

Corporate Presentation

Updated in April 2010



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Agenda

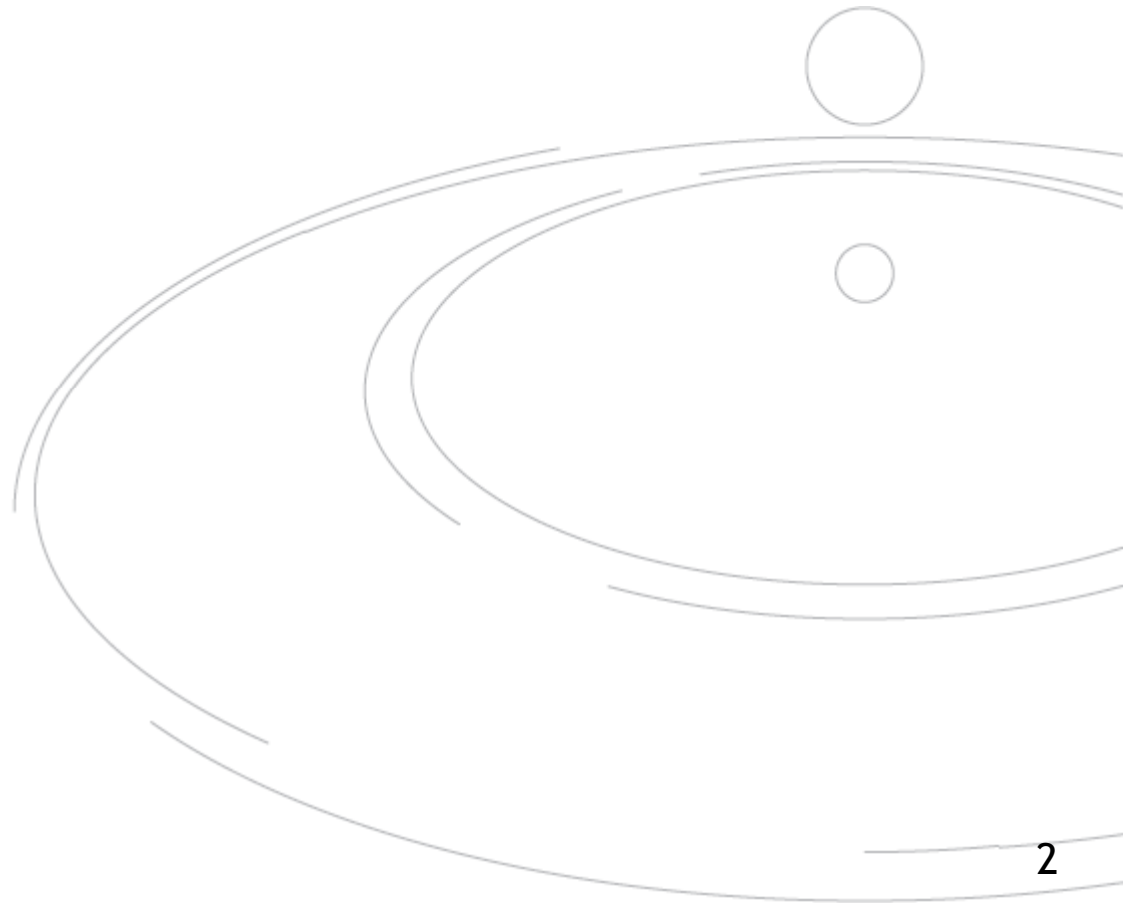
Results Overview

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Financial highlights for 1H 2009

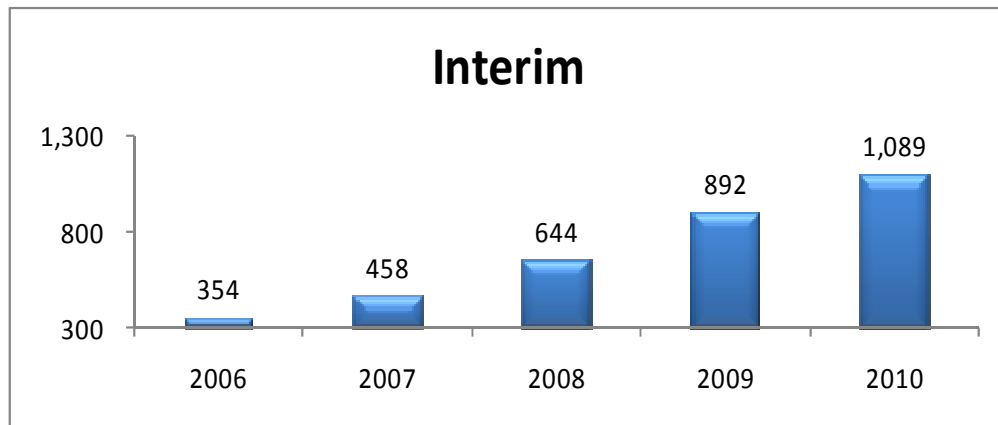
	As at 30 th September 2009 (HKD '000)	As at 30 th September 2008 (HKD '000)	<i>Percentage changes (%)</i>
Sales	1,088,854	892,109	+22.1%
Gross profit margin	75.5%	75.3%	
Operating profit	694,153	551,833	+25.8%
EBIT margin	63.8%	61.9%	
Profit before tax	700,789	560,226	+25.1%
Profit attributable to shareholders	610,927	517,256	+18.1%
Diluted EPS (HK cents)	19.47	16.56	+17.6%
Dividend per share (HK cents)	6.0	5.0	+20.0%
Special dividend per share (HK cents)	2.8	—	
Total payout ratio	45%	30%	
Cash flows from operating activities	671,546	495,078	+35.6%
Free cash flow	658,680	495,430	+33.0%
Cash and cash equivalents	1,423,289	1,125,238*	
Bank loans	—	—	

*At 31 March 2009

Exceptional historic financial highlights since listing

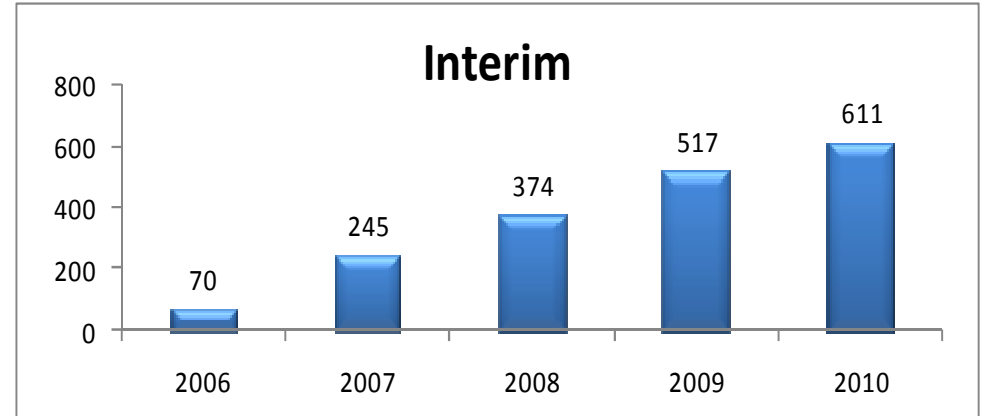
Sales

HKD million



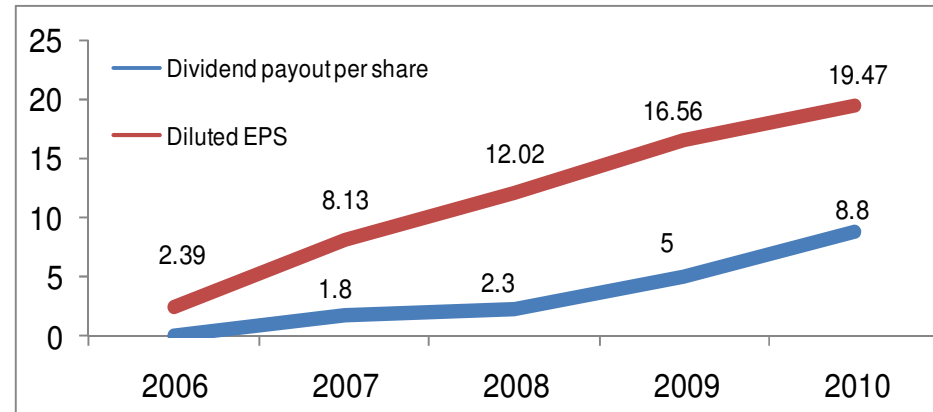
Profit attributable to equity holders of the Company

HKD million



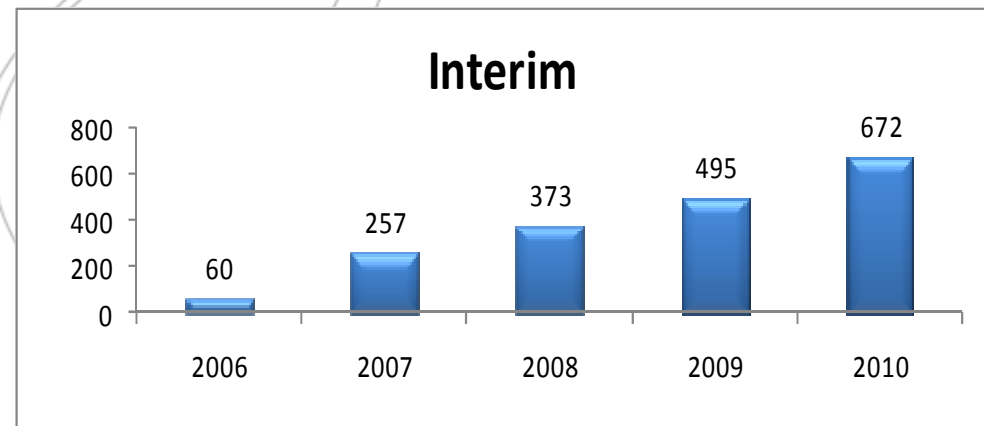
Diluted EPS and dividend payout per share (interim)

HK cents



Cash flows from operating activities

HKD million



M&A updates

Acquired groups

F&G in southern Africa
(November 2009)

Business

Natural extracts for new materials for tobacco

Deal terms

- Total consideration of HKD 29,267,000 was funded by the Company's internal resources
- The consideration was based on audited net asset of the target company, for the period ended 31 Oct 2009, the target company's audited net asset reached HKD 29,267,000

Rational and results

- To establish a global high-end tobacco essence extraction base
- To develop new products based on natural extracts
- to capture the enormous opportunities in tobacco industry arising from tar reduction

Maoming Kebi
(August 2009)

Flavours related to tobacco products

- Total consideration of approximately HKD 117,209,000 was funded by the Company's internal resources, 100% acquired
- The management estimated the revenue will not be less than RMB 50 million in following 12 months (before tax)

- Further strengthened the leading position in key brands by sticking to "Big customer, Big brands" strategy
- Strong integration is on the way: for the 2 months ended Sep 30 2009, unaudited revenue reached about HKD 7.6 mil and HKD 4.6 mil net profit

Wealthy King
(July 2008)

Flavour related to tobacco products

- Total consideration of HKD 870 million was funded by the Company's internal resources

- Integration is well on track
- Revenue growth keeps up with existing business

Amber
(May 2008)

Fragrances

- Total consideration of HKD 61.56 million was funded by company's internal resources, acquired 51% of Amber

- For the 6 months ended 30 Sep 2009, the revenue reached HKD 27.73 million

Win New Group
(July 2007)

Flavour related to food and tobacco products

- Total consideration of HKD 652 million, was funded by company's internal resources

- Integration proceeds and continues to beat management targets
- Food related flavours delivers promising results after technical upgrade

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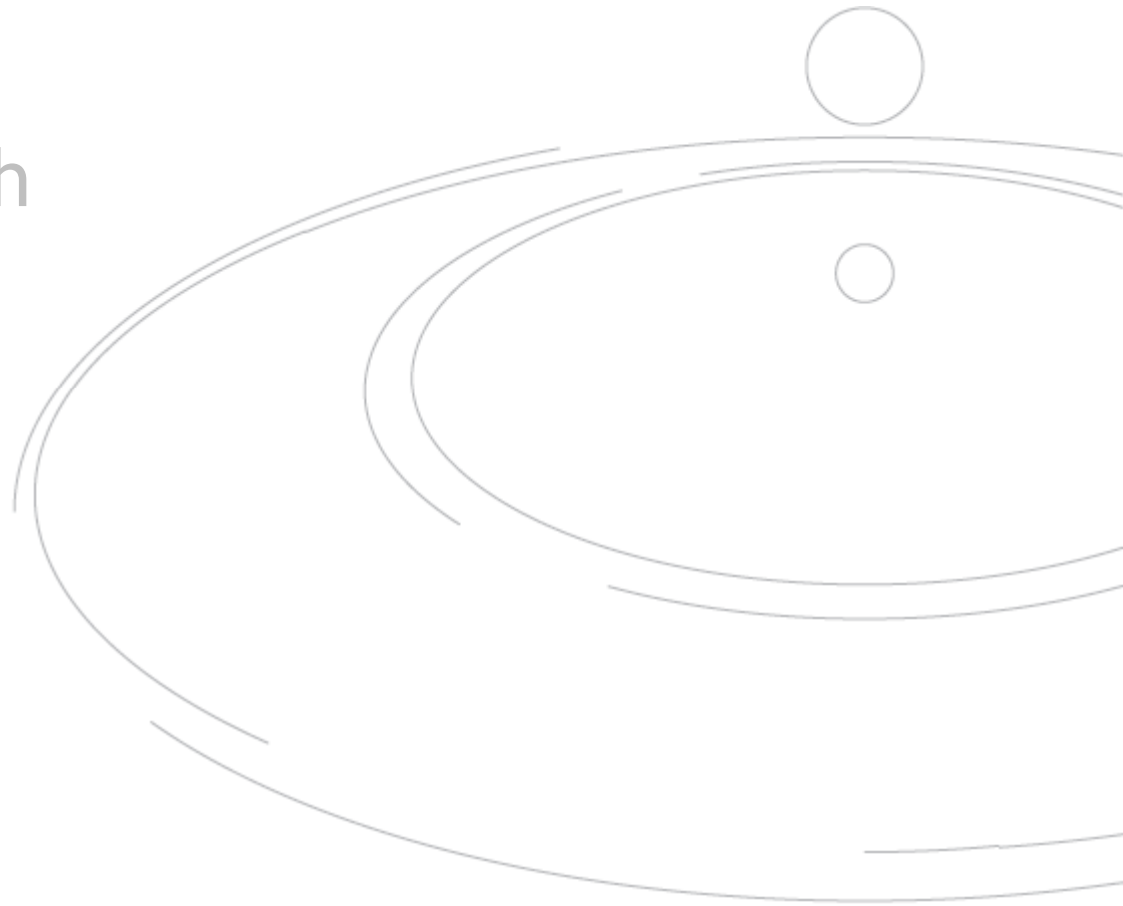
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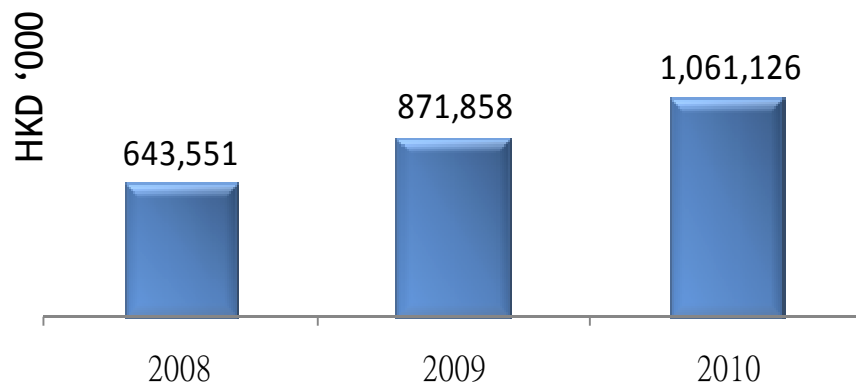
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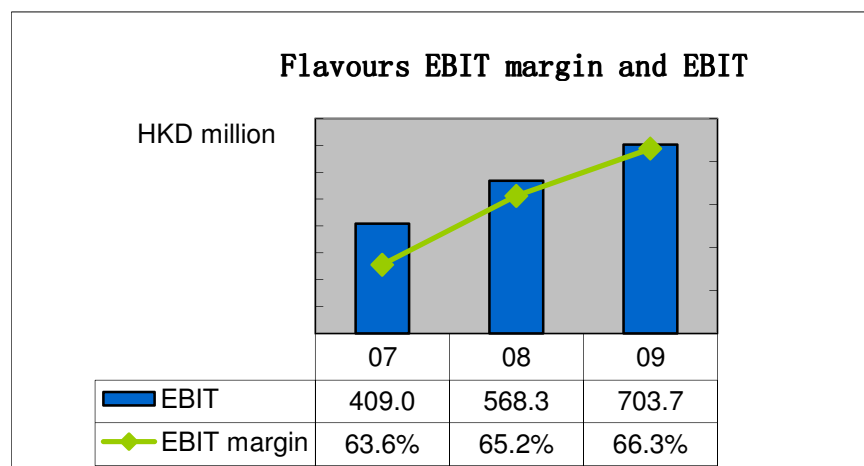


Review on flavours sector

Graph 1: Historical interim sales review



Graph 2: Historic interim EBIT review



Results Analysis

- ◆ Rapid revenue organic growth remains strong and reached 21.7%
- ◆ Gross Profit margin remains stable
- ◆ EBIT margin reached 66.3%, improved 1.1% from same period last year
- ◆ Revenue from tobacco related products maintained a rapid growth
- ◆ Revenue from food and beverage related products experienced a high organic growth

Cigarette brands consolidation will continue to drive our tobacco related business

- ◆ Central Government of China mandated to continue consolidate the tobacco industry by further pushing on brand concentration
- ◆ “Bigger and Stronger” in volume and profitability of key brands enable government to make the best return from this sector
- ◆ We anticipate that cross provincial deals will continue but the key is on brands
- ◆ The core group of brands will likely to double its volume from now to 2015, which will translate into our organic growth in the next 5-6 years

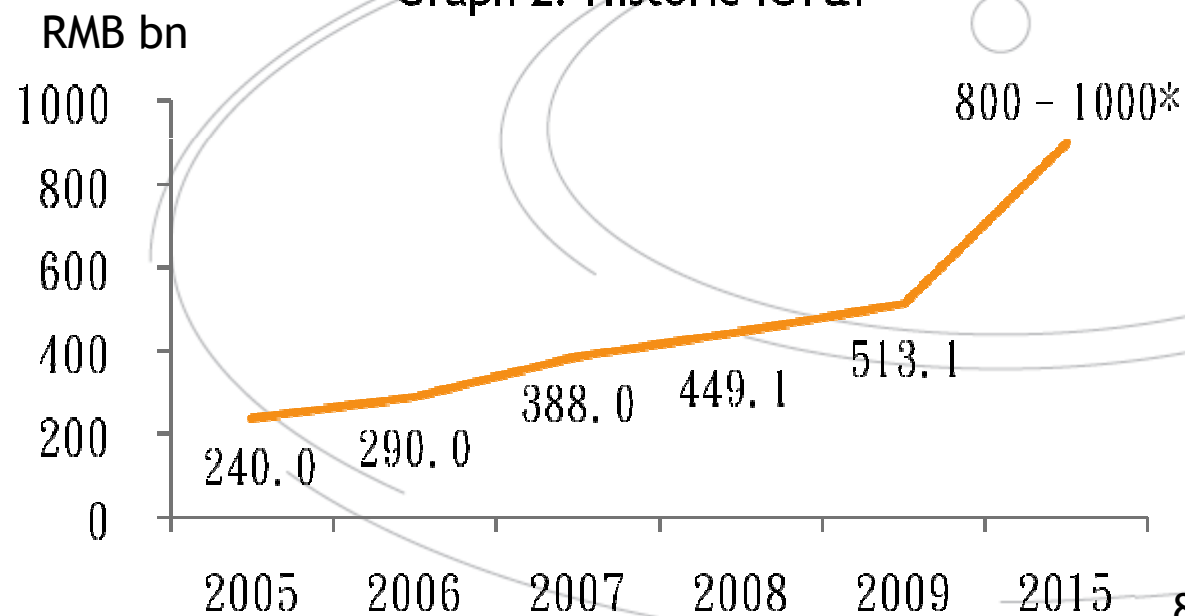
Graph 1: Upcoming “532” & “461” policies

Master Cases	year 2015	ICT&P** RMB bn	year 2015
5mil +	2*	100 +	1*
3mil +	3*	60 +	4*
2mil +	-	40 +	6*
1mil +	5*	-	-

* Source: China Tobacco

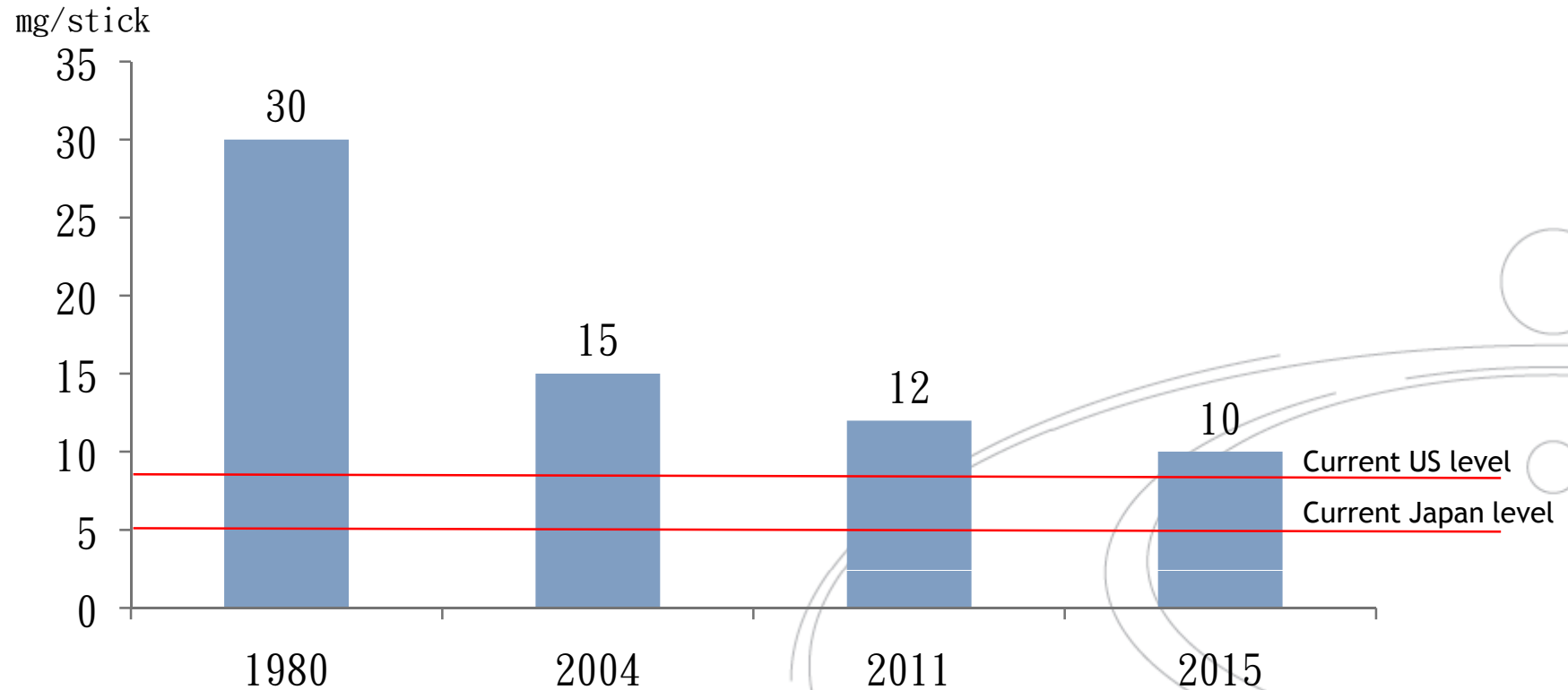
** Industrial and Commercial Tax & Profit

Graph 2: Historic ICT&P



Government has mandated to reduce the tar content.....

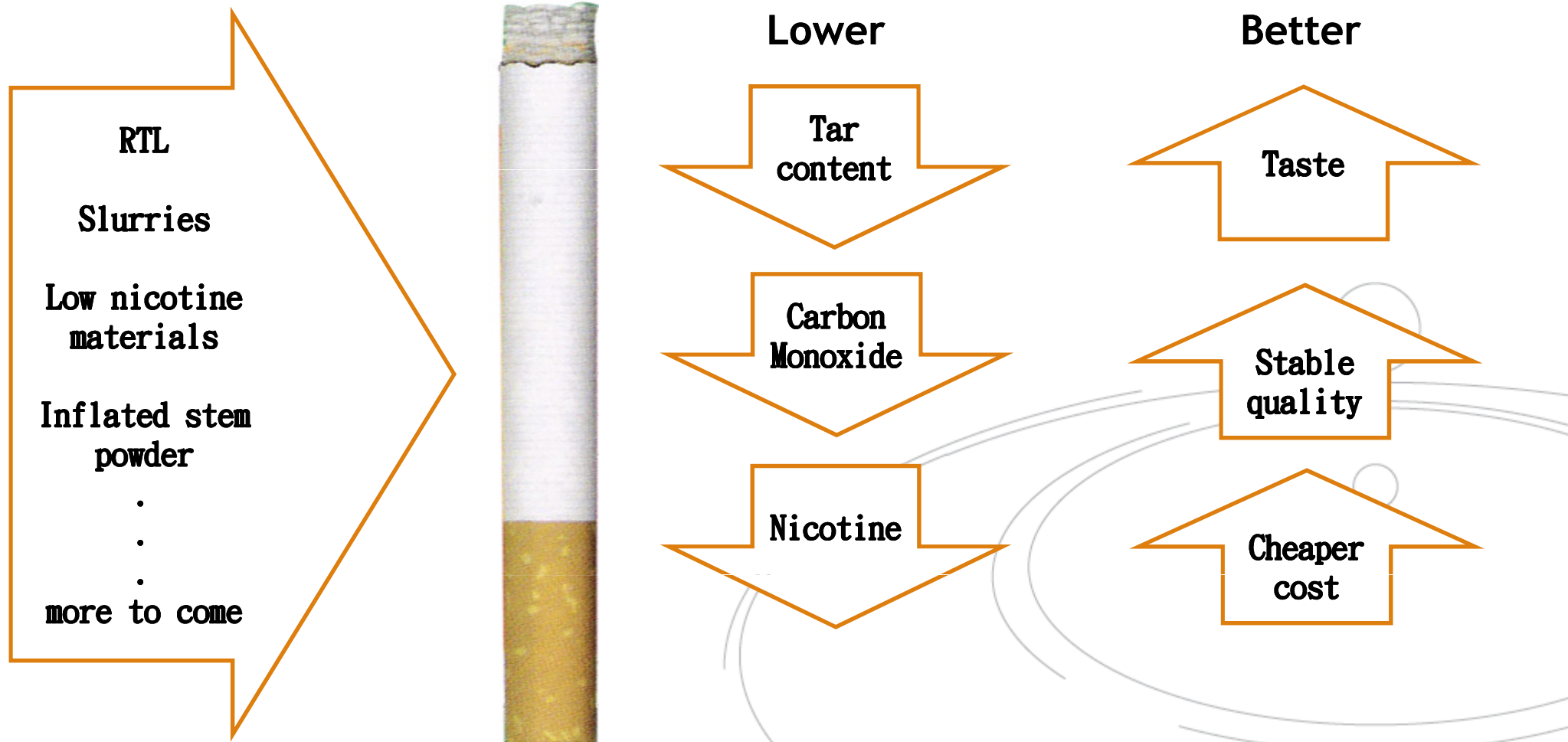
Tar content target announced by government



Source: China Tobacco

Chinese style (mainly Virginia) cigarette carries strong taste, aroma and tar. Government will continue to lower the tar content in the next 5 years despite the considerable gap compared with US, Japan and Western brands.

.....which will give flavours supplier another room to play



Current usage of the new raw materials only accounts for 10% of total sticks compare with 20-30% in the US and Japan products. Management expects there will be large room to play in this field and the key to unlock it is the taste and style.



Huabao's advantage on new tobacco materials

- ◆ Internal special raw materials
 - F&G factory set up in Botswana
 - Access to premium leaves and producing the concentrates
- ◆ Important taste supplier for key brands in China
 - The only dominant flavours supplier for key brands in China
 - 12-year plus of long term relationships
 - Enormous formula bank and IP developed
 - Building up an international team by hiring global talents cross industries
- ◆ International team
- ◆ Strong R&D pipeline
 - More products are expected to launch in the future



Continuous upgrade on F&B product will boost the flavours business

- ◆ Exceptional organic growth was achieved through:
 - Increasing orders from important clients in dairy and beverage sectors
 - Technology upgrade, maximize factory utilization, product upgrade, and successful integration on acquired asset in 2007 to deliver margin improvement and rapid revenue growth
 - Encouraging results from savory unit which was opened in June 2008 and successful launch of “Hanfo Cooking Series”
- ◆ Customers & products
 - Our major direct sales customers in F&B include: Mengnui, Bright, Totole, Huiyuan juice, etc
 - Newly penetrated F&B customers include: Uni President, Shuanghui, Heysong, COFCO, Lee Kum Kee, etc
 - “Hanfo Cooking Series”: successfully launched in Sichuan, Chongqing, Yunnan, and Guizhou
 - Natural flavour is the key to capture the trade-up consumption in China’s F&B sector!



Daily fragrances review

Business update

- Amber plays an important role in the fragrance industry and is a council member of CAFFCI, and state high-tech company of Xiamen.
- Major products include essences, detergent fragrance, etc.
- After the acquisition, Huabao obtained good results, such as:
 - Market development: expanded the market in the Pearl River Delta and Yangtze River Delta
 - Brand development: actively planned and participated in large exhibitions to raise brand awareness
 - R&D development: upgraded laboratories, expanded flavourist team and application engineer team
 - Production development: implemented technology transformation, expanded production capacity and upgraded products

Major customers



Sector results overview

- Smooth integration after acquisition, proactively exploring new markets

For six months ended 30 September 2009 (unaudited)

- Sales revenue reached HKD 27.73 million
- Operating profit reached HKD 4.78 million

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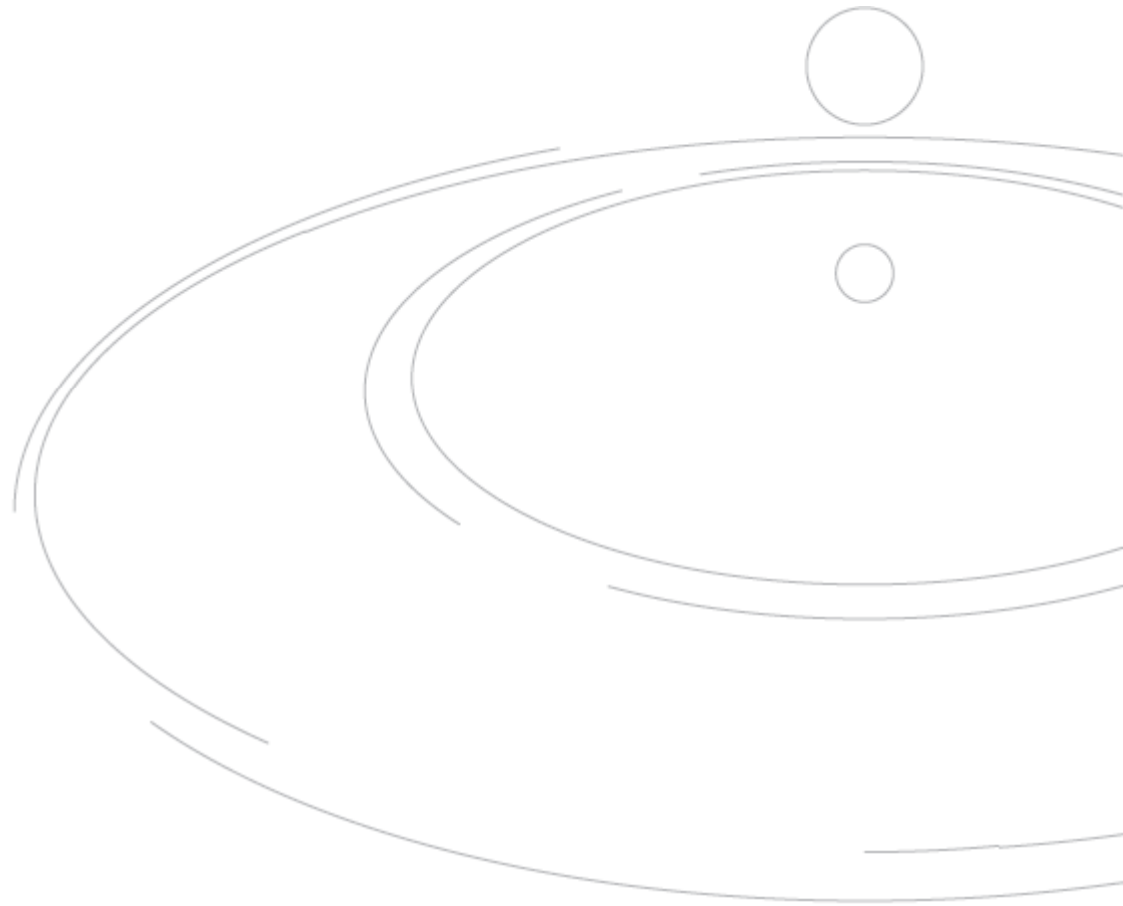
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Rapid revenue growth, operation consistency further improves

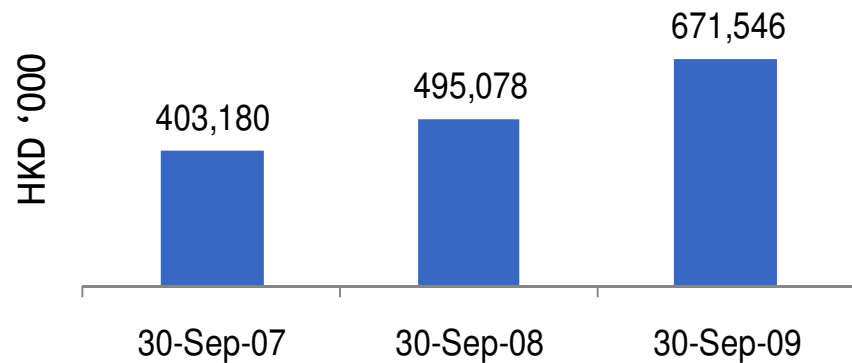
(HKD '000)	As at 30 September 2009	As at 30 September 2008	Growth
Revenue	1,088,854	892,109	+22.1%
Breakdown : Food product (at 97.5%)	1,061,126	871,858	+21.7%
Daily product (at 2.5%)	27,728	20,251	+36.9%
GP margin	75.5%	75.3%	
EBITDA ⁽²⁾ (%)	67.1%	67.1%	
EBIT ⁽¹⁾ (%)	63.8%	61.9%	
SG&A to revenue	13.4%	16.6%	-3.2%
Breakdown : R&D to Sales	3.2%	2.3%	
Pretax net profit	700,789	560,226	+25.1%
Tax Rate	11.4%	6.3%	+5.1%
Profit attributable to the equity holders of the Company	610,927	517,256	+18.1%

(1) EBIT = operating profit

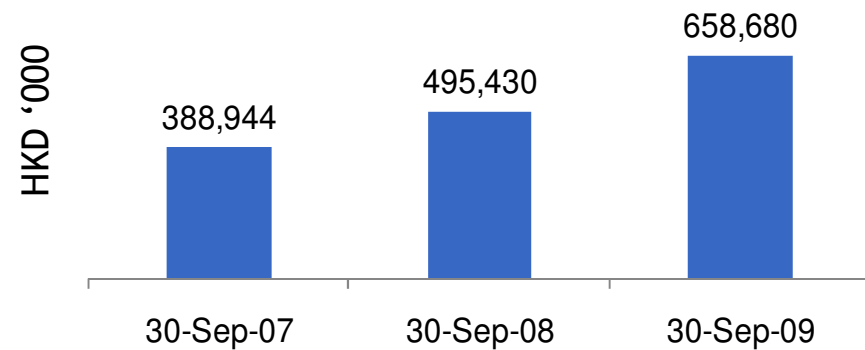
(2) EBITDA = EBIT + depreciation + intangible asset amortization + option expenses

Strong cash flow, stable assets, and keep elevating shareholders return

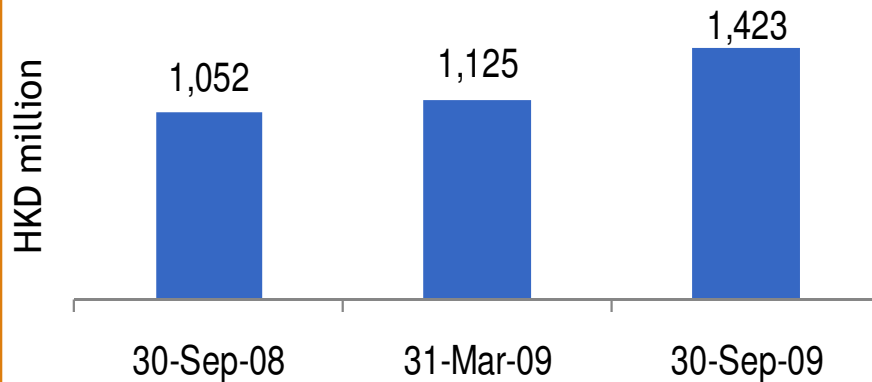
Cash flow from operations



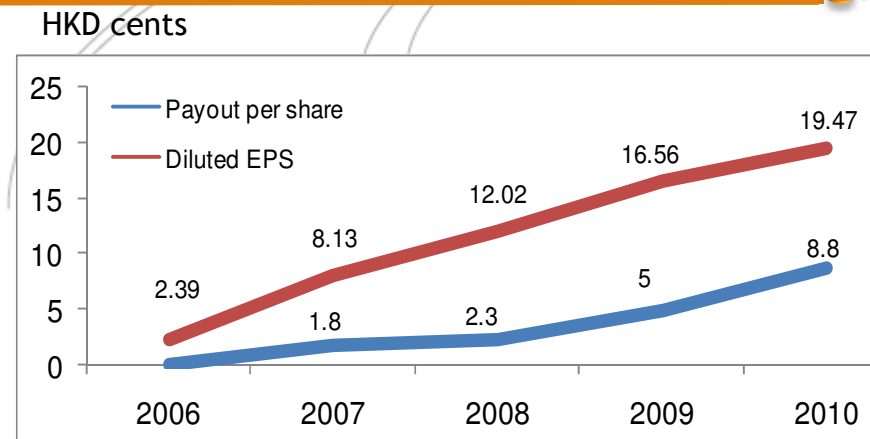
Free cash flow



Cash and cash equivalents

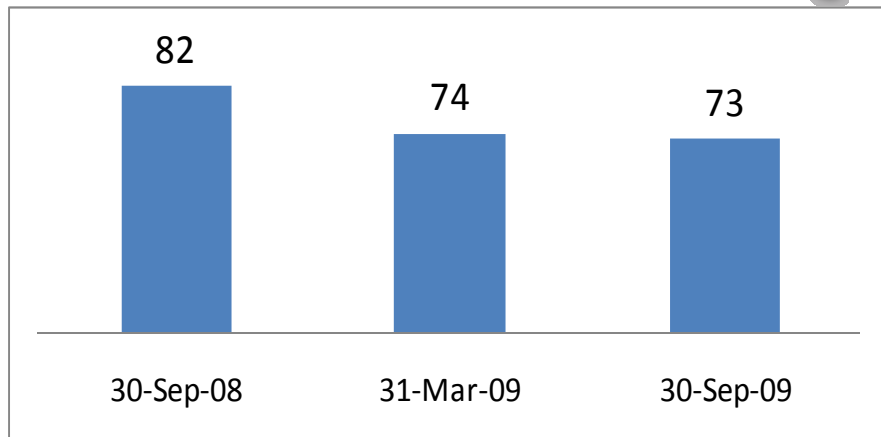


Diluted EPS and DPS (interim)

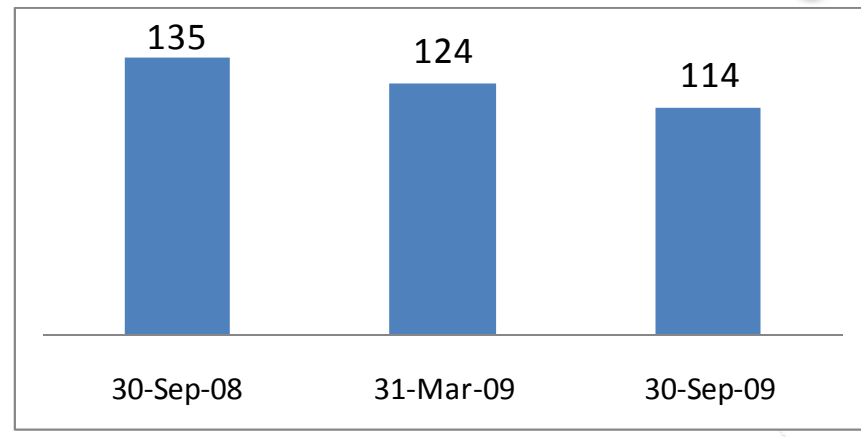


Efficient working capital management

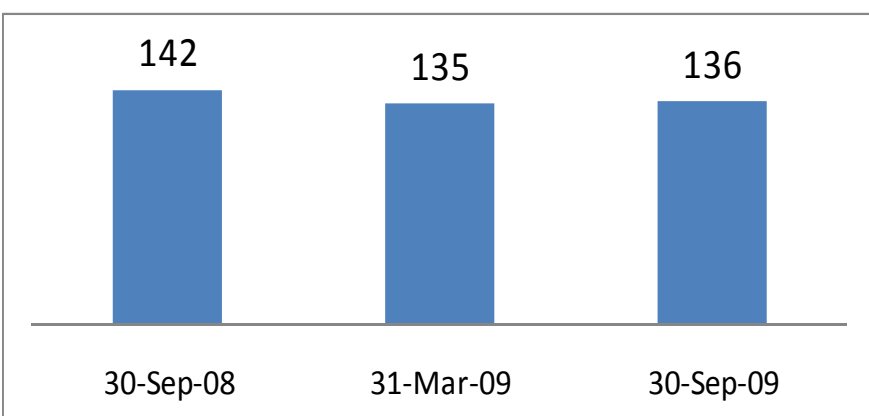
Trade receivable turnover (days)



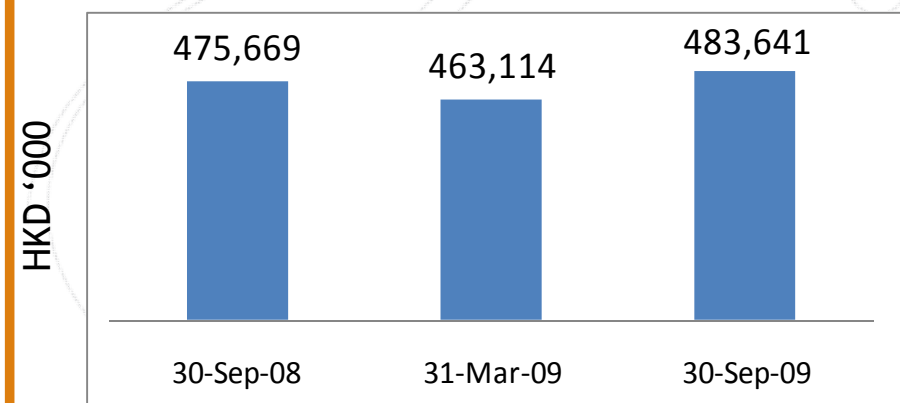
Trade payable turnover (days)



Inventory turnover (days)



Working capital requirement ⁽¹⁾



(1) Inventory + receivable - payable

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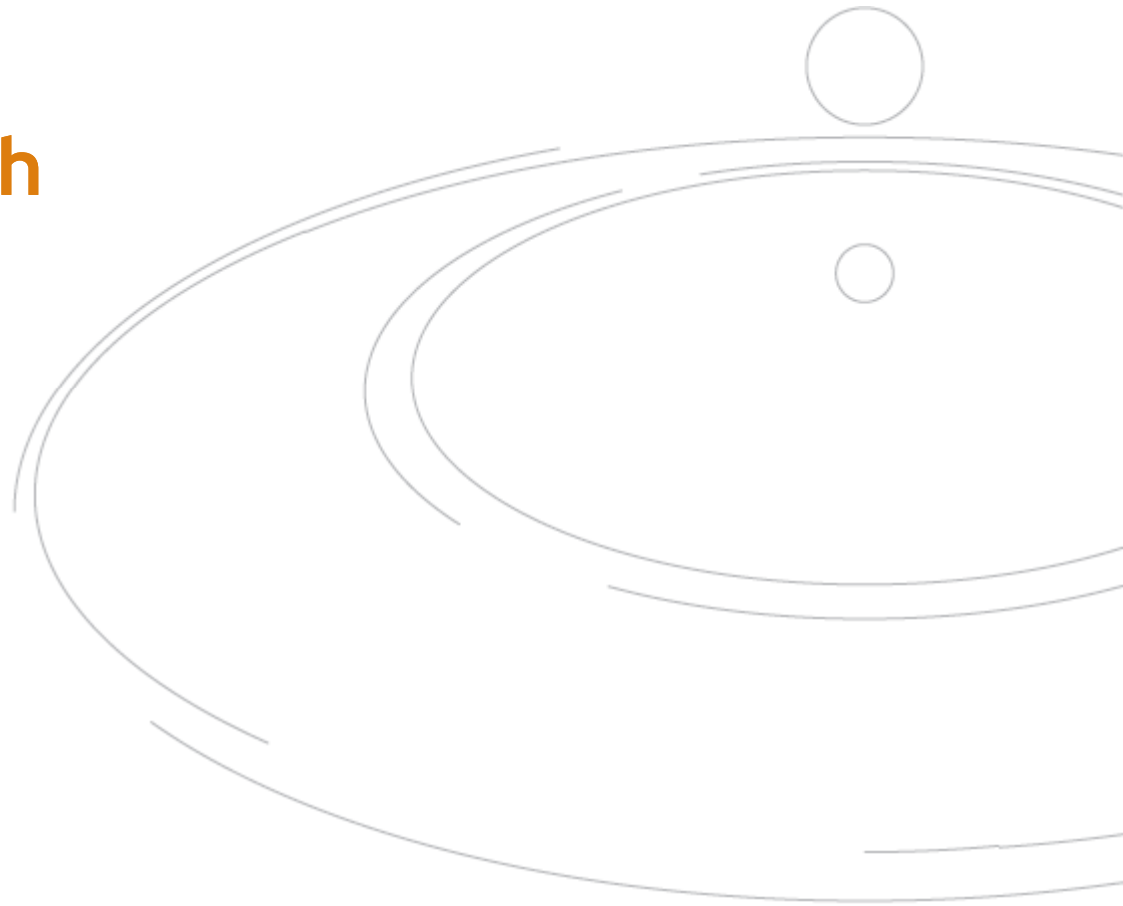
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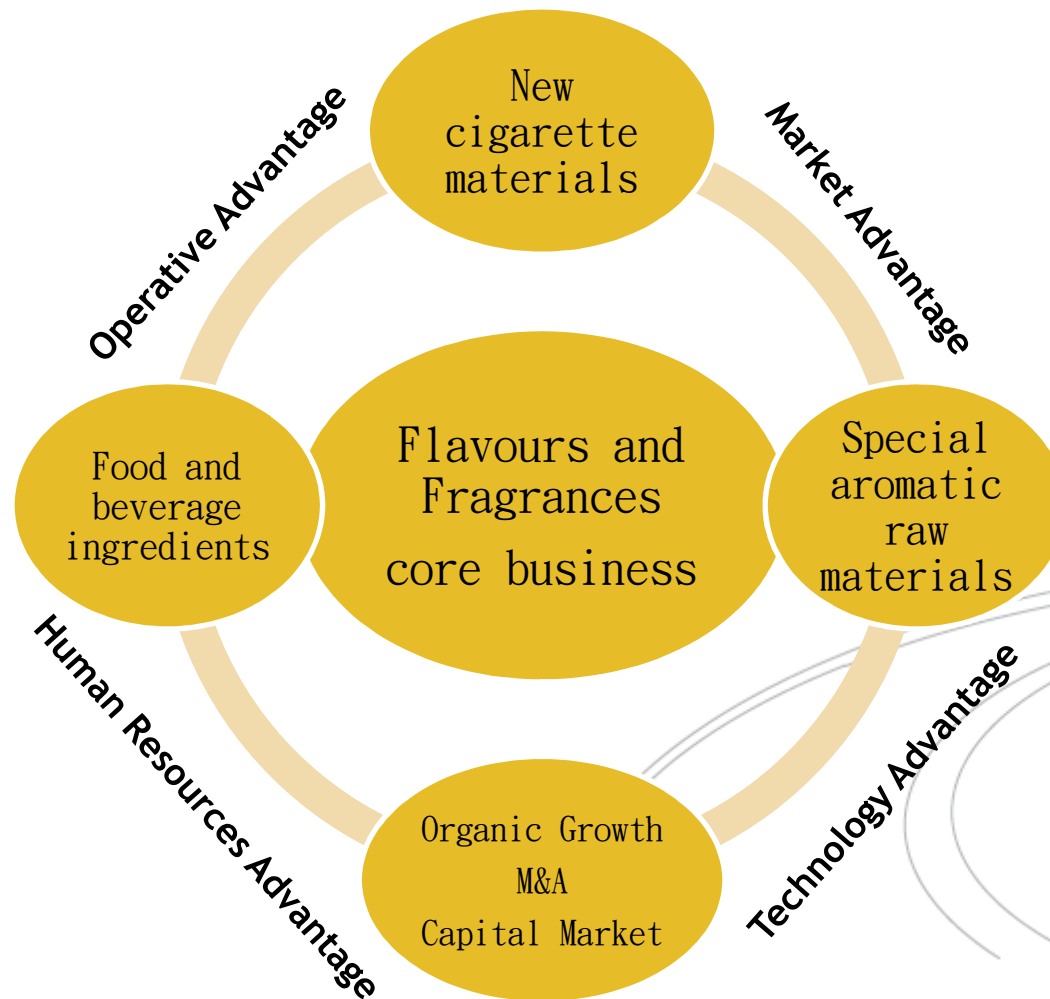
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Multi-pronged, focus growth strategy



To establish an integrated core value chain,
to become a global leading player based in China

Q&A



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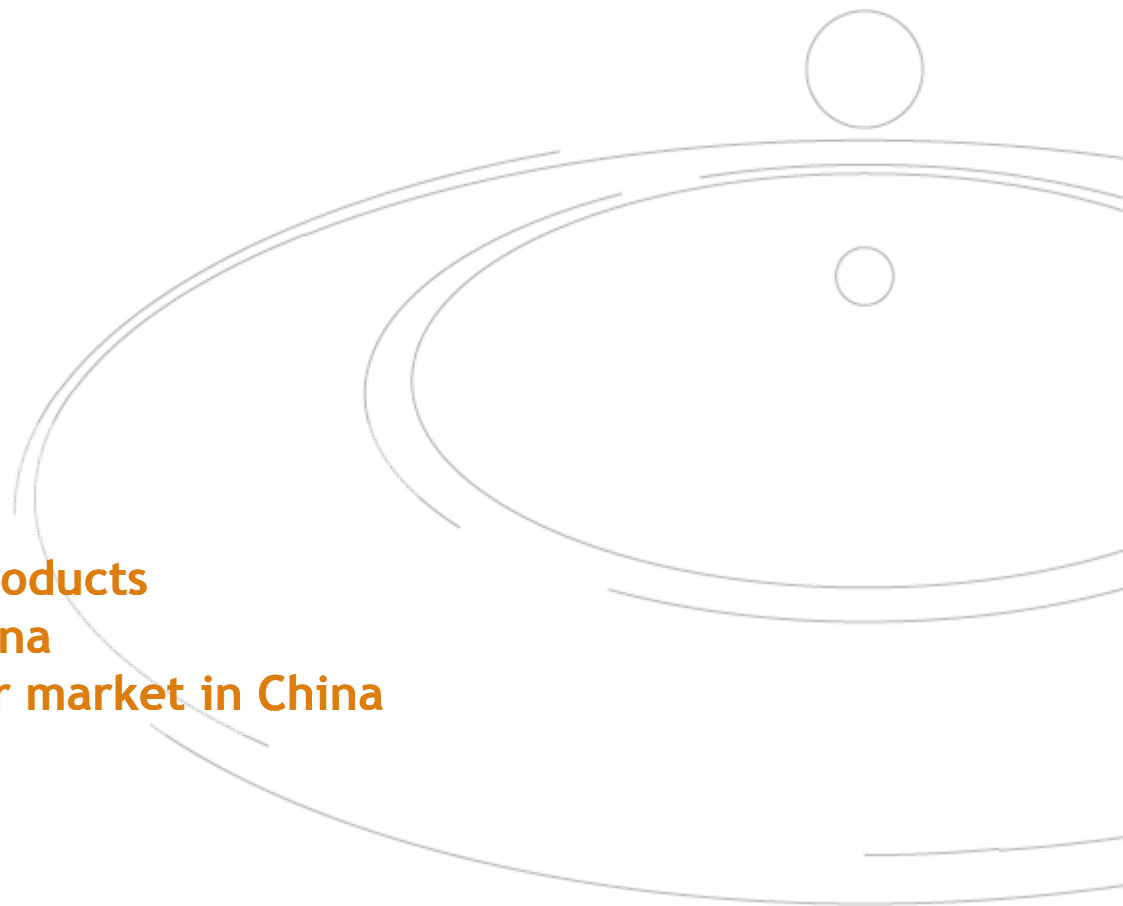
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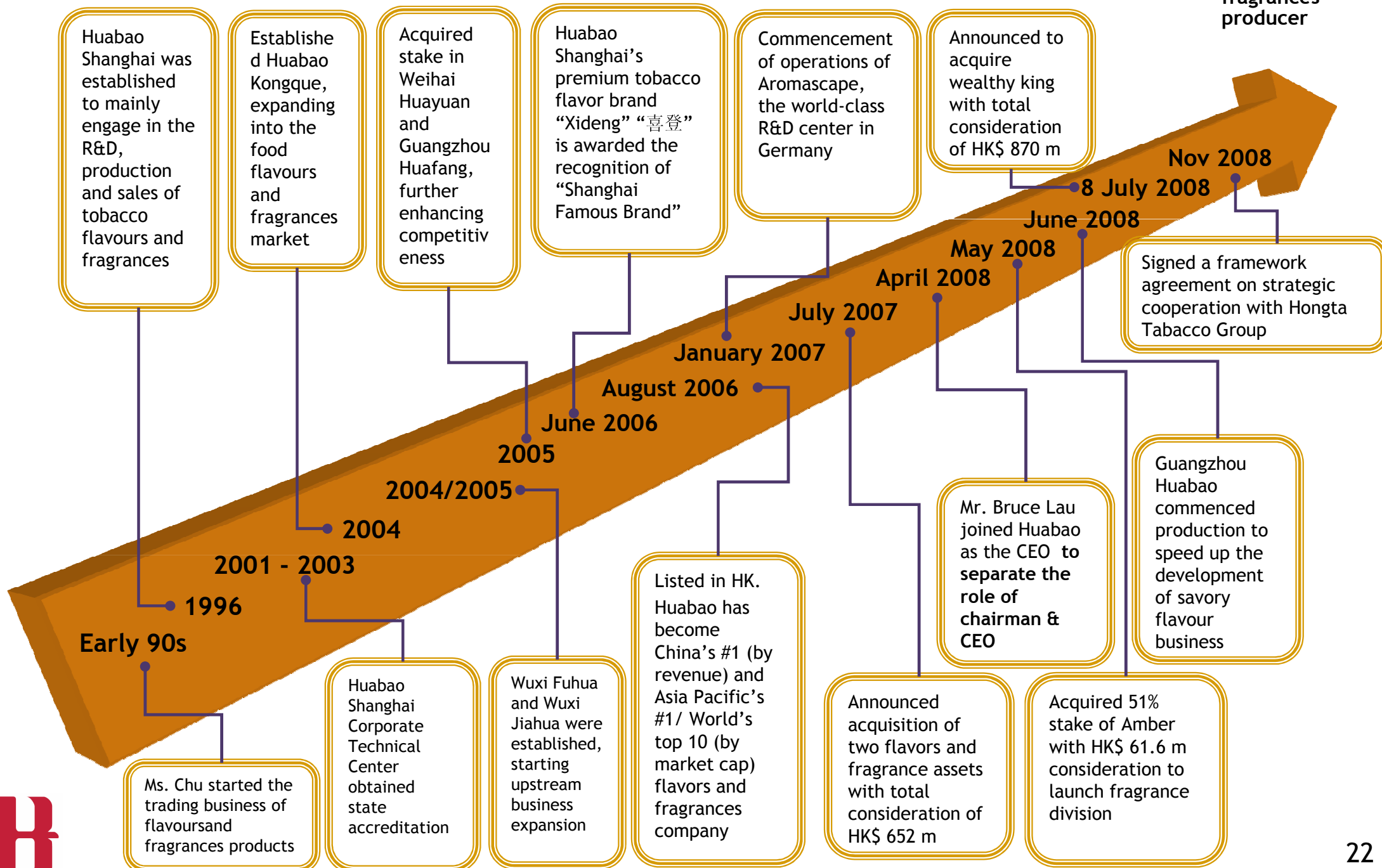
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- ◆ History of development
- ◆ Recent updates of the Group
- ◆ Introduction to flavour and fragrance products
- ◆ Recent update of tobacco flavour in China
- ◆ Recent update of fast growing consumer market in China



History of Development

China's largest flavour and fragrances producer



Recent update of the Group

Major production and R&D facilities



Production capacity of F&F of major subsidiaries

As at 30 September 2008

Shanghai

Huabao Shanghai	3,000	Huabao Kongque	4,500
Shanghai Huashun	1,300	Shanghai Yinghua	1,500

Jiangsu

Wuxi Fuhua	1,500	Wuxi Jiahua	1,200
Wuxi Huaxin	600	Wuxi Huahai	500
Taicang Wenhua	800		

Guangdong

Guangdong Zhaoqing	900	Guangzhou Huabao	4,000
Guangzhou Huafeng / Owada (Wealthy King)	2,000	Feijia Additive (Wealthy King)	500

Others

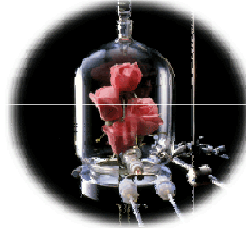
Yunnan Tianhong	2,500	Qingdao Huabao	1,000
Amber	800		

Total production capacity: 26,600 tons

- Huabao established in early 90s
- Being China's leading flavors and fragrances player; and Asia Pacific's top listed company in the industry
 - #1 in China by sales
 - #1 in Asia Pacific & Top 10 world-wide by market capitalization
- Mainly engaged in the R&D, production and sales of tobacco and food flavors, with 16 major sites, 1 R&D centre, 4 R&D branches (3 in China and 1 in Germany)
- World-class player with a China edge, advanced R&D capabilities and strong management
- Wuxi Huahai was established to enhance the competitive edge with nature raw materials
- Guangzhou Huabao commenced operation, specialized for developing savory flavor

Introduction to fragrance products

- Fragrance is a mixture of certain flavor and fragrance blended through a series of processing procedures and formulation with natural flavor ingredients and synthesis of flavors



- Fragrance products are mostly used in the below 3 markets:

Tobacco

- Used in all tobacco products, e.g., cigarettes, cigar



Food and beverage

- Used in most of the food and drinks



Daily products

- Used in perfume, personal care and household products



Open Forum

