exceeding 20% and continuing to grow; the market shares of categories such as compound condiments, umami-enhancing powders and hot pot condiments remained in the range of 5%-10%. It is noteworthy that the health-oriented consumption trend has profoundly impacted the structure of condiment categories: products aligning with the “three reductions and three health” trend, such as matsutake fresh, achieved a YOY growth rate of up to 68.21% in sales, surpassing all sub-categories. In contrast, traditional categories such as pickled vegetables and fermented bean curd were constrained by pickling and high-salt processes and lagged far behind the health trend, thereby facing significant market pressure.

Compound condiments, as the most rapidly growing segment within the condiment industry, have continued to expand in recent years with a CAGR of 10.2%. According to forecasts from Frost & Sullivan, the market share of compound condiments is expected to reach RMB138 billion in 2025, with a projected compound growth rate of 7% from 2024 to 2029. Among these, Chinese-style compound condiments have become the fastest-growing sub-segment with an CAGR of 23%, which is closely related to the continuous increase in China’s restaurant chain penetration rate. The core value of compound condiments lies in achieving standardisation of culinary flavours. Chain restaurant companies need to ensure that the same dish tastes are consistent across thousands of outlets, and compound condiments do serve as the “infrastructure” to achieve this goal. Based on an average annual condiment consumption of RMB30,000-50,000 per outlet, there are over 640,000 chain restaurant outlets in China, which have formed a rigid demand market of RMB20-30 billion.

From the perspective of product form, compound condiments exhibit a trend towards “solidification”. According to data from the Qince Consumer Research Institute (勤策消費研究院), solid categories dominate the compound condiment market with a 53.3% share. Emerging forms that lie between compound condiments and prepared dishes, such as ready-to-cook meal kits, performed particularly well, with a market share of RMB19.1 billion, accounting for 13.2%. Ready-to-cook meal kits align with the demands of chain restaurants for efficiency, standardisation, stability, simplified kitchen operations, and cost reduction and efficiency enhancement. They heavily rely on Business to Business (“B2B”) customisation services, with brands focused on customisation accounting for 63.1%, indicating that this field places higher demands on suppliers’ R&D capabilities and customisation service capabilities. Condiment companies are shifting from “traditional brewing” to the new track of “food industrialisation solutions”, which requires not only production capacity but also the capabilities for R&D innovation, rapid response and customisation services.

## **Overview of the health industry**

As one of the world's promising industries with the greatest growth potential, the health industry is entering a period of rapid development. According to data from Berges Consulting, in 2025, the global healthcare and wellness market size was approximately RMB76.953 billion, in which the market share of China amounted to approximately RMB22.339 billion. It is expected that by 2032, the global market size will reach RMB126.336 billion, representing a continuous expansion at a CAGR of 7.34%. Driven by the dual forces of consumption upgrades and increased health awareness, consumers' demand for functional foods, nutritional supplements, weight management, beauty and anti-aging, and other sub-segments continues to grow.

Among the sub-segments of the global nutritional health food market, gut health, herbal supplements, sports performance, hydration supplements, and beauty & skincare are the five largest sub-segments by market size. The five fastest-growing sub-segments include creatine supplements (with a CAGR of 17.9%), beauty & skincare (with a CAGR of 11.4%), gut health (with a CAGR of 11.2%), postbiotics (with a CAGR of 10.9%), and herbal supplements (with a CAGR of 9%). Consumer preferences for supplement types vary across age groups. In particular, young women prefer gummies and powders; fitness enthusiasts prefer powders and capsules; middle-aged and elderly people focused health preservation prefer capsules and tablets; and the high-end businessmen prefer liquids/drops.

Functional food ingredients are the central part of the health industry chain. Consumers' increasing focus on product efficacy, safety and natural attributes drove upstream ingredient companies to increase R&D investment and develop functionally active ingredients with scientific validation. The application of advanced technologies such as microencapsulation technology, nano-emulsification technology and liposome delivery systems has effectively enhanced the bioavailability and product stability of functional ingredients, laying a technological foundation for innovation in functional foods.

Competition in the health industry has shifted from single products to systemic capabilities. Companies possessing core technology reserves, large-scale production capacity, regulatory compliance assurance and customer customisation service capabilities will occupy advantageous positions in industry consolidation. Meanwhile, the boundaries between the health industry and traditional consumer sectors such as food and beverage and daily-use chemicals are becoming increasingly blurred. Cross-border integrated categories such as functional foods, oral beauty products and emotional wellness products continuously emerge, bringing more development opportunities to companies possessing cross-industry technology platform capabilities.

## **RESULTS**

During the Reporting Period, the Group achieved a revenue of approximately RMB3,485 million (2024: approximately RMB3,373 million), representing a YOY increase of 3.3%; gross profit margin of 40.8% (2024: 42.7%), representing a YOY decrease of 1.9 percentage points; operating loss of approximately RMB361 million (2024: RMB402 million), the loss narrowed by 10.2% YOY; loss attributable to the equity holders of the Company of approximately RMB389 million (2024: approximately RMB386 million); basic loss per share of approximately RMB12.04 cents (2024: approximately RMB 11.94 cents). The operating loss during the Reporting Period was primarily attributable to the recognition of goodwill impairment of RMB488 million and share-based compensation expenses of approximately RMB96 million.

If based on the Non-HKFRS measures (Please refer to the ‘Reconciliation of HKFRS Measures to the Non-HKFRS Measures’), the Group’s adjusted operating profit was approximately RMB223 million (2024: approximately RMB292 million).

In response to the complex external environment and evolving demands of domestic clients, the Group adhered to its established strategic plan, proactively adjusted its business structure, and comprehensively advanced the internationalisation of its business segments. Although factors such as share-based compensation, goodwill impairment and asset impairment exerted certain pressures on operating profits, the cash flow, which reflects the actual operational quality, showed different results. In 2025, the Group recorded net cash generated from operating activities of approximately RMB826 million (2024: approximately RMB680 million), representing a YOY increase of 21.5%. This rapid growth in net cash from operating activities not only demonstrates a significant enhancement in the Company’s operational quality but also reflects the sound development of each business segment of the Group under the guidance of the established strategic plan.

## **BUSINESS REVIEW**

### **Review of 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 RMB1,318 million (2024: approximately RMB1,339 million), representing a decrease of 1.6% as compared with the corresponding period last year, and accounting for approximately 37.8% (2024: 39.7%) of the Group’s total revenue. The decrease in segment revenue during the Reporting Period was mainly due to changes in demand from domestic tobacco customers. Operating profit was approximately RMB55.386 million (2024: operating loss of approximately RMB300 million). The segment’s turnaround from loss to profit was mainly due to the recognition of goodwill impairment of approximately RMB505 million for the tobacco flavours CGU in the corresponding period last year, while there was no relevant impairment being recognised during the Reporting Period.

Facing performance pressure arising from changes in the demands of domestic tobacco customers, the Group proactively adjusted this segment's business structure, accelerated the development of international clients, and deepened cooperation with strategic clients, thereby cultivating new growth drivers. At the same time, the Group actively expanded overseas production capacity to establish a dual circulation between international and domestic operations, addressing global uncertainties while ensuring supply chain flexibility and resilience to safeguard customer service capabilities.

### ***(1) Flavours***

During the Reporting Period, the Group's food flavours business achieved various breakthrough advancements.

In the field of new-style tea beverages, the Group keenly identified industry development trends and successfully entered this high-growth segment. Specifically, the Company expanded its collaboration with customers from core ingredients to multiple products including Taiwanese-style dried plums, honey grapefruit juice, frozen grape juice and canned red beans, and completed preparations for export qualifications such as Halal certification in response to customers' overseas expansion needs.

In the new retail channel, leveraging its exceptional flavour innovation capabilities, the Group continued to deepen its cooperation with supermarkets. In addition to existing biscuit products with high sales volume, the Group launched multiple new biscuit flavours in 2025, and many hit products of them significantly enhanced the market reputation of the Group's savoury seasoning category.

In terms of international business, the Group made steady progress in overseas markets, establishing cooperation with multiple international clients, which laid a foundation for expanding into the Eastern European market. The Group also vigorously developed natural flavour products, making it become the first company in the industry to obtain natural flavour certification, thereby establishing a foundation to serve the demand for natural flavours in the international market.

In terms of tobacco flavours, revenue of the business declined due to factors such as changes in domestic end customer demand. However, the Group actively expanded its international client base and achieved mass delivery to overseas customers during the Reporting Period, and the delivery is expected to achieve steady growth in the future.

## **(2) *Fragrances***

During the Reporting Period, the fragrances business adhered to an innovation-driven development strategy and achieved important progress in the direction of product functionalisation and emotionalisation. Amber (XiaMen) is the core platform of the Group's fragrances business. During the Reporting Period, the Group increased its shareholding proportion in Amber (XiaMen). Following the completion of the integration, Amber (XiaMen)'s development potential was fully unleashed. During the Reporting Period, revenue of Amber (XiaMen) achieved rapid growth.

Product innovation drives function upgrades. Amber (XiaMen) conducted in-depth research on the effects of aromas on the olfactory nerve,  $\alpha$ -brain waves and micro-expressions, successfully developing fragrance products with soothing, refreshing and anti-fatigue effects. The development of functional patented fragrances enables aromas to not only provide an enjoyable olfactory experience but also deliver emotional healing, which significantly enhanced the competitiveness of Amber (XiaMen)'s fragrance products in the market. Progress was made in the development of the AI Gas Chromatography-Mass Spectrometry (GCMS) technology platform, and AI technology are utilised for intelligent reading and proofreading of GCMS chromatograms, to improve spectrum analysis efficiency and product development efficiency.

In terms of geographical distribution, the fragrances business primarily generates revenue from China, while the proportion of overseas revenue is gradually increasing. The Group has deeply cultivated six countries in the African market and developed distributors in Vietnam and Thailand for the Southeast Asian market, by which it has formed an overseas business network covering Africa and Southeast Asia.

## **(3) *Food ingredients***

During the Reporting Period, the food ingredients business completed the integration of key resources, accumulating momentum for future development. After the reshaping of operating philosophies and enhancement of systemic capabilities, Shanghai Yifang Rural Technology Co., Ltd. ("Shanghai Yifang") has entered a stable and orderly operational track. Through the effective implementation of various management measures and cost reduction initiatives, the business successfully achieved an increase in product gross profit margin.

On the technological front, Shanghai Yifang overcame equipment and technical challenges related to cold-resistant popping boba for frozen dessert applications, extended this technology horizontally into the bakery field and achieved cross-sector technology reuse and industrialisation, thus establishing unique technological barriers for the Group in the food ingredients sector. Innovative products such as freeze-resistant popping boba (for ice cream), liquid-filled popping boba (with high oil content), and heat-resistant popping boba (for bakery) have been successively launched. Furthermore, commissioned by an international tobacco giant, the Group successfully developed food-grade popping boba suitable for nicotine pouches. This product has successfully completed product validation and is expected to achieve commercial breakthroughs in 2026. This achievement marks that the Group has possessed the capability for simultaneous R&D and collaborative innovation with international giants in the field of innovative core materials for tobacco.

During the Reporting Period, the Group's strategic deployment in the health industry achieved preliminary results, and it has established cooperative relationships with leading clients in the industry. By providing clients with in-depth services from raw materials to finished products, the Group expanded its collaboration with clients from single products to multiple high value-added categories including calcium citrate, functional emulsions and nanocrystalline curcumin. As the core platform of the Group's health strategy, Better World Naturals Co., Ltd. precisely focused on the health segment, successfully serving multiple leading clients in the industry. In terms of production capacity construction, both the Shandong Jiacui Biotechnology Jinan Health Industry Base (山東嘉萃生物濟南大健康產業基地) and the fourth phase of the Jiangxi Jiacui Health Industry Base (江西嘉萃大健康產業基地) project progressed according to plan, and the Shandong Jiacui Biotechnology Jinan Health Industry Base is expected to commence production by the end of April 2026.

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

During the Reporting Period, the Group's tobacco raw materials business recorded revenue of approximately RMB529 million (2024: approximately RMB468 million), representing an increase of 13.1% as compared with the same period of last year, and accounting for approximately 15.2% (2024: approximately 13.9%) of the Group's total revenue. During the Reporting Period, the Company achieved an operating profit of approximately RMB22.81 million (2024: operating loss of approximately RMB82.14 million), the main reason for turning losses into profits is due to the recognition of goodwill impairment of RTL CGU of RMB97.02 million in the same period last year, while there was no such impairment was recognised during the Reporting Period. During the Reporting Period, the strong growth of the tobacco raw materials business was mainly attributable to the successful expansion of overseas markets and the forward-looking deployment in new tobacco fields.

In terms of product structure, the tobacco raw material business has formed a complete matrix covering diversified products including RTL and tobacco new materials. Among them, the tobacco new materials overseas business has seen rapid growth and become the core engine driving the segment growth.

#### **(1) RTL**

The Group's RTL include traditional RTL and innovative RTL. The customers of the Group's traditional RTL business are mainly domestic tobacco customers. Affected by the change in purchasing policies of domestic tobacco customers, the sales of the Group's traditional RTL continued to fall. The Group has strategically shifted the focus of its business development to innovative RTL, and its factory in Indonesia has been able to produce innovative RTL robustly. In terms of technological innovation, the R&D team has continued to promote the transformation of technological research and application, focusing on the effective linkage between innovative achievements and the industry and market. Optimized process and upgraded formula have contributed to increasingly higher product quality and growing stability to meet the differentiated needs of different customers for RTL products. During the Reporting Period, the RTL business progressed robustly with constant optimization and initial confirmation of sample performance.

In addition, by focusing on tobacco harm reduction, the Group's Shenzhen Huabao Collaborative Innovation Technology Research Institute (the "Shenzhen Research Institute") applied for and obtained several patents related to innovative tobacco RTL, solidifying our R&D strength and technical reserves in this product field.

## ***(2) Tobacco New materials***

The main product of the tobacco new materials business is tobacco capsules, which win customer preference as they enable improved flavor, better taste and more interesting cigarettes. The tobacco new materials business delivered exceptional performance during the Reporting Period and became a successful example of the Group's internationalization strategy. Regarding internationalization, the Group further advanced its overseas business in several key regions, resulting in increasingly mature localized operation and service capabilities. The Group has expanded its customer base to 18 countries and regions, and witnessed grown order volume in the stock markets. During the year, the Group has developed new customers in South America.

The Group has continuously promoted breakthroughs in key technologies and patent landscape in the field of new tobacco products to build barriers to global competition. During the year, the Shenzhen Research Institute applied for 178 new patent applications at home and abroad and 118 overseas PCT (Patent Cooperation Treaty) applications, establishing technical barriers in key markets such as the United States, Japan and Europe.

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

During the Reporting Period, revenue of the Group's aroma raw materials business was approximately RMB807 million (2024: approximately RMB792 million), representing a YOY increase of 2.0%, and accounting for approximately 23.2% (2024: approximately 23.5%) of the Group's total revenue. The gradual release of production capacity and the continuous development of new customers underpinned steady business growth. Operating profit of the business segment was approximately RMB78.88 million (2024: approximately RMB22.80 million), representing a YOY increase of approximately 245.9%. Such increase in operating profit was mainly due to the increase in production volume and the recognition of goodwill and intangible asset impairment of approximately RMB43.69 million in the corresponding period last year.

In terms of international transformation, the aroma raw material segment has accelerated its pace of internationalization and actively established its business presence in Southeast Asia. By steadily propelling the construction of localization teams in Indonesia and other overseas markets, the Group is poised to further expand the local markets in terms of organization and capacity. The internationalization of aroma raw material business encompasses not only the expansion of sales market, but also systematic efforts including supply chain integration, production layout optimization and global allocation of R&D resources.

In terms of new product development, the aroma raw material segment has accelerated the R&D of and the production lines construction for cost-effective products with market prospects. The product matrix has been continuously enriched fueled by market demand and driven by technological innovation, ensuring sufficient new product pipeline reserve for future growth. Meanwhile, the Group has actively promoted the application of cutting-edge technologies such as synthetic biology and green extraction in the field of aroma raw materials, and is committed to building a more sustainable raw material supply system.

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

During the Reporting Period, revenue of the Group's condiment business was approximately RMB831 million (2024: approximately RMB775 million), representing a YOY increase of 7.3%, and accounting for approximately 23.9% (2024: approximately 23.0%) of the Group's total revenue. The growth of business was mainly attributable to the inclusion of Jiangsu Jiafu into the consolidated statements and the deepening cooperation with key customers. The operating loss of the business segment was approximately RMB409 million (2024: operating profit of approximately RMB97.59 million), which was mainly due to the recognition of goodwill impairment of approximately RMB488 million for the segment.

During the Reporting Period, the external market landscape has shifted from “new market expansion” to “existing market competition”, showing intensified competition in catering channels and non-yet-restored consumer confidence. In face of this challenge, The Group has changed its traditional push-pull mode to the mode of direct availability to users, and changed its strategy from local operation to international operation, and focused on the development of the retail consumer facing soup base business. In addition, The Group has participated in the business of a company engaged in kitchen robot business an important shareholder, and actively explored new paths for business transformation and upgrading by creating the new growth engine via the mode of “kitchen robot + special recipe + special condiment”.

In terms of product innovation, the Group has continuously improved its product matrix and developed customized compound condiment solutions to meet the standardization needs for chain catering. In terms of channel expansion, The Group has strengthened its strategic cooperation with leading chain catering enterprises, and established in-depth linkage with key customer resources. Despite the overall pressure on catering channels, The Group maintained relatively stable business by virtue of its brand advantages and channel foundation. It has secured key customers through the “robot + sauce” model and provided overall solutions for catering customers.

### **Analysis of goodwill impairment of Jiahao cash generating unit (“CGU”)**

At the end of the Reporting Period, the Group engaged an independent valuer to conduct an impairment test on the goodwill of Jiahao CGU as at 31 December 2025. Based on the test results, a goodwill impairment of approximately RMB488 million was recognized for Jiahao CGU.

### ***Reasons for the recognition of goodwill impairment for Jiahao CGU***

Based on the audited accounts of the Group for the year ended 31 December 2025, revenue of Jiahao CGU was approximately RMB734 million, representing a decrease of 5.3% from approximately RMB775 million for the same period last year; gross profit and operating profit decreased to approximately RMB381 million and RMB133 million, respectively, representing a YOY decrease of 7.4% and 24.6%, respectively. Jiahao CGU missed expectations in respect of revenue, gross profit and operating profit. According to the data from the National Bureau of Statistics, China's catering industry recorded revenue of RMB5,798.2 billion in 2025, representing a YOY growth of 3.2% (down 2.1 percentage points from 5.3% in 2024). In the second half ("2H") 2025, revenue of the catering industry grew by 3.4% YOY, down 0.9 percentage points from 4.3% in the first half ("1H") 2025. Amid the gradual slowdown in the growth of the catering industry, there has been growing demand of catering enterprises for lower costs and higher efficiency due to intensified competition. This demand has been transmitted to condiment suppliers, weakening their pricing power and reducing the sales of highly profitable products. Jiahao's end customers are mainly small and medium-sized catering enterprises that are weaker in risk resistance and more sensitive to cost. In this challenging operating environment, end customers have reduced their purchases of highly profitable products and demanding lower prices, posing pressure on Jiahao's revenue and operating profit.

Consequently, in light of no significant positive factor that can stimulate the growth of small and medium-sized catering enterprise industry during the forecast period, based on the principles of prudence and conservatism, the Group revised its future earnings forecast for Jiahao CGU and expected that there would be an impairment loss on goodwill.

### ***Goodwill impairment test***

In accordance with HKAS 36, the Group performed a goodwill impairment test on the Jiahao CGU on 31 December 2025 (the valuation benchmark date), and conducted a value analysis to determine the recoverable amount of the Jiahao CGU. According to the standard, the recoverable amount of the CGU is the higher of its Fair Value Less Cost of Disposal ("FVLCOD") and its value in use ("VIU"). In the goodwill impairment test carried out by the valuer, FVLCOD and VIU of the Jiahao CGU was assessed by using market approach and income approach respectively. Based on the assessment results, the VIU of the Jiahao CGU was higher than its FVLCOD and therefore was adopted as the recoverable amount of the Jiahao CGU, which was approximately RMB488,392,000 lower than its carrying amount. As a result, goodwill impairment loss of approximately RMB488,392,000 was recognised in the consolidated income statement of the Group for the year ended 31 December 2025.

### ***Methodology, key assumptions and basis used in calculating the VIU of the Jiahao CGU***

The Group has engaged an independent valuer to carry out an impairment test on goodwill of the Jiahao CGU as at 31 December 2025. The valuer used the income approach to assess the VIU of the Jiahao CGU, which was consistent with the valuation methodology used in its impairment test as at 31 December 2024. This calculation was based on a five-year (the “Forecast Period”) forecast of net cash flow for the Jiahao CGU. Cash flow beyond the five-year period was estimated using a terminal growth rate and was discounted to its present value using an appropriate rate.

The key assumptions and basis used in calculating the VIU of the Jiahao CGU were as follows:

1. Forecast growth rate – as determined by the management based on past performance, the latest external economy and business environment, combined with their projections of market development;
2. Budgeted gross profit margin – as determined by the management based on the past performance and its forecast of market development;
3. terminal growth rate – long-term average growth rate of the Jiahao CGU as forecasted by the management;
4. Pre-tax discount rate –the applicable cost of equity and cost of debt are first calculated based on the actual circumstances of the Jiahao CGU, with reference to industry data and specific risk premiums. Then, the weighted average cost of capital (“WACC”) is derived according to the Company’s capital structure and serves as the after-tax discount rate for the impairment test. Finally, the pre-tax discount rate is determined through an iterative computation.

### ***Changes in key assumptions***

Comparing certain key assumptions used in assessing the VIU of the Jiahao CGU as at 31 December 2025 against those used in assessing the VIU of the Jiahao CGU as at 31 December 2024, major changes are as follows:

1. Change in revenue forecast and reasons for the change  
For the year ended 31 December 2025, revenue of Jiahao CGU was approximately RMB734 million, representing a decrease of 5.3% from approximately RMB775 million for the same period last year. Amid the gradual slowdown in the growth of the catering industry, there has been growing demand of catering enterprises for lower costs and higher efficiency due to intensified competition. Jiahao’s end customers are mainly small and medium-sized catering enterprises that are weaker in risk resistance and more sensitive to cost. In this challenging operating environment, end customers have reduced their purchases of highly profitable products and demanding lower prices, posing pressure on Jiahao’s revenue and operating profit. Consequently, in light of no significant positive factor that

can stimulate the growth of small and medium-sized catering enterprise during the Forecast Period, the management of the Group has reassessed the development and growth of Jiahao's CGU business and revised the revenue forecast for the Forecast Period, adjusting the forecast growth rate to a range of 6.9% to 11.3%, while the forecast growth rate in last year was 7.0% to 16.2%.

2. Change in budgeted gross margin and reasons for the change  
The management expects a change in product mix due to more product varieties and stronger customer base in response to changes in the market, and expects lower gross profit margin. Consequently, the budgeted gross margins for the Forecast Period were revised downward by 2.4 to 4.3 percentage points.
3. Change in terminal growth rate and reasons for the change  
With reference to the average growth rate of China's consumer price index over the past 20 years and considering the further slowdown of China's inflation rate in 2025, the valuer adopted a terminal growth rate of 2.2%, 0.3 percentage point lower than 2.5% adopted as at 31 December 2024.

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

Technological innovation is the driving force behind the development of the Group. During the Reporting Period, the Group continued to increase its investment in R&D, deepen fundamental research, accelerate the commercialization of research outcomes, and strengthen its intellectual property portfolio, further highlighting the distinctive technological foundation of "Tech Huabao". In 2025, the Group's investment in R&D was approximately RMB287 million (2024: approximately RMB245 million). R&D costs accounted for 8.2% (2024: 7.3%) of revenue, representing a YOY increase of 0.9 percentage points. All R&D costs (2024: 100%) were expensed, with no related costs capitalised (2024: Nil).

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

Talent is the most valuable resource of Huabao International, while corporate culture forms the spiritual foundation for the Company's sustainable development. During the Reporting Period, the Group, in alignment with its strategic transformation needs, continued to optimise its human resources management system and further strengthen corporate culture development, thereby providing solid talent support and strong cultural momentum for the advancement of various strategic initiatives. As at 31 December 2025, the Group employed a total of 4,011 (as at 31 December 2024: 4,065) employees in Mainland China, Hong Kong, Germany, Indonesia, Singapore and other regions.

### **Digital Transformation**

In 2025, the Group has deeply recognised that the world is entering an era in which AI is profoundly reshaping the global business landscape. Advancing AI applications is no longer an optional initiative but a fundamental requirement for the Group's future survival and development, and a critical means of building core competitiveness. During the Reporting Period, the Group made solid progress in its digital transformation, with AI applications evolving from pilot exploration to deep empowerment, injecting new momentum into business development.

## Outlook

The year 2026 marks a pivotal year for the Group's new three-year strategic plan and also represents the milestone of the 30th anniversary of the Group's establishment. Looking ahead, while the global market landscape may remain complex and volatile, the Group's development direction has become increasingly clear and its growth pathway more defined. All business segments will thoroughly implement the strategic initiatives under the new three-year plan, focusing on key development areas and advancing toward more ambitious goals with a mindset of "starting from zero" and the determination to sprint forward.

The Group will focus on improving management efficiency and comprehensively advance a series of key initiatives. First, strategic implementation will be driven through clearly defined priority tasks. Second, procurement will serve as an entry point to achieve cost reduction and efficiency enhancement. The Group will further advance procurement optimisation initiatives, leveraging cost savings to create greater profit margins and generate value through cost management. Third, the Group will fully promote AI adoption across the workforce by expanding usage scope and application scenarios, unlocking the collaborative potential of AI throughout the organisation and further enhancing application value and operational efficiency. Fourth, the Group will adhere to strict compliance standards and continue to advance its ESG work to ensure the sustainable development of the Group. Fifth, the Group will strengthen collaboration among its subsidiaries by integrating internal strengths across different business segments, breaking down organisational barriers, flattening the Group's industrial resource matrix and building an efficient collaborative platform to fully unlock synergies. Sixth, the Group will focus on organic growth and external growth through mergers and acquisitions and adhere to these two development strategies. Seventh, the Group will enhance communication with the capital markets to strengthen investor confidence and reward its shareholders through measures such as sustained cash dividends and share repurchases.

In the tobacco sector, the Group will focus on innovative tobacco products, continuously increase R&D investment, expand global patent portfolio, build technological barriers and enhance its comprehensive solution capabilities. The Group will continue to increase resource investment in overseas markets, deepen joint research, development and production collaboration with international tobacco leaders, and accelerate production capacity deployment in emerging markets, achieving a strategic upgrade from "breadth" to "depth." In the health and wellness sector, the Group will accelerate the commercialisation of technological achievements and establish ODM (Original Design Manufacturer) capabilities for functional ingredients and functional foods, seizing opportunities to position itself at the forefront of the health and wellness industry. In the condiments sector, the Group will firmly advance its transformation from a "push-pull model" to a "direct-to-user model," and from domestic operations to international operations, focusing on three core services: intelligent kitchen solutions, soup base solutions, and customised flexible compound seasoning solutions. In the F&F and food ingredients segment, the Group will adopt a dual-engine strategy of organic growth and external acquisitions, focusing on sectors such as health and wellness, new-style tea beverages and emerging domestic consumption trends, while accelerating overseas market expansion to build a dual-circulation development framework integrating both domestic and international markets. Through strengthened technology-driven innovation and empowered by lean management practices, the Group will continue to enhance its core competitiveness and strive to achieve its strategic objective of high-quality and sustainable development.

## **FINANCIAL REVIEW**

Analysis of results for the year ended 31 December 2025

### **Revenue**

The Group's revenue amounted to RMB3,484,655,000 for the year ended 31 December 2025, representing an increase of 3.3% as compared with RMB3,373,265,000 for the corresponding period last year. The increase in the revenue is mainly attributable to an increase in revenue of the tobacco raw materials segment by 13.1 % year-on-year to RMB528,835,000 (2024: RMB467,694,000) as a result of the rapid growth in the overseas tobacco new materials business during the Reporting Period. In addition, the Group acquired Jiangsu Jiafu 51% equity interests in July 2025 and consolidated its results, the revenue of the condiment segment of the Reporting Period reached RMB831,165,000 (2024: RMB 774,569,000), representing a year-on-year increase of 7.3%. Meanwhile, due to the gradual release of production capacity and the development of new customers, the revenue of the aroma raw materials segment reached RMB807,029,000 (2024: RMB791,523,000) during the Reporting Period, representing an increase of 2.0% year-on-year. However, due to changes in the downstream market demand and adjustment in products mix, the revenue of the F&F and Food ingredients segment reached RMB 1,317,537,000 during the Reporting Period (2024: RMB1,338,970,000), representing a decrease of 1.6% year-on-year, which offset part of the increase.

### **Cost of goods sold**

For the year ended 31 December 2025, the Group's cost of goods sold amounted to RMB2,061,509,000 (2024: RMB1,931,821,000), representing an increase of 6.7% year-on-year.

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

The Group's gross profit amounted to RMB1,423,146,000 for the year ended 31 December 2025, representing a decrease of RMB18,298,000 or approximately 1.3% as compared with RMB1,441,444,000 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 for the Reporting Period was approximately 40.8% (2024: approximately 42.7%), representing a decrease of 1.9 percentage points year-on-year. It was mainly attributable to the keen competition in the market and the changes in the Group's product mix.

### **Other income and other gains – net**

For the year ended 31 December 2025, other income and other gains (net) of the Group was RMB142,585,000, representing a decrease of RMB6,688,000 as compared with RMB149,273,000 for the corresponding period last year. The decrease in other income and other gains was mainly attributable to: (1) the gain from changes in fair value of financial assets at fair value through profit or loss (“FVPL”) for the year amounting to RMB26,961,000 (2024: RMB60,004,000), representing a year-on-year decrease of RMB33,043,000, mainly due to the gains from wealth management products for the Reporting Period amounting to approximately RMB34,802,000 (2024: RMB71,769,000), representing a year-on-year decrease of RMB36,967,000; the loss from changes in fair value of listed equity investments during the Reporting Period amounting to RMB5,337,000 (2024: gain of RMB6,221,000), representing a year-on-year decrease of RMB11,558,000; as well as the gain from changes in fair value of contingent consideration regarding the acquisition of Shanghai Yifang during the Reporting Period amounting to RMB11,130,000 (2024: loss of RMB5,660,000), representing a year-on-year increase of RMB16,790,000; (2) a loss on fair value changes on previously held interests in an associate upon acquisition as a subsidiary amounted to RMB14,296,000 was recognized during the Reporting Period (2024: RMB902,000), representing an increase of RMB13,394,000 year-on-year; (3) government grants reached RMB90,031,000 during the Reporting Period (2024: RMB99,980,000), representing a decrease of RMB9,949,000 year-on-year; (4) dividend income from financial assets at FVPL reached RMB34,835,000 during the Reporting Period (2024: RMB4,550,000), representing an increase of RMB30,285,000 year-on-year; (5) gains on the disposal of subsidiaries amounted to RMB13,225,000 was recognized during the Reporting Period (2024: loss of RMB3,256,000), representing an increase of RMB16,481,000 year-on-year.

### **Selling and marketing expenses**

The selling and marketing expenses of the Group comprised mainly travelling expenses, business and markets promotion expenses, agency services expenses, salaries and office expenses, etc. The selling and marketing expenses of the Group for the year ended 31 December 2025 amounted to RMB456,468,000, representing an increase of RMB86,318,000 or 23.3% as compared with RMB370,150,000 for the corresponding period last year. Selling and marketing expenses for the Reporting Period accounted for approximately 13.1 % of the total revenue (2024: approximately 11.0%), representing an increase of 2.1 percentage points year-on-year. The increase in such ratio and selling and marketing expenses was mainly attributable to the Group’s increase in the number of sales and marketing staff and related expenses for opening up and development of overseas business during the Reporting Period.

### **Administrative expenses**

For the year ended 31 December 2025, the Group's administrative expenses amounted to RMB967,308,000, representing an increase of RMB36,414,000 or 3.9% as compared with RMB930,894,000 for the corresponding period last year. Administrative expenses for the Reporting Period accounted for approximately 27.8% of the total revenue (2024: approximately 27.6%), the ratio remains stable. The increase in administrative expense was mainly attributable to share-based compensation expenses amounted to approximately RMB90,234,000 for the Reporting Period (2024: RMB45,979,000), representing an increase of RMB44,255,000 year-on-year resulted from the termination 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, and the Company's share options granted in August 2025.

### **Operating loss**

For the year ended 31 December 2025, the Group's operating loss was RMB360,879,000, representing a decrease of RMB41,067,000 as compared with the operating loss of RMB401,946,000 for the corresponding period last year. The decrease in operating loss was mainly due to the recognition of goodwill impairment of RMB488,392,000 for the Reporting Period (2024: RMB630,887,000), representing a year-on-year decrease of RMB142,495,000; provisions for impairment of receivables (presented as "Net impairment losses on financial assets" in the consolidated income statement) of approximately RMB14,442,000 (2024: RMB60,732,000), representing a year-on-year decrease of RMB46,290,000. However, this impact was partially offset by a decrease in gross profit, an increase in share-based compensation expenses, and an increase in sales and marketing expenses during the Reporting Period.

The Group's Non-HKFRS operating profit amounted to RMB223,259,000 for the Reporting Period, (2024: RMB291,870,000) (please refer the section "Reconciliation of HKFRS Measures to the Non-HKFRS Measures" of the Management Discussion and Analysis for details), representing a decrease of RMB68,611,000 year-on-year. It was primarily due to a decrease in gross profit and an increase in sales and marketing expenses during the Reporting Period, which was partially offset by a reduction in provisions for impairment of receivables.

**Loss before income tax**

For the year ended 31 December 2025, the Group's loss before income tax was RMB286,849,000, representing a decrease of RMB115,576,000 as compared with the Group's loss before income tax of RMB402,425,000 for the corresponding period last year. The year-on-year change was mainly due to the recognition for the Reporting Period of goodwill impairment of RMB488,392,000 (2024: RMB630,887,000); the provisions for impairment of receivables (net) of approximately RMB14,442,000 (2024: RMB60,732,000); and the impairment provision of RMB49,119,000 arising from the reclassification of investment in an associate to assets held for sale in last year whereas no such provision was made in the Reporting Period. However, it was partially offset by the decrease in gross profit, the increase in share-based compensation expenses and sales and marketing expenses of the Reporting Period.

**Income tax expenses**

The income tax expenses of the Group for the year ended 31 December 2025 amounted to RMB118,638,000, representing an increase of RMB62,206,000 as compared with RMB56,432,000 for the corresponding period last year. The increase was mainly due to a reduction in income tax expenses of approximately RMB18,555,000 for the Reporting Period (2024: RMB77,177,000) resulting from the movements in deferred tax income recognised in the income statement. The movements in deferred income tax last year mainly included the recognition of deferred income tax assets for impairment provisions of receivables, asset impairment provisions and recoverable tax losses, which reduced income tax expenses in the income statement. However, the amount of such movements was reduced during the Reporting Period.

**Loss for the year**

For the year ended 31 December 2025, the Group's loss was RMB405,487,000, representing a decrease of RMB53,370,000 as compared with the loss of RMB458,857,000 for the corresponding period last year. The year-on-year change was mainly due to the recognition for the Reporting Period of goodwill impairment of RMB488,392,000 (2024: RMB630,887,000); provisions for impairment of receivables (net) of approximately RMB14,442,000 (2024: RMB60,732,000); and the impairment provision of RMB49,119,000 arising from the reclassification of investment in an associate to assets held for sale in last year whereas no such provision was made in the Reporting Period. However, it was partially offset by the decrease in gross profit, the increase in share-based compensation expenses and sales and marketing expenses of the Reporting Period.

The Non-HKFRS profit for the year amounted to RMB178,651,000 for the Reporting Period (2024: RMB284,078,000), representing a decrease of RMB105,427,000 year-on-year. It was primarily due to a decrease in gross profit, an increase in sales and marketing expenses and an increase in income tax expenses during the Reporting Period, which was partially offset by a reduction in impairment provisions for receivables and an increase in finance income.

### **Net current asset value and financial resources**

As at 31 December 2025, the net current asset value of the Group was RMB6,946,004,000 (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 31 December 2025, the Group's cash and bank balances amounted to RMB3,601,295,000 (31 December 2024: RMB5,562,231,000), over 60% of which were held in RMB. In addition, the fair value of outstanding bank wealth management products held by the Group as at 31 December 2025 amounted to RMB2,646,766,000 (31 December 2024: RMB649,498,000), which was presented as financial assets at FVPL.

### **Bank borrowings and gearing ratio**

As at 31 December 2025, the total bank borrowings of the Group amounted to RMB146,900,000 (31 December 2024: RMB194,000,000), all of which were RMB loans, including secured loans amounting to RMB14,000,000 (31 December 2024: RMB54,000,000) due within one year and unsecured loans amounting to RMB132,900,000 (31 December 2024: RMB140,000,000) due within one year. During the year, the average annual interest rate for secured loans was 3.7% (2024: 3.8%), while the average annual interest rate for unsecured loans was 1.2% (2024: 2.2%). As at 31 December 2025, the Group's debt ratio (total borrowings (including current and non-current borrowings) 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 strategic development strategies. For the year ended 31 December 2025, the net cash used in investing activities amounted to RMB925,799,000, mainly purchase of bank wealth management products, acquisition of a subsidiary and purchase of property, plant and equipment and intangible assets. For the year ended 31 December 2024, the net cash used in investing activities amounted to RMB1,009,127,000.

### **Financing activities**

For the year ended 31 December 2025, the net cash used in the Group's financing activities amounted to RMB674,766,000, mainly comprising repayment of bank borrowings of RMB482,260,000, payment of cash dividends of RMB277,548,000 to shareholders of the Company, payment of cash dividends of RMB42,448,000 to non-controlling interests, and acquisition of additional equity interests in non-wholly owned subsidiaries from non-controlling interests amounting to RMB120,659,000, and addition of bank borrowings of RMB373,260,000. For the year ended 31 December 2024, the net cash used in financing activities amounted to RMB646,390,000.

**Trade receivables turnover period**

The trade receivables turnover period is calculated on the basis of the average amount of trade receivables as at the beginning of and at the end of a relevant financial period divided by the total revenue for the corresponding period and multiplied by 360 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 year ended 31 December 2025, the Group's average trade receivables turnover period was 83 days, similar to the 81 days for the corresponding period last year, the ratio has remained stable.

**Trade payables turnover period**

The trade payables turnover period is calculated on the basis of the average amount of trade payables as at the beginning of and at the end of a relevant financial period divided by the cost of goods sold for the corresponding period and multiplied by 360 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the year ended 31 December 2025, the Group's average trade payables turnover period was 49 days, similar to the 47 days for the corresponding period last year, the ratio has remained stable.

**Inventory and inventory turnover period**

As at 31 December 2025, the Group's inventory balance amounted to RMB894,776,000, similar to the balance of RMB893,330,000 as at 31 December 2024. For the year ended 31 December 2025, the Group's inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning of and at the end of a relevant financial period divided by the total cost of goods sold for the corresponding period and multiplied by 360 days) was 156 days, decreased by 20 days as compared with 176 days for the corresponding period last year. The decrease was mainly due to the lower average inventory balance as compared to last year, while the cost of goods sold for the year 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, conditionally maintaining RMB exchange rate generally stable at an adaptive and balanced level.

### **Pledge of assets**

As at 31 December 2025, certain properties and right-of-use assets of Hunan Jiapinjiawei Biological Technology Co. Ltd. with total carrying values of approximately RMB24,569,000 (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 borrowings with total amount of RMB14,000,000 (31 December 2024: RMB54,000,000). Apart from the above-mentioned, the Group had no pledged assets as at 31 December 2025.

### **Capital Commitments**

As at 31 December 2025, the Group had capital commitments in respect of the purchase of property, plant and equipment, intangible assets, investments in a jointly controlled entity and investments in financial assets at FVPL, contracted for but not provided in the financial statements amounting to approximately RMB126,165,000 (31 December 2024: RMB97,854,000).

### **Contingent liabilities**

According to the information available to the Board, the Group had no significant contingent liabilities as at 31 December 2025 and 2024.

### **EVENT AFTER THE REPORTING PERIOD**

Reference is made to the announcement dated 7 January 2026. Ms. CHU Lam Yiu was resigned from her position as CEO with effect from 7 January 2026. Ms. Chu continues to serve as executive Director, Chairlady of the Board and Chairlady of the Nomination Committee of the Company. Mr. XIA Liquan has been appointed as the CEO with effect from 7 January 2026. In addition, Mr. Xia continues to serve as executive Director, Vice Chairman of the Board, President and a member of the Remuneration Committee of the Company.

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

### **SIGNIFICANT EVENTS OR TRANSACTIONS**

#### **Use of Proceeds of a Subsidiary**

In 2018, Huabao Flavours & Fragrances Co., Ltd. ("**Huabao Flavours**"), a subsidiary of the Company, completed its initial public offering ("IPO"), raising gross proceeds amounted to 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 Financial Year. As of 31 December 2025, Huabao Flavours had utilised approximately RMB957.26 million, representing approximately 41.41% of the net proceeds.

Use of IPO proceeds	Proceeds allocated at the IPO (In RMB million)	Proceeds after the previous change (In RMB million)	Unutilised proceeds as of 31 December 2024 (In RMB million)	Actual utilised	Unutilised proceeds as of 31 December 2025 (In RMB million)
				proceeds during the year ended 31 December 2025 (In RMB million)	
Huabao Technology Innovation Center and Supporting Facilities Project (“Huabao TechInno Project”) <sup>(2)</sup>	–	449.9742	439.82	1.93	437.89
Huabao Digital Transformation Project (“Huabao Digital Project”) <sup>(3)</sup>	–	60.00	31.19	4.07	27.12
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>6.00</u>	<u>1,354.57</u>

(1) Accumulated interest and cash management income in the amounts of RMB331.39 million and RMB357.98 million for the years ended 31 December 2024 and 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. At the board meeting of Huabao Flavours held on 20 March 2026, the expected date was postponed to 31 December 2030.

(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. At the board meeting of Huabao Flavours held on 20 March 2026, the expected date was postponed to 31 December 2028.

- (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 31 December 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.

### **Investment Plan Progress Adjustment of Projects Related to the Use of Proceeds - Huabao TechInno Project and Huabao Digital Project**

Huabao Flavours held the 24th meeting of the 3rd session of its board of directors on 20 March 2026. During the meeting, Huabao Flavours reviewed and approved the “Proposal for Adjusting the Investment Plan Progress of Projects Related to the Use of Proceeds” and agreed to revise the investment plan progress for Huabao TechInno Project and Huabao Digital 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.

#### **Huabao TechInno Project**

The original expected investment amount for the Huabao TechInno Project was RMB449.9742 million. The required land designation is required to be changed from industrial land to research and development land. The land-use conversion for the Company's self-owned plot has been completed, and the relevant land acquisition and storage processes have also been finalized. The procedures for land-use approval and subsequent matters are currently underway. At present, the supplementary contract for the self-owned land and the combined overall land-use contract are being drafted by the relevant government authorities. Subsequent work on project construction can only commence once the land-use contracts have been formally signed. However, the drafting and signing of the land-use contracts were running behind schedule. In view of the actual progress of land development for project commencement, Huabao Flavours, after comprehensive evaluation, plans to adjust the annual investment schedule for the Huabao TechInno Project. The target date for the project to reach its intended operational status will be revised from 30 June 2029, to 31 December 2030.

#### **Huabao Digital Project**

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. During the project implementation, AI technologies represented by generative AI and large language models have achieved breakthrough development and rapid iteration, profoundly impacting the technological architecture, application design, implementation and R&D models of Huabao Flavours's digital transformation. As a

result, the planning and implementation of its original technologies requires corresponding optimization and adaptation. To transform the potential of cutting-edge technologies into tangible business value, Huabao Flavours has conducted in-depth evaluation and reconstruction of the integration and application of AI capabilities within the project. At the same time, to closely align with the business development needs of Huabao Flavours, it has optimized and adjusted the application-layer functional planning and management back-end architecture, redefined the overall plan implementation and further enhanced the precision of resource allocation to avoid premature or ineffective investments, ensuring that the project outcomes play a promoting role in the strategy and value creation of Huabao Flavours.

Due to these proactive adjustments – driven by strategic alignment, business adaptation, and technical optimization – the original project timeline has been affected. To ensure that the project’s final deliverables are fully aligned with the Huabao Flavours’ development needs and to maximize investment efficiency, after careful consideration, Huabao Flavours plans to adjust the project’s annual investment schedule. The target completion date for the project to reach its intended operational status has been revised from 31 December 2026 to 31 December 2028.

The board of directors of the Company (the “Board”) considers that adjustments to the investment schedules of the Huabao TechInno Project and the Huabao Digital Project will not have any material adverse impact on the existing business and operations of the Company and its subsidiaries (the “Group”) and are 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, through Huabao Flavours, will continue to evaluate the use of the unutilized proceeds from the fund-raising and may, if necessary, revise or amend the relevant plans to respond to changing market conditions and to drive the Group towards improved business performance.

### **Significant Investment**

During the Financial Year, in order to maximise the utilisation of the surplus cash balances in the capital account without affecting the operational liquidity, the Group’s subsidiaries utilised part of their bank balances to subscribe for the financial products offered by the banks in China with a view to achieving higher interest yields whilst maintaining high liquidity and relatively low risk exposure. The investments were primarily in low-risk short-term or medium-term financial products issued by commercial banks and other licensed financial institutions. The Group’s investment strategy adhered to a prudent, capital-preservation approach, prioritizing products with good liquidity and stable yields. Investment terms were mainly short-term or medium-term, generally not exceeding 12 months. The investment funds were primarily sourced from the Group’s own surplus cash balances.

The Group has established a Fund Management Department responsible for managing the funding risks of relevant investments, with the primary objective of ensuring sufficient liquidity for the Group as a whole and for each operating entity. In assessing risks, the Fund Management Department takes into comprehensive consideration factors such as the admission criteria of partner banks, the concentration of bank deposits, fund returns, risk ratings, types of financial products, maturity allocation, and limit management.

Considering the relatively low risk exposure, the better rate of return than normal bank deposits generally offered by commercial banks in the PRC, the relatively shorter terms to maturity, and the fact that the financial products were funded by the surplus cash balances of the Group and are highly liquid, the Company considered that the financial products would provide the Group with better earnings in the long term than making normal bank deposits with terms offered by licensed commercial banks in the PRC and the investment in the financial products would not affect the working capital or the operations of the Group.

As of 31 December 2025, the fair value of the aggregate outstanding investment amount of the financial products subscribed by members of the Group from the banks in China was approximately RMB2,647 million (31 December 2024: approximately RMB649 million), accounting for 18.25% of the Company's total assets at year-end (31 December 2024: 4.3%). Overall investment returns were stable, with no material realized or unrealized losses.

As of 31 December 2025, the Group's outstanding investments amounts of the financial products subscribed with Bank of Jiangsu Co., Ltd. amounted to approximately HK\$1,110 million, representing approximately 7.7% of the Group's total assets. Save as disclosed above, the outstanding investment amounts of the financial products with any other single bank as at 31 December 2025 did not exceed 5% of the Group's total assets. During the Year, announcements regarding individual financial products (if applicable) have been made. The Company will continue to monitor market conditions and assess investment opportunities to optimize its investment portfolio. The Company will remain focused on maintaining a balance between risk and return to achieve sustainable growth and financial stability.

### **Non-Fulfillment of Profit Guarantee in relation to Shanghai Yifang**

References are made to the Company's announcements dated 8 March 2022, 9 August 2023, 11 March 2024, 8 October 2024, 4 November 2024, 26 February 2025 and 12 February 2026 (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 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 in 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”).

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. Based on the financial information of Shanghai Yifang, 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.

Given the material breach of Qian Rong and Wong Kam Wing for failure to fulfill their capital increase obligations and their failure to compensate Huabao Flavours in cash within 15 days following the issuance of Shanghai Yifang’s 2024 annual audit report, 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”).

On 11 February 2026, Huabao Flavours received the arbitration award issued by the Arbitration Center, the key rulings of which are as follows:

- (I) Qian Rong and Wong Kam Wing (hereinafter referred to as the “First Respondent” and the “Second Respondent”, respectively) shall pay Huabao Flavours the amount of RMB14,218,947.16 for losses incurred by Huabao Flavours due to their failure to make capital increase as scheduled;
- (II) The First Respondent and the Second Respondent shall pay Huabao Flavours the amount of RMB432,016,325.22 as performance compensation;
- (III) The First Respondent and the Second Respondent shall pay Huabao Flavours the legal fees in the amount of RMB1,166,000;

- (IV) The First Respondent and the Second Respondent shall pay Huabao Flavours the asset preservation fees in the amount of RMB5,000;
- (V) The First Respondent and the Second Respondent shall pay Huabao Flavours the asset preservation guarantee fees in the amount of RMB14,205;
- (VI) The arbitration fees for the case shall be RMB4,498,951, of which RMB1,349,685.30 shall be borne by Huabao Flavours, and RMB3,149,265.70 shall be borne jointly by the Respondents. Given that Huabao Flavours has prepaid the arbitration fees for the case in full, the Respondents shall pay Huabao Flavours the arbitration fee in the amount of RMB3,149,265.70.

The amount that the Respondents should pay to Huabao Flavours as determined in the above arbitration (I), (II), (III), (IV), (V) and (VI) shall be paid within 30 days from the effective date of this arbitration.

The Arbitration Award shall be the final with effect from the date of issuance.

Given the uncertainties regarding the performance and enforcement of the above arbitration rulings, Huabao Flavours will continue to monitor the progress of the case. The aforementioned award has no material adverse effect on the normal operations and financial condition of Huabao Flavours. Huabao Flavours will make corresponding accounting treatments in accordance with relevant accounting standards and actual circumstances.

As of the date of this announcement, the relevant parties have not fulfilled their payment obligations under the Arbitration Award. Huabao Flavours is advancing the enforcement of the Arbitration Award in accordance with the relevant laws and regulations.

The Board has considered and taken all available legal actions, including applying to the court, which has resulted in an effective and legally binding judgment. The Board is of the view that such actions, and the awarded amount under the judgment, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **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 (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and, where appropriate, adopted the recommended best practices as set out in the CG Code throughout the financial year ended 31 December 2025 (the “Year”).

During the Financial Year, the Company did not fully comply with the 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 CEO on 9 April 2013. The Board acknowledged this deviation from the CG Code and was of the view that such leadership arrangement did not impair the balance of power and authority of the Board and the executive management for the following reasons: (i) notwithstanding her dual roles, Ms. CHU Lam Yiu did not have sole authority over the Company's strategic direction or decision-making processes. Clear distinctions were established between the roles and responsibilities of the Board and the executive management. While Ms. CHU Lam Yiu, in her capacity as CEO, oversaw the day-to-day operations of the Company, the Board retained ultimate responsibility for strategic oversight, governance, and long-term decision-making. This division ensured that operational decisions were managed by the executive team while strategic decisions remained the domain of the Board; (ii) the Board meets on a regular basis to discuss key issues pertaining to the Group's business operations. The presence of INEDs at such meetings provided independent perspectives and ensured that the views of the executive management were subject to balanced and objective consideration at the Board level, notwithstanding that the roles of Chairlady and Chief Executive Officer were held by the same individual during the Financial Year; and (iii) since assuming the dual roles in 2013, the Company continued to operate effectively, with stable corporate governance, sound decision-making, and satisfactory business performance. There was no evidence to suggest that the arrangement resulted in any undue concentration of power or otherwise compromised the Company's governance structure. As such, the Board was confident that the effectiveness of corporate planning and implementation of corporate strategies and decisions had not been adversely affected by the leadership arrangement at the time.

Subsequently, on 7 January 2026, Mr. XIA Liqun succeeded Ms. CHU Lam Yiu as CEO. Following this appointment, the roles of Chairlady and Chief Executive Officer have been separated, and the Company has complied with the relevant code provision under the CG Code. This adjustment reflects the Company's commitment to best corporate governance practices and is intended to better support the Group's long term business development.

### **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 ("Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding dealing in the securities of the Company by the directors of the Company. Based on the information that was available and having received Directors' written confirmations, the Company considered that Directors have complied with the required standard as set out in the Model Code throughout the Year.

### **Proposed Special Dividend**

The Board does not recommend the payment of a final dividend for the Year (2024: nil). However, having considered the financial resources and the strategy of the Group, including but not limited to the Group's adjusted operating profit for the Year, working capital, cash flow and balance sheet strength, the Board proposes to declare a special dividend of HK5.5 cents per Share (2024: HK5.0 cents per Share) in cash, amounting to approximately RMB160.453 million (2024: approximately RMB147.998 million) for the Year to reward Shareholders for their support for the Company. The special dividend is expected to be paid on 17 June 2026 to Shareholders whose names appear on the register of members of the Company on 27 May 2026. The payment of the special dividend is subject to Shareholders' approval at the AGM which is scheduled to be held on 11 May 2026.

### **CLOSE OF REGISTER OF MEMBERS FOR AGM**

In order to determine the entitlement of Shareholders to attend and vote at the AGM which is scheduled to be held on 11 May 2026, the register of members of the Company will be closed from 6 May 2026 to 11 May 2026, 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 5 May 2026. Shareholders whose names are recorded in the register of members of the Company on 11 May 2026 are entitled to attend and vote at the 2026 AGM.

### **CLOSE OF REGISTER OF MEMBERS FOR PAYMENT OF SPECIAL DIVIDEND**

In order to determine Shareholders who qualify for the proposed special dividend, the register of members of the Company will be closed from 26 May 2026 to 27 May 2026, 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 22 May 2026. Shareholders whose names are recorded in the register of members of the Company on 27 May 2026 are entitled to receive the special dividend in cash for the Financial Year.

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

During the Year, neither the Company nor any of its subsidiaries had 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 31 December 2025.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

None of the directors and their respective close associates (as defined in the Listing Rules) is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **AUDIT COMMITTEE**

The Board has formed an audit committee (the “Audit Committee”) in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the accounting, financial reporting procedure and internal control of the Group. The Audit Committee members currently comprise 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 of the Company has reviewed the Group’s audited final results for the Year.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s consolidated statement of the financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

This results announcement is published on the website of HKEXnews ([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 annual 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, 20 March 2026

*As at the date of this announcement, the Board comprises six executive directors, namely Ms. CHU Lam Yiu, Messrs. LAM Ka Yu, XIA Liqun, POON Chiu Kwok, Ms. LAM Ka Yan, and Ms. CHOY Man Har, and three independent non-executive directors, namely Mr. LEE Luk Shiu, Mr. Jonathan Jun YAN and HOU Haitao.*