HUABAO INTERNATIONAL HOLDINGS LIMITED
華寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00336)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

TABLE OF FINANCIAL HIGHLIGHTS

	Unaudited For the six months ended 30 June		**Change in percentage**
	2026	2025	
	RMB'000	*RMB'000*	
Revenue	**1,878,123**	1,621,157	+15.9%
Gross profit	**765,525**	703,462	+8.8%
Gross profit margin	***40.8%***	*43.4%*	
EBITDA[1]	**323,264**	293,690	+10.1%
EBITDA margin[2]	***17.2%***	*18.1%*	
Operating profit	**143,433**	122,194	+17.4%
Operating profit margin[3]	***7.6%***	*7.5%*	
Profit for the period	**123,552**	119,650	+3.3%
Profit attributable to the equity holders of the Company	**104,272**	118,081	-11.7%
Basic and diluted earnings per share	**RMB3.23 cents**	RMB3.66 cents	
Proposed/paid interim dividend per share *(note 8)*	**HK1.2 cents**	HK1.2 cents	
Proposed/paid special dividend per share *(note 8)*	**HK4.08 cents**	HK3.2 cents	
Non-HKFRS Measures[4]			
Non-HKFRS EBITDA	**411,719**	366,080	+12.5%
Non-HKFRS EBITDA margin	***21.9%***	*22.6%*	
Non-HKFRS operating profit	**231,888**	194,584	+19.2%
Non-HKFRS operating profit margin	***12.3%***	*12.0%*	
Non-HKFRS profit for the period	**212,007**	192,040	+10.4%

1 *"EBITDA" equals to "Operating profit before taxes, interest, depreciation, amortisation".*

2 *"EBITDA margin" equals to "Operating profit before taxes, interest, depreciation, amortisation" divided by "Revenue".*

3 *"Operating profit margin" equals to "Operating profit" divided by "Revenue".*

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

* *For identification purpose only*

The board of directors (the "Board") of Huabao International Holdings Limited (the "Company" or "Huabao") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2026 together with the comparative figures for the six months ended 30 June 2025.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited For the six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**1,878,123**	1,621,157
Cost of goods sold		**(1,112,598)**	(917,695)
Gross profit		**765,525**	703,462
Other income and other gains – net	*4*	**48,122**	85,386
Selling and marketing expenses		**(193,752)**	(191,158)
Administrative expenses		**(475,709)**	(472,163)
Net impairment losses on financial assets		**(753)**	(3,333)
Operating profit		**143,433**	122,194
Finance income		**25,440**	56,781
Finance costs		**(2,801)**	(2,455)
Finance income – net		**22,639**	54,326
Share of results of associates and jointly controlled entities		**(968)**	(952)
Profit before income tax		**165,104**	175,568
Income tax expense	*6*	**(41,552)**	(55,918)
Profit for the period		**123,552**	119,650
Attributable to:			
Equity holders of the Company		**104,272**	118,081
Non-controlling interests		**19,280**	1,569
		123,552	119,650
Earnings per share attributable to the Company's equity holders for the period		***RMB cents***	*RMB cents*
Basic and diluted	*7*	**3.23**	3.66

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit for the period	**123,552**	119,650
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	**(2,668)**	—
Currency translation differences of the Company and its non-foreign operations	**(55,090)**	(21,245)
Items that may be reclassified to profit or loss		
Currency translation difference of foreign operations	**(2,692)**	(2,546)
Other comprehensive loss for the period, net of tax	**(60,450)**	(23,791)
Total comprehensive income for the period, net of tax	**63,102**	95,859
Total comprehensive income attributable to:		
Equity holders of the Company	**46,366**	84,275
Non-controlling interests	**16,736**	11,584
	63,102	95,859

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2026**	As at 31 December 2025
		RMB'000	*RMB'000*
		Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**2,099,408**	2,086,697
Right-of-use assets		**380,516**	371,668
Investment properties		**18,275**	20,974
Intangible assets		**3,098,530**	3,148,575
Investments in associates		**172,279**	175,197
Investments in jointly controlled entities		**28,407**	24,379
Financial assets at fair value through other comprehensive income		**6,189**	9,328
Financial assets at fair value through profit or loss		**122,870**	131,750
Deferred income tax assets		**267,813**	273,113
Other non-current assets		**7,203**	—
		6,201,490	6,241,681
Current assets			
Inventories		**866,069**	894,776
Trade and other receivables	*9*	**964,324**	918,992
Financial assets at fair value through other comprehensive income		**800**	300
Financial assets at fair value through profit or loss		**1,645,309**	2,733,247
Cash and bank balances		**4,292,896**	3,601,295
		7,769,398	8,148,610
Total assets		**13,970,888**	14,390,291

	Note	As at 30 June 2026 RMB'000 Unaudited	As at 31 December 2025 RMB'000 Audited
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**328,070**	328,619
Reserves		**4,530,288**	4,540,572
Retained earnings		**6,434,904**	6,509,453
		11,293,262	11,378,644
Non-controlling interests		**1,640,061**	1,657,665
Total equity		**12,933,323**	13,036,309
LIABILITIES			
Non-current liabilities			
Lease liabilities		**27,735**	15,852
Deferred income tax liabilities		**117,987**	124,711
Trade and other payables	*11*	**10,663**	10,813
		156,385	151,376
Current liabilities			
Borrowings	*10*	**126,400**	146,900
Lease liabilities		**18,644**	16,031
Trade and other payables	*11*	**614,117**	813,447
Current income tax liabilities		**51,111**	93,900
Contract liabilities		**70,908**	132,328
		881,180	1,202,606
Total liabilities		**1,037,565**	1,353,982
Total equity and liabilities		**13,970,888**	14,390,291

Notes:

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2025 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2025, as described in those financial statements.

(a) New and amended standards adopted by the Group

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

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

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

		Effective for the financial year beginning on or after
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) Huabao Technology (previously known as "Flavours and fragrances, and food ingredients") — includes research and development, production and sale of flavours and fragrances products, and food ingredient products used in three main areas of taste, nutrition and health, and scent and care;

(2) Tobacco raw materials — includes research and development, production and sale of reconstituted tobacco leaves products and new materials products that are innovative, functional and applicable to the tobacco industry;

(3) Aroma raw materials — 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 — includes production, sales, marketing and distribution of condiment products.

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 Huabao Technology, tobacco raw materials, aroma raw materials and condiment segments.

The segment information for the six months ended 30 June 2026 is presented below:

	Unaudited For the six months ended 30 June 2026					
	Huabao Technology	**Tobacco raw materials**	**Aroma raw materials**	**Condiment**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Total revenue	**729,113**	**226,212**	**468,938**	**496,706**	**89**	**1,921,058**
Inter-segment revenue	**(11,813)**	**(26,878)**	**(3,319)**	**(925)**	**—**	**(42,935)**
Segment revenue – net	**717,300**	**199,334**	**465,619**	**495,781**	**89**	**1,878,123**
Segment result	**105,804**	**4,160**	**37,985**	**47,684**	**(52,200)**	**143,433**
Finance income						**25,440**
Finance costs						**(2,801)**
Finance income – net						**22,639**
Share of results of associates and jointly controlled entities						**(968)**
Profit before income tax						**165,104**
Income tax expense						**(41,552)**
Profit for the period						**123,552**
Depreciation	**32,708**	**28,602**	**39,300**	**16,107**	**3,641**	**120,358**
Amortisation	**7,609**	**4,816**	**2,714**	**43,205**	**1,129**	**59,473**

	Unaudited As at 30 June 2026					
	Huabao Technology	**Tobacco raw materials**	**Aroma raw materials**	**Condiment**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment assets	**7,267,967**	**1,428,439**	**1,615,394**	**2,767,881**	**891,207**	**13,970,888**

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

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

	Audited As at 31 December 2025					
	Huabao Technology *RMB'000*	Tobacco raw materials *RMB'000*	Aroma raw materials *RMB'000*	Condiment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	7,332,917	1,732,557	1,486,080	2,877,742	960,995	14,390,291

4. OTHER INCOME AND OTHER GAINS – NET

	Unaudited	
	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Changes in fair value of financial assets at fair value through profit or loss	**53,725**	26,342
Dividend income from financial assets at fair value through profit or loss	**4,560**	2,574
Gain on disposal of subsidiaries	**—**	13,176
Governments grants	**10,991**	52,412
Currency exchange (loss)/gain – net	**(19,674)**	10,051
Change in fair value of previous interest in an associate upon acquisition as a subsidiary	**—**	(14,296)
Loss on disposal of property, plant and equipment and right-of-use assets	**(539)**	(1,067)
Others	**(941)**	(3,806)
	48,122	85,386

5. EXPENSES BY NATURE

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

		Unaudited	
		For the six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Depreciation	*3*	**110,920**	109,980
Amortisation	*3*	**58,742**	52,294
Provision for impairment of property, plant and equipment		**—**	370
Provision for impairment of inventories		**8,978**	30,756
Employee benefit expenses		**431,132**	424,891
Research and development expenses	*(a)*	**142,929**	125,146
Short-term lease rentals		**10,717**	9,981
Travelling expenses		**18,157**	16,480
Utility expenses		**54,411**	54,154
Delivery expenses		**21,470**	25,671

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

		Unaudited	
		For the six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Depreciation	*3*	**9,438**	8,385
Amortisation	*3*	**732**	837
Employee benefit expenses		**89,018**	78,917

6. INCOME TAX EXPENSE

		Unaudited	
		For the six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Current income tax:			
– PRC corporate income tax	*(a)*	**42,103**	76,378
– Hong Kong profits tax	*(b)*	**—**	3
– Germany company income tax	*(c)*	**—**	104
– Indonesia company income tax	*(d)*	**402**	233
Deferred income tax		**(953)**	(20,800)
		41,552	55,918

(a) PRC corporate income tax has been calculated on the estimated assessable profit for the period at the tax rates applicable to respective companies of the Group.

(b) Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2025: 16.5%) on the estimated assessable profit for the period.

(c) Germany company income tax has been provided at the rate of 15.0% (six months ended 30 June 2025: 15.0%) on the estimated assessable profit for the period.

(d) Indonesia company income tax has been provided at the rate of 22.0% (six months ended 30 June 2025: 22.0%) on the estimated assessable profit for the period.

(e) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions for the six months ended 30 June 2026 and 2025.

7. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue for the six months ended 30 June 2026 and 2025.

	Unaudited For the six months ended 30 June	
	2026	2025
Profit attributable to equity holders of the Company *(RMB'000)*	**104,272**	118,081
Weighted average number of ordinary shares in issue *('000)*	**3,228,091**	3,229,927
Basic earnings per share for profit attributable to the equity holders of the Company *(RMB cents per share)*	**3.23**	3.66

(b) Diluted earnings per share

	Unaudited For the six months ended 30 June	
	2026	2025
Profit attributable to equity holders of the Company:		
used in calculating basic earnings per share *(RMB'000)*	**104,272**	118,081
Less: profit adjusted for restricted shares granted by a subsidiary *(RMB'000)*	**—**	(15)
Used in calculating diluted earnings per share *(RMB'000)*	**104,272**	118,066
Weighted average number of ordinary shares in issue *('000)*	**3,228,091**	3,229,927
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**3,228,091**	3,229,927
Diluted earnings per share for profit attributable to the equity holders of the Company *(RMB cents per share)*	**3.23**	3.66

8. DIVIDENDS

	Unaudited For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
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
Proposed interim dividend of HK1.2 cents per share for the six months ended 30 June 2026	**33,578**	—
Proposed special dividend of HK4.08 cents per share for the six months ended 30 June 2026	**114,165**	—
	147,743	129,550

Interim dividend of approximately HKD38,759,000 (equivalent to approximately RMB35,332,000) and special dividend of approximately HKD103,358,000 (equivalent to approximately RMB94,218,000) for the period ended 30 June 2025 was paid in October 2025.

Special dividend of approximately HKD177,546,000 (equivalent to approximately RMB154,532,000) for the year ended 31 December 2025 was paid in June 2026.

As the interim and special dividend was declared after the balance sheet date, they have not been recognised as dividend payable as at 30 June 2026.

9. TRADE AND OTHER RECEIVABLES

	Note	**As at 30 June 2026 Unaudited** ***RMB'000***	As at 31 December 2025 Audited *RMB'000*
Trade receivables	*(a)*	**841,824**	831,699
Less: provision for impairment of trade receivables		**(123,048)**	(117,846)
Trade receivables – net		**718,776**	713,853
Notes receivable		**13,527**	13,618
Prepayments and other receivables		**210,946**	169,692
Advances to staff		**6,078**	1,584
Others		**22,015**	24,140
Less: provision for impairment of other receivables		**(7,018)**	(3,895)
		964,324	918,992

Except for prepayments of RMB78,028,000 (31 December 2025: RMB52,037,000), trade and other receivables are financial assets categorised as "financial assets measured at amortised cost". All trade and other receivables are either repayable within one year or on demand.

(a) The credit period generally granted to customers ranges from 0 to 180 days. At 30 June 2026 and 31 December 2025, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on the invoice date was as follows:

	As at 30 June 2026 Unaudited ***RMB'000***	As at 31 December 2025 Audited *RMB'000*
0 – 1 year	**710,178**	696,978
1 – 2 years	**13,517**	25,349
2 – 3 years	**17,288**	9,980
Over 3 years	**100,841**	99,392
	841,824	831,699

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2026, a provision for impairment of RMB123,048,000 (31 December 2025: RMB117,846,000) was made against the gross amount of trade receivables.

10. BORROWINGS

	Note	As at 30 June 2026 Unaudited *RMB'000*	As at 31 December 2025 Audited *RMB'000*
Current			
Short-term bank borrowings			
– Secured bank borrowings	*(a)*	**1,000**	14,000
– Unsecured bank borrowings	*(b)*	**125,400**	132,900
Total borrowings		**126,400**	146,900

(a) As at 30 June 2026, the Group's short-term secured bank borrowings of RMB1,000,000 (31 December 2025: RMB14,000,000), was repayable within one year. The above-mentioned bank borrowings was secured by certain properties and right-of-use assets of Zhaoqing Perfumery Co.,Ltd. (Guangdong) with total carrying values of RMB1,657,000 (31 December 2025: secured by certain properties and right-of-use assets of Hunan Jiapinjiawei Biological Technology Co., Ltd. with total carrying values of RMB24,569,000).

For the six months ended 30 June 2026, the average interest rate of the loan was 3.5% (six months ended 30 June 2025: 4.0%) per annum.

(b) The Group's unsecured bank borrowings are repayable within one year. For the six months ended 30 June 2026, the average interest rate was 1.7% (six months ended 30 June 2025: 1.4%) per annum.

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

11. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2026 Unaudited *RMB'000*	As at 31 December 2025 Audited *RMB'000*
Trade payables	*(a)*	**322,970**	296,971
Notes payables		**9,789**	13,284
Wages payable		**108,342**	238,232
Other taxes payable		**41,319**	55,504
Other payables		**131,697**	209,456
Deferred income from government grants		**10,663**	10,813
		624,780	824,260

Except for other taxes payable of RMB41,319,000 (31 December 2025: RMB55,504,000), wages payable of RMB108,342,000 (31 December 2025: RMB238,232,000) and deferred income from government grants of RMB10,663,000 (31 December 2025: RMB10,813,000), trade and other payables are financial liabilities categorised under "financial liabilities measured at amortised cost".

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

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
	RMB'000	*RMB'000*
Non-current	**10,663**	10,813
Current	**614,117**	813,447
	624,780	824,260

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

(a) As at 30 June 2026 and 31 December 2025, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on the invoice dates was as follows:

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
	RMB'000	*RMB'000*
0 – 90 days	**281,821**	270,584
91 – 180 days	**28,968**	11,069
181 – 360 days	**3,847**	5,619
Over 360 days	**8,334**	9,699
	322,970	296,971

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 period, which are supplementary to the Group's consolidated results in accordance with HKFRS. The Group believes that these additional figures provide our shareholders and investors with useful supplementary information to facilitate the analysis and assessment of performance of the Group's core operations by excluding certain non-cash items, which consist of share-based compensation expenses recognised in the condensed consolidated income statement. These non-HKFRS measures also allow the Group to evaluate its ongoing operations and are applied for internal planning and forecasting purposes.

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

The following table highlighted the reconciliations of the Group's financial measures prepared in accordance with HKFRS for six months ended 30 June 2026 and six months ended 30 June 2025 to the non-HKFRS measures.

	Unaudited Non-HKFRS adjustments					
	For the six months ended 30 June 2026			For the six months ended 30 June 2025		
	As reported **_RMB'000_**	**Share-based compensation expenses** **_RMB'000_** **_(a)_**	**Adjusted** **_RMB'000_**	As reported _RMB'000_	Share-based compensation expenses _RMB'000_ _(a)_	Adjusted _RMB'000_
EBITDA	**323,264**	**88,455**	**411,719**	293,690	72,390	366,080
EBITDA margin	**17.2%**		**21.9%**	18.1%		22.6%
Operating profit	**143,433**	**88,455**	**231,888**	122,194	72,390	194,584
EBIT margin	**7.6%**		**12.3%**	7.5%		12.0%
Profit for the period	**123,552**	**88,455**	**212,007**	119,650	72,390	192,040

(a) Including share-based compensation expenses related to Guangdong Jiahao Foodstuff Co. Ltd.'s share incentive scheme, Huabao Technology Co. Ltd. (formerly known as "Huabao Flavours & Fragrances Co. Ltd.")'s share incentive scheme and the Company's share option scheme (if applicable)

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2026, amid the complicated and ever-changing global macro-environment, the domestic economy continued to recover. However, weak consumer demand and subdued social expectations remained fundamentally unresolved, putting pressure on the growth of the consumer goods market. Internationally, geopolitical conflicts continued to interfere with the trade order, and market volatility in many regions increased.

In the first half of 2026, the Group reported revenue of approximately RMB1.878 billion, representing an increase of approximately 15.9% compared to the corresponding period last year, continuing a favourable growth momentum. Among the four business segments, condiment segment led the growth with an increase of approximately 29.9%, Huabao Technology segment increased by approximately 20.4%, and aroma raw materials segment increased by approximately 14.9%; although the tobacco raw materials segment dropped by approximately 16.4% due to geopolitical conflicts, but also achieved significant breakthroughs in its international business. The overall gross profit margin of the Group remained at a healthy level, and each segment made substantial progress in technical research and development ("R&D"), capacity construction and global footprint, laying a solid foundation for growth in the second half of the year and in the mid- and long-term.

In June 2026, on the occasion of the 30th anniversary of the establishment of the Company's core business, Huabao Flavours & Fragrances Co., Ltd., the operating entity of the Group's Flavours and Fragrances and Food ingredients segment, was officially renamed "華寶科技股份有限公司", with its English name changed to "Huabao Technology Co., Ltd.". The renaming represents a key milestone marking a new stage in the Company's strategic upgrade, signifying the segment's transformation from a traditional flavours and fragrances supplier into a technology-driven enterprise in the consumer goods sector, as well as its strategic upgrade from a "flavours and fragrances manufacturer" to an "integrated solutions provider".

Given that the operating entity of the former "F&F and Food ingredients" segment is Huabao Technology Co., Ltd., which was renamed as described above, the former "F&F and Food ingredients" segment has been renamed as "Huabao Technology" segment in subsequent reports, so as to more accurately reflect the segment's strategic positioning with R&D innovation as its core driver and its new business development landscape. The operating analyses of each business line are presented based on the adjusted classification.

INDUSTRY OVERVIEW

Overview of the Tobacco Industry

The global tobacco market remains stable in size amidst continued structural divergence. Traditional cigarettes are experiencing a gradual decline in most mature markets, while innovative tobacco products maintain high growth, becoming the main driving force for industry growth. According to Euromonitor statistics, the global market size of innovative tobacco products reached USD90.51 billion in 2025, representing a year-on-year ("YoY") increase of 12.0%, of which the market size of heat-not-burn ("HNB") tobacco was USD43.11 billion (up 13.4% YoY), and that of smokeless oral nicotine products was USD9.19 billion (up 45.7% YoY). It is estimated that the global market size of HNB will increase by 12.7% YoY to USD48.58 billion in 2026, and that of smokeless oral nicotine will increase by 28.9% YoY to USD11.85 billion.

In terms of regional markets, after the early adjustment in the Eastern European market, end-market demand has gradually recovered, and the stability of the supply chain has improved. Affected by geopolitical fluctuations in the Middle East, short-term demand in some markets is under pressure. Competition from low-priced products and tax system adjustments result in a slower growth in the Southeast Asian market. However, Indonesia, the Philippines, and other populous countries still have great growth potential. In South America, product premiumisation and compliance are progressing in parallel amid tighter regulations. In India, tax regime adjustments and competition from untaxed low-priced capsule cigarettes have exerted short-term pressure on certain product categories, although the market continues to expand.

In terms of policy supervision, China's mandatory national standards for "Heated Cigarettes" and "Nicotine pouch" ended the public feedback period on 7 May 2026, officially entering the standard-formulation period. The global regulatory framework continues to improve, placing higher requirements on the R&D capabilities and compliance systems of industry participants. In the medium to long term, this will benefit leading companies with technological reserves and compliance experience in consolidating their competitive advantages.

Overview of the Food and Beverage Industry and Daily-use Chemical Industry

According to statistics from agencies such as Mordor Intelligence and GII Research, the global food and beverage market size is projected to reach approximately USD9.79 trillion in 2026. Under the trend of consumption stratification, consumers are becoming more cautious in their daily spending, while demand for health, quality and experience continues to rise, making healthy, convenient and flavour-diversified choices the main direction for industry transformation. Plant-based foods, in particular, have seen significant growth as an important component of the health-oriented market. According to Fortune Business Insights statistics, the global plant-based food market size was worth approximately USD238.3 billion in 2025 and is expected to grow to USD256.6 billion in 2026, with a compound annual growth rate (the "CAGR") of approximately 8.5%.

The global daily-use chemical industry is worth more than USD500 billion. Against the backdrop of a diverging consumption structure, the perfume and fragrance categories experience leading growth driven by emotional consumption and personalised demand. According to iiMedia Research, the Chinese perfume market size exceeded RMB30 billion in 2025, representing a YoY growth of 20.0%, and the broader fragrance market size is expected to exceed RMB150 billion in 2026. At the same time, application scenarios of novel sustained-release technologies such as microencapsulated fragrances and liposome encapsulation are constantly expanding. This has further promoted the functionalisation and experience upgrade of daily-use chemical products.

Overview of the Condiment Industry

The global condiment market sustained steady growth. According to data from the China Condiment Association and Frost & Sullivan, in 2025, the market sizes of the U.S., China and Japan, the world's three largest condiment markets, reached RMB552.7 billion, RMB511.3 billion and RMB122.2 billion, respectively. Among them, the Chinese condiment market is expected to grow the fastest at a CAGR of 6.2% from 2025 to 2030. In the field of compound condiments, in 2025, the market size by revenue of the U.S., China and Japan, the three major international markets, reached RMB302.3 billion, RMB130.2 billion and RMB65.9 billion, accounting for market shares of 54.7%, 25.5% and 53.9%, respectively.

According to the National Bureau of Statistics, the domestic catering revenue in the first half of 2026 reached RMB2,825.5 billion, up 2.8% YoY, with a growth rate about 1.5 percentage points higher than the total retail sales of consumer goods. The increase in catering chain rates, the development of the takeaway economy, and the growing demand for home cooking convenience jointly facilitate the continuous expansion of the condiment market. Looking ahead, the growth of the compound condiment market is expected to further accelerate, with its market size expected to reach RMB208.1 billion in 2030, accounting for 30.2% of total condiment market revenue, with a CAGR of 9.8% starting from 2025.

Overview of the Health Industry

The global health industry continues to grow and has become one of the important pillars of the world economy. In the Chinese market, the continuous improvement of residents' health awareness and the in-depth promotion of the "Healthy China 2030" initiative mutually drive the rapid expansion of the health industry's scale. According to Intelligence Research Group data, China's health industry has reached RMB10.03 trillion in 2025 and is expected to exceed RMB10.66 trillion in 2026, up 6.3% YoY. The expansion of industrial scale is particularly evident in sub-segments such as dietary supplements. The market size of the dietary supplement industry in China has grown from RMB148.0 billion in 2016 to RMB312.38 billion in 2025, with a CAGR of 8.65%. At the same time, supporting policies continue to be rolled out. The national health plan for the 15th Five-Year Plan period was officially issued in July 2026, further clarifying the goal of "gradually establishing a strategic system for health priority development by 2030", providing a solid policy guarantee for long-term industrial development.

In terms of medicinal and edible homologues and natural extracts, the market size of China's plant extract industry exceeded RMB58.0 billion in 2025, representing a YoY increase of 12.3%, and the five-year CAGR was stable at more than 10%. In the first half of 2026, the industry continued its growth momentum. As a core international supplier of plant extracts, China accounts for more than 60% of global output. Among various sub-segments of plant extracts, natural sweeteners have become one of the fastest-growing categories by virtue of their health and clean attributes. The global natural sweetener market was approximately USD4.4 billion in 2025, expected to grow to approximately USD4.76 billion in 2026 and reach USD7.0 billion in 2032.

In terms of pet health and nutrition, according to data released by market research agency TBRC, the global animal and pet food market size grew from USD245.0 billion in 2020 to USD370.3 billion in 2025, with a CAGR of 8.61% during the period, and is expected to exceed USD500.0 billion in 2030.

RESULTS

For the six months ended 30 June 2026 (the "Reporting Period"), the Group reported revenue of approximately RMB1.878 billion, representing an increase of approximately 15.9% compared to approximately RMB1.621 billion for the corresponding period last year, continuing a steady growth momentum. By segments, condiments performed the most impressively (up 29.9% to approximately RMB496 million), Huabao Technology segment maintained strong growth (up 20.4% to approximately RMB717 million), aroma raw materials steadily improved (up 14.9% to approximately RMB466 million), while the tobacco raw materials business was significantly affected by geopolitical factors. Changes in the geopolitical situation in the Middle East led to the suspension of production activities of core customers, with order execution significantly below expectations, coupled with changes in domestic customer demand and other factors, revenue decreased by 16.4% YoY to approximately RMB199 million.

For the six months ended 30 June 2026, the Group's gross profit reached RMB766 million, representing a YoY increase of approximately 8.8%. Operating profit was approximately RMB143 million, representing a YoY increase of approximately 17.4%. Based on the Non-HKFRS Measures, the adjusted operating profit for the Reporting Period (excluding the impact of share-based compensation expenses) was approximately RMB232 million, representing an increase of approximately 19.2% compared to that for the corresponding period last year of approximately RMB195 million, indicating a steady improvement in the profitability of the main business.

BUSINESS REVIEW

Huabao Technology Business

Taking this renaming and strategic upgrade as an opportunity, Huabao Technology has systematically adjusted and upgraded its businesses: while consolidating the in-depth development of its taste business, it has established nutrition and health, scent and care as strategic growth pillars, thereby forming three core businesses, namely “taste”, “nutrition and health” and “scent and care”. Among them, the “taste” business comprises three major product categories, namely food flavours, tobacco flavours and compound flavour products; the “nutrition and health” business covers fruit and vegetable products, nutritional and functional products, among others; and the “scent and care” business, with Amber (Xiamen) Fragrance Co., Ltd. as its operating entity, covers emerging segments including personal care, aromatherapy, pet care, and functional and mood fragrances.

In the first half of 2026, the Group’s Huabao Technology segment achieved significant overall performance growth, with performance across business lines diverging but highlights remaining prominent. During the Reporting Period, revenue from Huabao Technology business was approximately RMB717 million (1H 2025: approximately RMB596 million), representing an increase of 20.4% compared to the corresponding period last year, making it the largest revenue-contributing segment to the Group, accounting for approximately 38.2% of the Group’s total revenue. The segment recorded an operating profit of approximately RMB106 million (1H 2025: approximately RMB18.766 million), representing a YoY increase of 463.8%. The significant increase in the segment’s operating profit was mainly attributable to the increase in profit brought by operation revenue improvement and the increase in operation revenue further promoted by the decrease in share-based compensation expenses and the changes in fair value on financial assets.

By business line, revenue from taste business achieved YoY growth, mainly attributable to steady sales growth from key customers, progress in new customer acquisition and expanded coverage of international business, as well as rising demand for categories such as natural flavours and compound flavour products also contributed effective incremental gains; revenue from scent and care business increased, as a result of Huabao Technology’s active expansion of new and existing domestic and overseas customers and effective overseas market expansion; revenue from the nutrition and health business increased significantly, mainly due to the substantial YoY growth in the scale of cooperation with key customers in the sports nutrition food sector.

Taste:

The taste business is currently the largest core business of Huabao Technology in terms of revenue. During the Reporting Period, in terms of customer and market expansion, sales to key customers grew steadily, with remarkable gains in certain cases. At the same time, Huabao Technology continued to seek opportunities to collaborate with new clients. Currently, we serve customers including well-known domestic and international food brands such as Mondelez, Bright Dairy, Dali, Nestle and Dayao, while expanding multiple well-known domestic brand customers in the freshly made tea beverage. The international business covers 17 regional and national markets, including Southeast Asia, the Middle East, Africa and Europe.

In terms of products and solutions, the "Shanghai Natural Food Center" co-led and established by Huabao Technology continued to demonstrate its operational efficiency. More than ten natural flavour products obtained certifications. The demand for natural flavours continued to rise, and a series of products prepared with natural flavours achieved commercial applications. In addition, Huabao Technology holds the industry's first CQC Food Ingredients Natural Degree Product Certificate, taking the lead in translating the concept of "naturalness" into end-to-end solutions. In respect of compound flavour products, Huabao Technology has established a comprehensive product portfolio covering sweet compound flavour products and savoury compound flavour products, developed a variety of mid-to-high-end food ingredients, and expanded into local specialty flavour product series, with a number of products already supplied to major supermarkets in collaboration with various brand customers. At present, the construction of the PT Huabao Food Technology Indonesia Complex Base is progressing steadily in accordance with the project schedule and is expected to be ready for production in the second half of 2026, further enhancing the Group's overseas supply assurance capability.

In the field of innovative tobacco products, surfing the explosive growth of HNB and oral tobacco, Huabao Technology successfully entered the supply chain systems of the world's top three tobacco customers, leveraging its proprietary technology system and global strategic layout, demonstrating that its technical capabilities and compliance level have been fully recognised by top international clients. For HNB products, Huabao Technology custom-developed HNB-specific flavours to ensure stable and layered aroma release under different heating temperatures. Meanwhile, based on the characteristics of oral tobacco products, Huabao Technology carried out dosage form innovation and multi-flavour combination designs for specialised food popping boba, accelerating global patent layouts and deepening strategic cooperation with international tobacco giants.

Nutrition and Health:

The Nutrition and Health business is a strategic growth pillar of Huabao Technology for the future. During the Reporting Period, the Nutrition and Health business made positive progress in customer and market development, with each business line adding a number of well-known corporate customers. Its customers include New Hope, Yum China, Nuotelande (諾特蘭德), WARMSANTA and other domestic and overseas customers. In addition, an overseas sales department was established in March 2026 and contracts have been entered into with Korean customers, marking a substantive breakthrough in its international expansion.

In terms of products and solutions, through continuous R&D investment and the in-depth integration of the technological strengths of its existing businesses and products, Huabao Technology has developed one-stop application solution capabilities covering the full spectrum of foodservice and beverage scenarios. Its products include nutrients, vitamins, minerals and natural extracts, which are widely used in dairy, beverages, ice cream, bakery, snacks, new-style tea drinks, functional foods and other fields. During the Reporting Period, the Huabao Technology successfully achieved the large-scale application and delivery of innovative ingredients such as nano-calcium and fish oil nanoemulsion.

In terms of production capacity and operations, Phase I of the Shandong project officially commenced production, construction of the Jiangxi Health Industry Base (江西大健康產業基地) commenced, and the Guangdong base is under planning and construction. Huabao Technology is also planning to construct an overseas health industry production base in New Zealand, providing solid technical support and production capacity reserves for the rapid expansion of the Nutrition and Health business.

Scent and care:

During the Reporting Period, the scent and care business as a whole presented an all-round, high-quality development trend. In terms of customer and market expansion, newly added key customers mainly came from the home fragrance, personal care and overseas business. Served customers included well-known domestic brands such as Li Zi (李字), Lan Ju, Yu Mei Jing, Libai and Atour Hotel. International business recorded revenue in Europe, Southeast Asia and Africa, with new projects brought by South American clients.

In terms of products and solutions, Huabao Technology launched a series of fragrances containing multiple original scents, which can rapidly adapt to diverse scenarios, including perfume, home fragrance, personal care and household cleaning. Huabao Technology is gradually transforming from a traditional raw material formulation supplier into a full-chain comprehensive solution provider for customers.

Tobacco Raw Materials Business

During the Reporting Period, revenue of the tobacco raw materials segment was approximately RMB199 million (1H 2025: approximately RMB238 million), representing a YoY decline of 16.4% and accounting for approximately 10.6% of the Group's total revenue. The segment recorded an operating profit of approximately RMB4.16 million (1H 2025: approximately RMB31.342 million), representing a decrease of 86.7% as compared with the corresponding period of the previous year. The decline in revenue and operating profit was mainly due to changes in domestic market demand, as the business's product structure and capacity layout is in an active adjustment period. The tobacco raw materials segment is the Group's core strategic business; thus, the Group focused on key strategic layouts across five directions: international expansion, capacity construction, customer expansion, R&D innovation, and operational optimisation for its development.

In terms of international expansion and capacity construction, the 3,000-ton capacity of the Indonesian production base is accelerating its ramp-up. Reconstituted tobacco leaves ("RTL") for innovative tobacco have achieved batch delivery, with the production line running at full load since the second half of the second quarter and product yields steadily improving. Meanwhile, the Paraguayan factory project for the flavour capsule business was initiated, advancing the global layout of overseas production capacity.

Breakthroughs were also achieved in customer acquisition. Existing customer orders for the innovative tobacco RTL business continued to be released, and project verification and order conversions for several international customers are underway. In the tobacco new materials business, order execution for the flavour capsule business in the Eastern European market performed well, becoming a major driver of international business growth. It currently covers nearly 20 countries and regions across Asia, South America, and the Middle East, while successfully entering the Argentine market.

In terms of R&D innovation, continuous breakthroughs were made in core technologies. Core R&D results have been applied for patents in major countries, with some granted rapidly, involving key technical fields such as aerosol-generating products and HNB pod materials.

At the operational level, cost reduction and efficiency enhancement were continuously pushed forward. The flavour capsule AI optical sorting machine was put into service, which will significantly enhance product quality consistency, production efficiency and digital quality management. Meanwhile, unit cost reductions were driven through special improvements in smart manufacturing, production scheduling optimisation and workforce allocation.

RTL:

During the Reporting Period, the existing customer orders of the innovative tobacco RTL business continued to be executed, the renewal of the master supply agreement was carried out in an orderly manner, joint research and development cooperation with international customers has been established, and a number of projects have entered the stage of cooperative development. In terms of product categories, in the stage of pilot test and commercial verification, it has covered different categories such as heated cigarettes, traditional cigarettes and alternative products for cigarettes, forming a complete product matrix from a single product to multi-category and multi-power specifications. Compared with the same period last year, the comprehensive capacity utilization rate of Indonesian factories has increased significantly. On the basis of meeting the quality requirements of customers, the production stability and operation efficiency have been further improved, and the commercial order transformation of multi-category products on the same platform has been realized through technological transformation.

Tobacco new materials:

During the Reporting Period, in respect of cooperation with strategic customers, the Group has established joint development frameworks with a number of international customers, a number of innovative projects are negotiating agreements, and some products has realized commercial delivery. Meanwhile, the Group has continued to deepen its cooperation with core customers, completed the signing of entrusted development frameworks, and has established research and development cooperation around a number of technical directions. In terms of product categories, in addition to traditional categories, a number of new product series have been successfully developed, some of which have completed formula upgrades and delivered samples, and commercial orders from new market customers have entered the delivery stage.

Aroma Raw Materials Business

During the Reporting Period, revenue of the aroma raw materials business was approximately RMB466 million (1H 2025: approximately RMB405 million), representing an increase of 14.9% as compared to the same period of last year, accounting for approximately 24.8% of the Group's total revenue. The segment recorded an operating profit of approximately RMB37.985 million (1H 2025: approximately RMB61.709 million), representing a decrease of 38.4% as compared to the same period of last year. The steady revenue growth of the aroma raw materials segment was primarily driven by sales volume increases across subsidiaries and the revenue contributions from business model transformation. Core products widely used in food, beverage, tobacco, and daily chemical products, including ethyl maltol, natural citral, leaf alcohols, furanone, and natural lactones, all achieved sales volume growth. Operating profit declined YoY, mainly due to the short-term factors such as intensified industry price competition, rising costs of certain raw materials, and increased temporary shutdown expenses at some factories caused by equipment maintenance and product category changes. In recent years, the Company has completed the strategic layout of three major production bases in Guangdong, Jiangxi and Shandong, with production capacity gradually being released, laying a solid foundation for sustained business expansion. The Group is actively responding through measures including technological innovation, cost reduction and efficiency improvement, and product structure optimization, with multiple new customer development projects currently in progress. Going forward, the aroma raw materials business will focus on high value-added new technologies and new products, gradually optimizing the product structure to drive continuous improvement in segment profitability.

Condiment Business

During the Reporting Period, the condiment business delivered outstanding performance, with revenue of approximately RMB496 million (1H 2025: approximately RMB382 million), representing an increase of 29.9% as compared to the same period of last year and accounting for approximately 26.4% of the Group's total revenue. The segment recorded an operating profit of approximately RMB47.684 million (1H 2025: approximately RMB38.93 million), representing an increase of 22.5% as compared to the same period of last year. The increases in revenue and operating profit were primarily driven by the full half-year revenue contribution from the completion of consolidation of Jiangsu Jiafu Food Co., Ltd. ("Jiafu") following its acquisition in August 2025, while the existing business of Guangdong Jiahao Foodstuff Co., Ltd ("Jiahao") also achieved organic growth.

Jiahao continued to advance its strategic transformation from a traditional condiment supplier to a catering solutions service provider. Sales of the three major services – intelligent kitchen robot sauces, commercial soup bases, and customized flexible compound seasoning – achieved steady YoY growth in the first half of the year. In addition, the key customers direct-sales marketing model has yielded remarkable results. During the Reporting Period, cumulative sales to key national customers achieved significant YoY growth, with all six major regions recording positive growth. Approximately 380 new key customers were opened, and the top ten customers were concentrated in the three regions of Central China, East China and South China, mainly terminal chain and industrial factory customers.

Regarding the Jiafu business, it mainly covers three major channels: retail OEM, catering, and industry. Currently, Jiafu is consolidating its foundation based on the three traditional business segments while simultaneously exploring four new business directions: overseas customization, hot pot category, new catering customers, and deep cultivation of the industrial channel. The new Jiafu factory commenced construction at the end of July, which will primarily serve the capacity demands for overseas customization and hot pot base and other new product categories, providing capacity support for business expansion.

Review of R&D

During the Reporting Period, the Group continued to increase R&D investment, focused on frontier areas including natural flavour technology, AI fragrance formulation platform, capsule preparation processes, HNB materials, oral tobacco technology, and novel delivery systems, and conducted systematic R&D layout around the core technical directions of each business segment.

In the Huabao Technology segment, during the Reporting Period, the taste business focused on the strategic transformation toward "natural" and "functional" products, with a focus on core technologies such as natural aroma raw materials and innovative formulations, with in-depth exploration of core topics including Maillard reaction-based preparation of natural flavour matrices, encapsulation and application of flavour components and nutrients, and development and application of enzymatic hydrolysis dairy concentrates. In the fragrance and personal care business, Huabao Technology independently developed core technologies for long-lasting fragrance and sustained-release microcapsules, extending fragrance science into the deeper application areas of neural perception and emotional regulation. In the area of nutrition and health, Huabao Technology focused on core technologies such as natural extracts, nanocrystals, and microencapsulation, and developed high value-added products including functional flavour capsule, crystalline probiotics, and liver-protecting liposomes.

In the field of innovative tobacco, the Group has conducted systematic R&D layout centered on the two high-growth directions of HNB and oral tobacco. In the HNB direction, the Group has focused on advancing R&D reserves and technical breakthroughs in core areas including cigarette core material development, cigarette design, and heating solution adaptation, achieving full-chain technical coverage from raw materials to finished products in line with different customer product requirements. In the oral tobacco direction, the Group has continued to invest in flavour sustained-release technology, multi-flavour combinations, and dedicated food-grade flavour capsule dosage form innovation. In the field of nicotine and other addictive substances, the Group has conducted forward-looking layout around novel delivery systems such as microencapsulation and liposome encapsulation and explored application scenarios in innovative tobacco and non-tobacco harm reduction products. In the field of tobacco new materials, the Group has continued to make breakthroughs in capsule wall materials, dropping processes, drying processes, and key equipment, with core R&D achievements filed for patent protection in major countries. In addition, the flavour capsule AI optical sorting machine integrates machine vision and AI algorithms to achieve automated detection and sorting of appearance quality, significantly improving product quality consistency and production efficiency.

In the field of aroma raw materials, the Group has continued to advance technological innovation and process optimization and reduced unit consumption and production costs of core products through synthesis route improvements, catalyst screening, and process intensification, while accelerating the industrialization of high value-added new products.

In the condiment field, the Group has conducted targeted R&D around three directions: medicine-food homology herbal products, mustard sauce flavour protection, and natural fruit juice preservation, aligning with consumers' upgrading demands for natural, healthy, and clean label products.

During the Reporting Period, the Group was granted multiple new invention patents and filed new patent applications covering key technical areas including novel tobacco materials, flavour formulation, and functional ingredients, continuously strengthening technological barriers and intellectual property protection.

Human Resources and Corporate Culture Construction

As of 30 June 2026, the Group employed a total of 4,059 employees in Mainland China, Hong Kong, Germany, Indonesia, Singapore and other locations (as at 31 December 2025: 4,011 employees).

The Group continued to enhance its human resources management system and strengthen its ability to attract and retain high-calibre talent through competitive remuneration and benefits, diversified incentive mechanisms and a systematic training and development system. During the Reporting Period, the Group's human resources information platform was officially launched, leveraging digital tools to strengthen support for organizational efficiency and talent decision-making capabilities. In respect of share incentives, the Group introduced an equity incentive plan in 2025, under which equity interests were granted to core management personnel and key employees. 2026 is the first performance assessment year under the plan, which aims to further align the interests of management and core talent with the long-term development of the Company.

In respect of talent recruitment and development, in line with its internationalization strategy and new business expansion needs, the Group focused on recruiting multi-skilled talent with international business capabilities, professional technical backgrounds, and digital experience. The training system covers employees at all levels and across all functions. During the Reporting Period, the Group focused on advancing AI and digital skills training, and conducted dedicated training covering AI multi-model collaboration, industry applications, practical implementation and delivery and other areas. At the same time, through its online learning platform and targeted programs across different segments, the Group continued to provide customized courses covering areas such as R&D, ESG practices and compliance management.

In respect of corporate culture, guided by the core values of "Innovation, Responsibility, Excellence, and Win-Win Outcome", the Group enhanced employee sense of belonging and cohesion through organized cultural activities.

Digital Transformation

During the Reporting Period, the Group regarded digital transformation as a key lever for enhancing operational efficiency and core competitiveness and comprehensively advanced the deep integration of AI technology with various business processes. The Company has established an AI+ Special Task Leadership Group, completed the deployment of high-computing-power local models, and established the AI application principle of "strategy-driven, scenario-led, and phased implementation".

In terms of production digitalization, the "Xin Zhizao" Manufacturing Execution System (MES) project for the tobacco raw materials segment has been launched, introducing advanced systems to achieve digitalization, transparency, and refined management of the production process. The project is being advanced step by step through planning, process reengineering, system design, user training, and go-live switchover. The flavour capsule AI optical sorting machine integrates advanced machine vision, AI algorithms, and high-speed automated execution mechanisms, achieving comprehensive, high-speed, and high-precision automated detection and sorting of flavour capsule appearance quality, and has been put into operation. Jiahao is building a digitalized green lighthouse factory, leveraging the Carbon Disclosure Project (CDP) as the data foundation to advance AI digital employee construction across all business scenarios, connecting and governing full-domain data and establishing unified data standards.

In terms of R&D digitalization, the AI-enabled spectrum interpretation technology platform for the fragrances business is in the testing and validation phase, which utilizes AI technology for intelligent reading and calibration of GCMS chromatograms and significantly improves spectrum interpretation efficiency and product development efficiency. The Company has independently developed a dedicated AI model for fragrance ingredient analysis and possesses industry-leading technical capabilities in overlapping peak resolution and natural fragrance identification, while simultaneously building a high-quality proprietary spectrum database.

In terms of marketing and service digitalization, the Group has signed a strategic cooperation agreement with a world-renowned digital service provider and launched the Customer Relationship Management (CRM) project. The Global Sample Library system, centered on the Yingtan mother library, radiates to 7 library locations globally, stores approximately 1,500 samples and covers around 180 flavours, gradually connecting the full chain of "online sample selection—physical retrieval—sales follow-up—customer conversion". The condiment segment continues to deepen digital construction, drives business scenario empowerment with a data foundation and advances full-chain data connectivity and AI application implementation. The fragrances business actively promotes digital upgrading of R&D and management and continuously optimizes core business system collaboration capabilities.

In terms of organization-wide AI capability building, the Company has conducted AI-themed training covering AI multi-model collaboration, mainstream model capability applications, and prompt engineering. Subsequently, the Group will continue to hold application competitions and establish the "Huabao AI Best Practice Library" and AI talent pool.

Outlook

2026 is a critical year for the full advancement of Huabao Group's new three-year strategic plan, and also a milestone year marking the 30th anniversary of Huabao's establishment. In the first half of the year, the Group's revenue achieved steady growth of 15.9%, with substantive progress in strategic execution across all segments, laying a solid foundation for achieving full-year targets. In the second half of the year, facing a complex and ever-changing global market landscape, the Group's development direction is clear and growth pathways are well-defined. The Group will continue to implement the various work deployments of the new three-year strategy and focus on high-growth areas to drive high-quality business development.

The Group will continue to allocate resources toward high-growth areas including internationalization, health industry, innovative tobacco, and high-potential customers, concentrating efforts to build core competitive advantages for the future.

In terms of internationalization, the Group will advance comprehensively from product exports to global industrial layout. In the tobacco raw materials field, the Group will continue to increase overseas market resource investment, deepen joint R&D and production cooperation with international tobacco giants, accelerate Indonesia capacity ramp-up and overseas factory construction progress, promote the implementation of the Global Sample Library marketing chain, strengthen patent protection and core technology barriers, and achieve a strategic upgrade from market development to deep cooperation. In the Huabao Technology segment, the fragrances business will continue to deepen its presence in overseas markets including Europe, Southeast Asia, Africa, and South America, increasing the proportion of international business. The nutrition and health business will leverage the Group's overseas customer channels and sales team layout to accelerate the expansion of functional ingredients and juice products in Southeast Asia, Australia, and North America. In the aroma raw materials field, the Group will continue to consolidate the customer base in core overseas markets including North America, Southeast Asia, and Europe, leverage the agent and distributor network to continuously expand overseas sales scale and drive deep penetration of products in international markets. In the condiment field, Jiahao will accelerate its transformation from domestic operations to international operations, leverage the completion and commissioning of the Indonesia production base to steadily expand into Southeast Asia and global markets, and export Chinese catering standardization solutions. Jiafu will collaboratively advance overseas customization business, and expand overseas OEM and customized condiment cooperation.

In the health industry, the Group will lead industrial upgrading with natural technology. Huabao Technology will continue to deepen natural flavour and functional flavour technologies, accelerate the industrialization application of core technologies such as natural extracts, nanocrystals, and microencapsulation, covering diverse tracks including functional foods, dietary supplements, sports nutrition, and pet food ingredients, aligning with consumers' upgrading trend toward the triple demands of "nature, health, and function."

In the innovative tobacco field, the Group will continue to strengthen its technology leadership advantage and industrial ecosystem cooperation. The Group will consolidate its first-mover advantage in HNB RTL and innovative tobacco supporting materials, accelerate the commercialization pace of international customer cooperation projects, and advance joint R&D with global leading tobacco enterprises in novel product directions. Meanwhile, the Group will continue to improve technology reserves around frontier directions, build a patent moat, and strive to occupy a key ecological position in the global innovative tobacco industry chain.

Through strengthened technology driven innovation and empowered by lean management practices, the Group will continue to enhance its core competitiveness and be committed to creating long-term and sustainable value returns for shareholders.

FINANCIAL REVIEW

Analysis of interim results for the six months ended 30 June 2026

Revenue

For the six months ended 30 June 2026, the Group's revenue amounted to RMB1,878,123,000 (1H 2025: RMB1,621,157,000), representing an increase of RMB256,966,000 or 15.9% YoY. The increase in revenue is analysed as follows: (1) revenue from Huabao Technology amounted to RMB717,300,000 (1H 2025: RMB595,730,000), a YoY increase of 20.4%, primarily due to the rapid growth of the segment's overseas business, successful new customer acquisition, and the consolidation of the financial results of Hunan Jiapinjiawei Technology Development Group Co., Ltd. following its acquisition by the Group in June 2025; (2) revenue from the Condiment segment amounted to RMB495,781,000 (1H 2025: RMB381,630,000), a YoY increase of 29.9%, mainly attributable to the improvement in Jiahao's business operations and the consolidation of the financial results of Jiangsu Jiafu following its acquisition by the Group in August 2025; (3) revenue from the Aroma Raw Materials segment amounted to RMB465,619,000 (1H 2025: RMB405,373,000), a YoY increase of 14.9%, mainly due to the gradual release of production capacity and the development of new customers; (4) revenue from the Tobacco Raw Materials segment amounted to RMB199,334,000 (1H 2025: RMB238,424,000), a YoY decrease of 16.4%, primarily due to the impact of international geopolitical conflicts, and changes in market demand during the Reporting Period.

Cost of goods sold

For the six months ended 30 June 2026, the Group's cost of goods sold amounted to RMB1,112,598,000, representing an increase of 21.2% as compared with RMB917,695,000 for the same period last year.

Gross profit and gross profit margin

For the six months ended 30 June 2026, the Group's gross profit amounted to RMB765,525,000, representing an increase of approximately 8.8% as compared with RMB703,462,000 for the same period last year. The increase in gross profit was mainly due to the increase in revenue during the Reporting Period, partially offset by the decline in gross profit margin. The Group's gross profit margin for the Reporting Period was approximately 40.8%, a decrease of approximately 2.6 percentage points from 43.4% for the same period last year, mainly due to intense market competition and changes in the Group's product mix.

Other income and other gains – net

For the six months ended 30 June 2026, other income and other gains (net) of the Group's was RMB48,122,000, representing a decrease of RMB37,264,000 as compared with RMB85,386,000 for the same period last year. The decrease in other income and other gains was mainly attributable to: (1) government grants amounted to RMB10,991,000 during the Reporting Period (1H 2025: RMB52,412,000), a YoY decrease of RMB41,421,000; (2) a net exchange loss of RMB19,674,000 was recorded during the Reporting Period, compared to a net exchange gain of RMB10,051,000 in the same period last year, representing a YoY decrease in gains of RMB29,725,000; (3) gains from changes in fair value of financial assets at fair value through profit or loss ("FVPL") for the Reporting Period amounted to RMB53,725,000 (1H 2025: RMB26,342,000), a YoY increase of RMB27,383,000. This was mainly due to an increase in income from purchasing additional wealth management products during the Reporting Period, with income from wealth management products amounting to RMB31,568,000 (1H 2025: RMB10,395,000), representing a YoY increase of RMB21,173,000; and the gain from changes in fair value of contingent consideration arising from the acquisition of Shanghai Yifang amounting to RMB22,840,000 during the Reporting Period (1H 2025: Nil). However, this was partially offset by losses from fair value changes on unlisted equity investments of RMB7,566,000 during the Reporting Period (1H 2025: gains of RMB11,033,000), representing a YoY decrease in gains of RMB18,599,000; (4) loss on fair value changes on previously held interests in an associate upon acquisition as a subsidiary amounted to RMB14,296,000 was recognized in the same period last year, whereas no such loss was recognized in the Reporting Period; (5) gains on disposal of subsidiaries of RMB13,176,000 was recognized in the same period last year, whereas no such gain was recognized in the Reporting Period.

Selling and marketing expenses

The selling and marketing expenses of the Group were mainly composed of traveling expenses, business and markets promotion expenses, agency services expenses, salaries and office expenses. For the six months ended 30 June 2026, the Group's selling and marketing expenses amounted to RMB193,752,000, representing an increase of RMB2,594,000 or 1.4% as compared with RMB191,158,000 for the same period last year. The increase was primarily due to share-based compensation expenses amounted to RMB12,205,000 during the Reporting Period (1H 2025: RMB 2,489,000), representing a YoY increase of RMB9,716,000. Selling and marketing expenses for the Reporting Period accounted for approximately 10.3% of the total revenue (1H 2025: approximately 11.8%), representing a decrease of 1.5 percentage points YoY. This decrease in the ratio was mainly attributable to the increase in the Group's revenue and effective cost control during the Reporting Period.

Administrative expenses

The Group's administrative expenses amounted to RMB475,709,000 for the six months ended 30 June 2026, representing an increase of RMB3,546,000 or 0.8% as compared with RMB472,163,000 for the same period last year. The increase in administrative expenses was primarily due to share-based compensation expenses amounted to RMB74,477,000 during the Reporting Period (1H 2025: RMB 69,859,000), representing a YoY increase of RMB4,618,000. Administrative expenses for the Reporting Period accounted for approximately 25.3% of the total revenue (1H 2025: approximately 29.1%), representing a decrease of 3.8 percentage points YoY. This decrease in the ratio was mainly attributable to the increase in the Group's revenue and effective cost control during the Reporting Period.

Operating profit

For the six months ended 30 June 2026, the Group's operating profit amounted to RMB143,433,000, representing an increase of RMB21,239,000 or 17.4% as compared with RMB122,194,000 for the six months ended 30 June 2025. The increase in operating profit was primarily due to the increase in gross profit during the Reporting Period, largely offset by the decrease in other income and other gains.

The Group's Non-HKFRS operating profit for the Reporting Period was RMB231,888,000 (1H 2025: RMB194,584,000), representing a YoY increase of RMB37,304,000 or 19.2%. This was mainly attributable to the increase in gross profit and the decrease in selling and marketing expenses during the Reporting Period, partially offset by the decrease in other income and other gains.

Profit before income tax

For the six months ended 30 June 2026, the Group's profit before income tax amounted to RMB165,104,000, representing a decrease of RMB10,464,000 or 6.0% from RMB175,568,000 for the six months ended 30 June 2025. The YoY change was mainly due to the finance income (net) for the Reporting Period of RMB22,639,000 (1H 2025: RMB54,326,000), representing a YoY decrease of RMB31,687,000, which fully offset the increase in operating profit. The decrease in finance income was mainly due to a reduction in the placement of bank fixed deposits resulting from the increased purchase of wealth management products during the Reporting Period (presented as financial assets at FVPL, the fair value changes from which were recognized in other income and other gains).

Income tax expenses

The income tax expenses of the Group for the six months ended 30 June 2026 amounted to RMB41,552,000, representing a decrease of RMB14,366,000 as compared with RMB55,918,000 for the same period last year. The decrease was mainly due to tax refunds from annual tax settlement and the utilization of tax losses to offset income tax during the Reporting Period.

Profit for the Period

For the six months ended 30 June 2026, the Group's profit amounted to RMB123,552,000, representing an increase of RMB3,902,000 or 3.3% as compared with RMB119,650,000 for the same period last year. The YoY change was mainly attributable to an increase in gross profit of RMB62,063,000 and a decrease in income tax expense of RMB14,366,000 during the Reporting Period, largely offset by a decrease in other income and other gains of RMB37,264,000 and a decrease in finance income of RMB31,687,000.

The Group's Non-HKFRS profit for the Reporting Period was RMB212,007,000 (1H 2025: RMB192,040,000), representing a YoY increase of RMB19,967,000 or 10.4%. This was mainly attributable to an increase in gross profit, and decreases in selling and marketing expenses and income tax expense during the Reporting Period, largely offset by decreases in other income and other gains and finance income.

Net current asset value and financial resources

As at 30 June 2026, the net current assets value of the Group was RMB6,888,218,000 (31 December 2025: RMB6,946,004,000). The Group generates its working capital mainly through its operating activities, maintaining a sound financial position. As at 30 June 2026, the Group's cash and bank balances amounted to RMB4,292,896,000 (31 December 2025: RMB3,601,295,000), of which over 75% were denominated in RMB. In addition, as at 30 June 2026, the fair value of outstanding wealth management products held by the Group amounted to RMB1,580,339,000 (31 December 2025: RMB2,646,766,000). Taking into account the Group's existing cash and bank balances, as well as the cash flows generated from operating activities, management believes that the Group has sufficient working capital to meet its operational needs for at least twelve months from the end of the Reporting Period.

Bank borrowing and gearing ratio

As at 30 June 2026, the total bank borrowings of the Group amounted to RMB126,400,000 (31 December 2025: RMB146,900,000), all of which were RMB loans, including secured loans amounted to RMB1,000,000 (31 December 2025: RMB14,000,000) due within one year, while unsecured loans amounted to RMB125,400,000 (31 December 2025: RMB132,900,000) due within one year. For the six months ended 30 June 2026, the average annual interest rate for secured loans was 3.5% (1H 2025: 4.0%), while the average annual interest rate for unsecured loans was 1.7% (1H 2025: 1.4%). As at 30 June 2026, 100% of the Group's borrowings were subject to fixed interest rates. As at 30 June 2026, the Group's debt ratio (total borrowings (including current and non-current borrowings) divided by total equity, excluding non-controlling interests) was 1.1%, representing a decrease of 0.2 percentage point from 1.3% as at 31 December 2025.

Investing activities

The Group's investing activities mainly include the purchase of property, plant and equipment; investments in financial assets; and mergers and acquisitions related to strategical development strategies. For the six months ended 30 June 2026, the net cash generated from investing activities amounted to RMB1,280,062,000, mainly comprised proceeds from the maturity of wealth management products. For the six months ended 30 June 2025, the net cash used in investing activities was RMB910,651,000.

Financing Activities

For the six months ended 30 June 2026, the net cash used in the Group's financing activities amounted to RMB304,832,000, mainly comprised payment of cash dividends to the Company's shareholders of RMB154,532,000, repayment of bank borrowings of RMB121,900,000, acquisition of additional equity interests in non-wholly owned subsidiaries from non-controlling interests of RMB68,271,000, payment of cash dividends to non-controlling interests of RMB10,628,000, and addition of bank borrowings of RMB101,400,000. For the six months ended 30 June 2025, the net cash used in financing activities was RMB 296,433,000.

Trade receivable turnover period

The trade receivable turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and at the end of a relevant financial period divided by the total revenue for the same period and multiplied by 180 days. The Group generally offers its customers a credit period of approximately 0 - 180 days, depending on the business volume of, and the length of the business relationship with the customers. For the six months ended 30 June 2026, the Group's average trade receivable turnover period was 80 days, similar to the 81 days for the same period last year, the ratio has remained stable.

Trade payable turnover period

The trade payable turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial period divided by the cost of goods sold for the same period and multiplied by 180 days. Credit period granted by suppliers to the Group ranged from 0 - 180 days. For the six months ended 30 June 2026, the Group's average trade payable turnover period was 50 days, similar to the 52 days for the same period last year, the ratio has remained stable.

Inventory and inventory turnover period

As at 30 June 2026, the Group's inventory balance amounted to RMB866,069,000, representing a decrease of RMB28,707,000 as compared with the balance of RMB894,776,000 as at 31 December 2025. For the six months ended 30 June 2026, the Group's inventory turnover period (calculated on the basis of the average of the inventory balances as at the beginning and at the end of a relevant financial period divided by the total cost of goods sold for the same period and multiplied by 180 days) was 142 days, decreased by 35 days as compared with 177 days for the same period last year. This decrease was mainly attributable to effective inventory control, resulting in a lower average inventory balance for the Reporting Period compared to the same period last year, coupled with the YoY increase in cost of sales.

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. During the Reporting Period, the Group did not use any financial instruments to hedge foreign exchange risk. 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 30 June 2026, certain properties and right-of-use assets of Zhaoqing Perfumery Co., Ltd. (Guangdong) with total carrying value of approximately RMB1,657,000 (31 December 2025: certain properties and right-of-use assets of Hunan Jiapinjiawei Biological Technology Co., Ltd. with total carrying value of approximately RMB24,569,000) were used as collateral for the Group's secured bank borrowings with total amount of RMB1,000,000 (31 December 2025: RMB14,000,000). In addition, as at 30 June 2026, certain properties with total carrying value of approximately RMB44,525,000 of Guangdong Zhaoqing Huabao Xinghu Food Technology Co., Ltd. were used as collateral for a banking facility exposure limit of RMB60,000,000 (31 December 2025: Nil). Apart from the above, the Group had no other pledged assets as at 30 June 2026.

Capital Commitments

As at 30 June 2026, the Group had capital commitments contracted for but not provided for in the financial statements in respect of the purchase of property, plant and equipment, intangible assets, investments in jointly controlled entities, and investments in financial assets at FVPL, amounting to approximately RMB201,535,000 (as at 31 December 2025: RMB126,165,000). As of the date of this announcement, the Group has no material investment or fixed assets investment plans for the coming year. The Group expects to meet its capital expenditure needs through internal resources and/or bank financing. As of the date of this announcement, the Group has no definite material financing or fundraising plans.

Contingent liabilities

According to the information available to the Board, the Group had no significant contingent liabilities as at 30 June 2026.

SIGNIFICANT EVENTS OR TRANSACTIONS

USE OF PROCEEDS OF A SUBSIDIARY

In 2018, Huabao Technology Co., Ltd. (formerly known as Huabao Flavours & Fragrances Co., Ltd. with its company name changed on 15 June 2026) ("**Huabao Technology**") completed its initial public offering ("**IPO**"), raising gross proceeds of approximately RMB2,377 million. After deducting issuance expenses, the net proceeds amounted to approximately RMB2,312 million. Huabao Technology was successfully listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300741).

As of 31 December 2025, the balance of unutilised net proceeds, amounting to approximately RMB1,354.57 million, and the accumulated interest and cash management income, amounting to approximately RMB357.98 million, were brought forward to the Reporting Period. As of 30 June 2026, Huabao Technology had utilised approximately RMB959.39 million, representing approximately 41.5% of the net proceeds.

Use of IPO proceeds	**Proceeds allocated at the IPO** *(RMB millions)*	**Proceeds allocated after the previous change** *(RMB millions)*	**Unutilised proceeds as of 31 December 2025** *(RMB millions)*	**Actual utilised proceeds during the six months ended 30 June 2026** *(RMB millions)*	**Unutilised proceeds as of 30 June 2026** *(RMB millions)*
Huabao Technology Innovation Center and Supporting Facilities Project ("**Huabao TechInno Project**") (2)	—	449.9742	437.89	1.43	436.46
Huabao Digital Transformation Project ("**Huabao Digital Project**") (3)	—	60.00	27.12	0.70	26.42
Special account for the unutilised proceeds ("**Special Account**") (4)	N/A	889.56	889.56	—	889.56
Total (1)			1,354.57	2.13	1,352.44

(1) Accumulated interest and cash management income in the amounts of RMB357.98 million and RMB383.95 million for the year ended 31 December 2025 and for the six months ended 30 June 2026 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 Technology 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 Technology held on 26 March 2024, the expected date was postponed to 31 December 2027. At the board meeting of Huabao Technology held on 28 March 2025, the expected date was postponed to 30 June 2029. At the board meeting of Huabao Technology 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 Technology 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 Technology 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 Technology 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 30 June 2026, the balance of Special Account mainly consisted of special funds that have not yet been allocated following the termination of certain projects. Huabao Technology 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 Technology 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 Technology. As at 30 June 2026, no specific use or timetable has been determined for the balance in the Special Account. Huabao Technology will continue to assess suitable projects and will determine the proposed use and utilisation timetable in accordance with the applicable approval procedures. Further updates will be provided in subsequent periodic reports, where appropriate.

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

Huabao Technology held the 24th meeting of the 3rd session of its board of directors on 20 March 2026. During the meeting, Huabao Technology 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 Technology's shareholders' meeting for approval.

Huabao TechInno Project

The original expected investment amount for the Huabao TechInno Project was RMB449.9742 million. The 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 Technology, 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 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 Technology's digital transformation. As a result, the planning and implementation of its original technologies require corresponding optimization and adaptation. To transform the potential of cutting-edge technologies into tangible business value, Huabao Technology 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 Technology, 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 effectively support Huabao Technology's strategy and value creation.

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 Huabao Technology's development needs and to maximize investment efficiency, after careful consideration, Huabao Technology 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 (the "**Board**") of directors of Huabao International Holdings Limited (the "**Company**") 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 ("**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 Technology, will continue to evaluate the use of the unutilized proceeds from the fundraising 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.

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, 12 February 2026 and 14 April 2026 (collectively, the "**Announcements**") respectively.

On 8 March 2022, Huabao Technology, 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 Technology held approximately 67% interest in Shanghai Yifang and Shanghai Yifang became an indirect non-wholly owned subsidiary of Huabao Technology in March 2022.

Pursuant to the Share Transfer Agreement, among others, Huabao Technology, 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 Technology. 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 Technology in cash within 15 days following the issuance of Shanghai Yifang's 2024 annual audit report, Huabao Technology 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 Technology 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 Technology the amount of RMB14,218,947.16 for losses incurred by Huabao Technology due to their failure to make capital increase as scheduled;

(II) The First Respondent and the Second Respondent shall pay Huabao Technology the amount of RMB432,016,325.22 as performance compensation;

(III) The First Respondent and the Second Respondent shall pay Huabao Technology the legal fees in the amount of RMB1,166,000;

(IV) The First Respondent and the Second Respondent shall pay Huabao Technology the asset preservation fees in the amount of RMB5,000;

(V) The First Respondent and the Second Respondent shall pay Huabao Technology 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 Technology, and RMB3,149,265.70 shall be borne jointly by the Respondents. Given that Huabao Technology has prepaid the arbitration fees for the case in full, the Respondents shall pay Huabao Technology the arbitration fee in the amount of RMB3,149,265.70.

The amount that the Respondents should pay to Huabao Technology 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 that the respondents, Qian Rong and Wong Kam Wing, have to date failed to fulfill the obligations determined under the effective arbitral award, Huabao Technology has applied to the Shanghai First Intermediate People's Court for compulsory enforcement, and announced that it had received the Notice of Case Acceptance on 14 April 2026.

There are uncertainties regarding the outcome of enforcement case of the arbitration award, which are not expected to have a material adverse impact on the normal operations or financial condition of Huabao Technology. Huabao Technology will make corresponding accounting treatments in accordance with relevant accounting standards and actual circumstances. Huabao Technology will continuously monitor the progress of the case and its impact on Huabao Technology.

The Board has considered and taken all available legal actions in relation to the above, including applying to the court for compulsory enforcement of the effective and legally binding arbitral award. The Board is of the view that such actions, and the amounts awarded under the arbitral award, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

MATERIAL ACQUISITIONS/DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

Save and except as disclosed below, the Company had complied with the code provisions in the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 of the Rules Governing the Listing of Securities on the Main Board of 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 Reporting Period.

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

On 7 January 2026, Mr. XIA Liqun succeeded Ms. CHU Lam Yiu as CEO. In general, following this appointment, the roles of Chairlady and CEO 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 (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for dealings in the Company's securities by its directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to declare an interim dividend of HK1.2 cents (2025: HK1.2 cent) per share and a special dividend of HK4.08 cents (2025: HK3.2 cents) per share, both in cash, for the six months ended 30 June 2026. The interim and special dividends are expected to be paid on 8 October 2026 to Shareholders whose names appear on the register of members of the Company on 18 September 2026.

CLOSE OF REGISTER OF MEMBERS

In order to determine Shareholders who qualify for the interim and special dividends, the register of members of the Company will be closed from 15 September 2026 to 18 September 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 14 September 2026.

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

During the six months ended 30 June 2026 the Company repurchased a total of 6,286,000 shares on the Stock Exchange for an aggregate consideration of approximately HK$24.1 million before expenses. The repurchased shares were subsequently cancelled. The repurchase was effected for enhancement of shareholder value in the long term. Details of the shares purchased are as follows:

		Purchase consideration per share		
Month of purchase in the Period	**No. of shares purchased**	**Highest price paid**	**Lowest price paid**	**Aggregate consideration paid**
		HK$	*HK$*	*HK$*
February	1,495,000	4.70	4.42	6,862,270
May	1,215,000	3.71	3.50	4,434,530
June	3,576,000	3.88	3.18	12,810,300
Total	6,286,000			24,107,100

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. The Company did not hold any treasury shares as at 30 June 2026.

AUDIT COMMITTEE

The Board has formed an audit committee of the Company (the "**Audit Committee**") in accordance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. 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 and the Board have reviewed and approved the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2026.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) as well as the website of the Company (www.hbglobal.com). The Company's 2026 interim report will be dispatched to Shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 26 August 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 Messrs. LEE Luk Shiu, Jonathan Jun YAN and HOU Haitao.