



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



2021 Annual Results Presentation

28 March 2022

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- The latest developments of the Company are subject to the official announcement on the HKEX by the Company.





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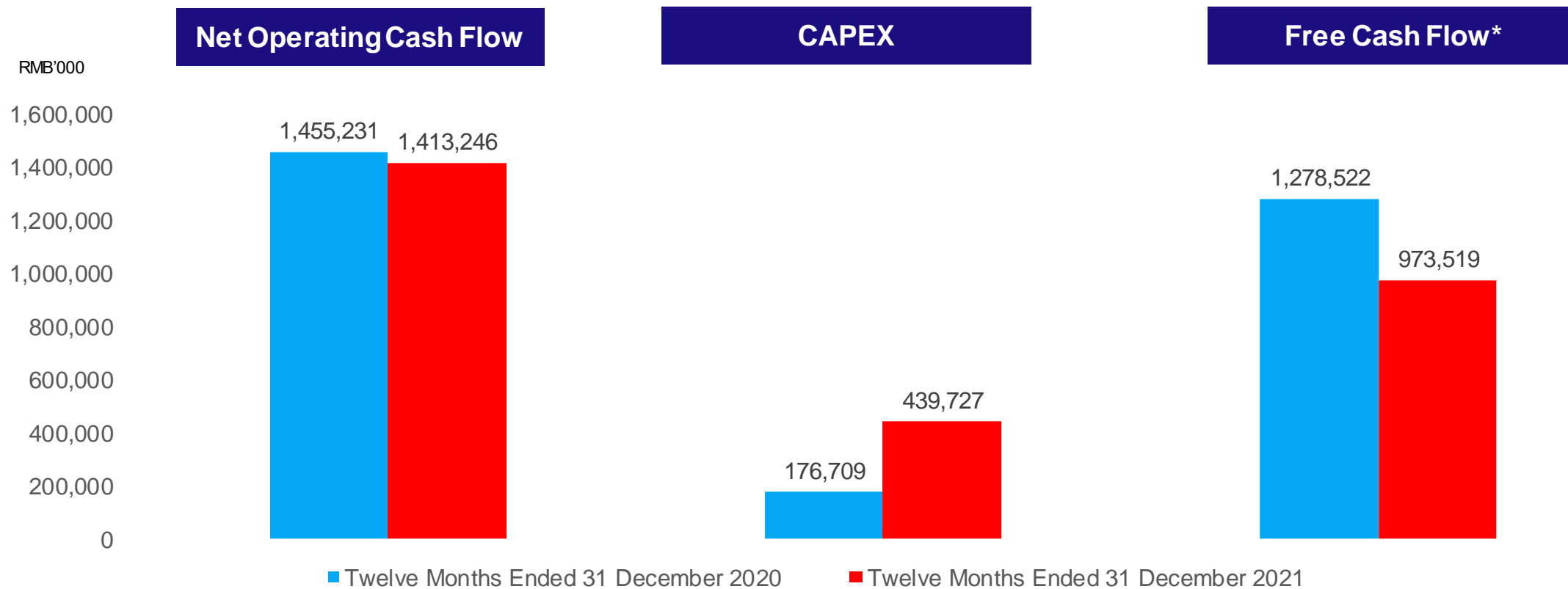
Financial Review

Financial Highlights

Revenue RMB 3,882 Million +0.7% YOY	Gross Margin 59.2% -4.2 p.p. YoY	EBITDA Margin* 43.5% +0.1 p.p. YoY
EBIT Margin* 36.3% The same with last year	Net Profit to shareholders of the Group* RMB 968 Million +6.0% YoY Annual Dividend Per Share* HKD 8.4 Cents	Basic and Diluted Earnings Per Share* RMB 31.12 cents +5.8%



Cash Flow Analysis

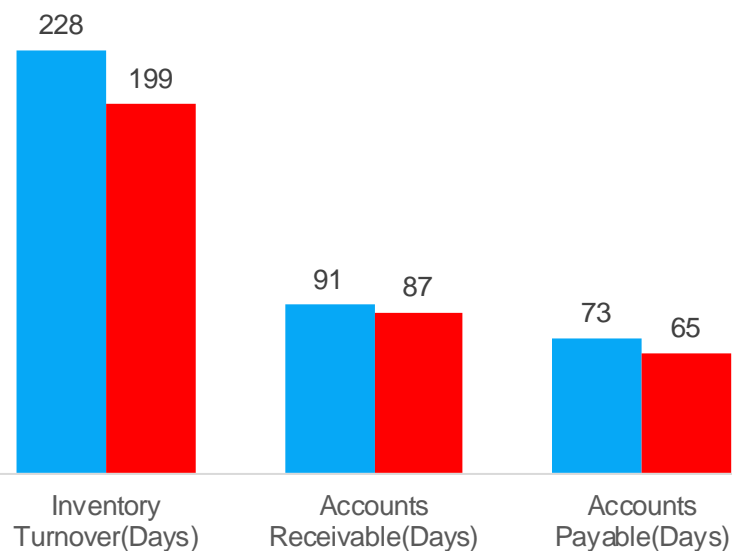


*Free Cash Flow=Net Operating Cash Flow-CAPEX



Operational Efficiency and Financial Condition Analysis

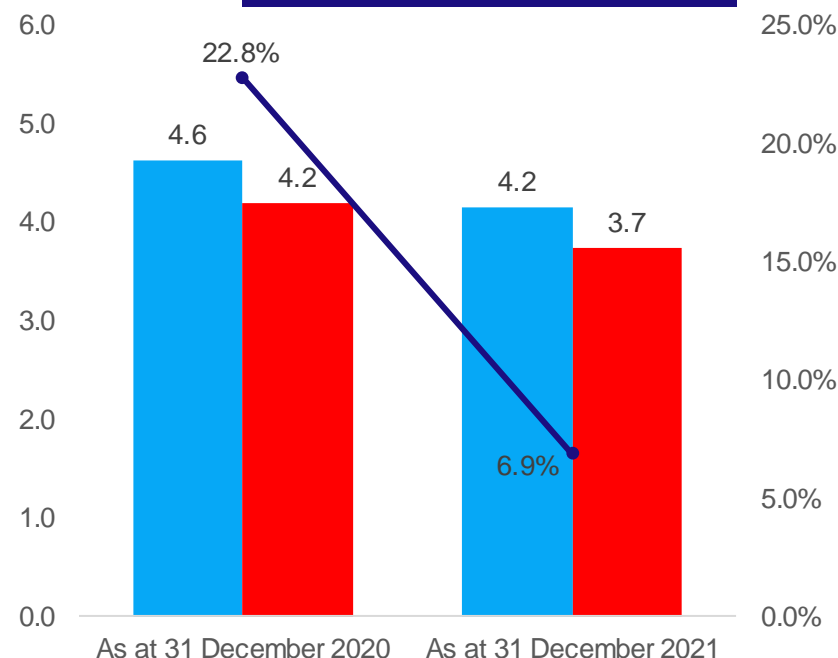
Operational Efficiency



■ As at 31 December 2020 ■ As at 31 December 2021

- Cash conversion cycle reduced by 25 days and operational efficiency improved

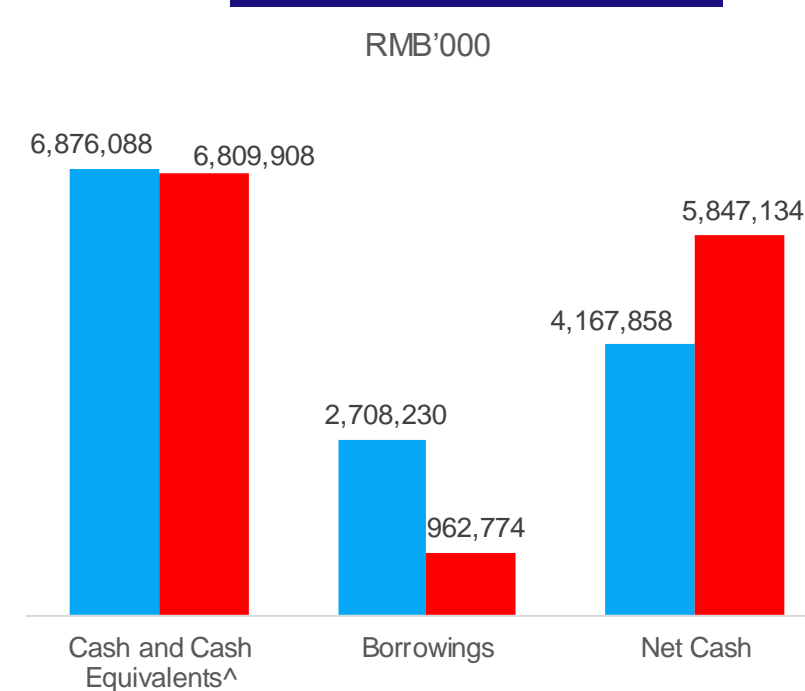
Financial Condition



■ Current Ratio ■ Quick Ratio —●— Debt Ratio*

- The decrease in current and quick ratio are mainly due to the cash repayment of short term debt
- Debt ratio significantly decreased by 15.9 p.p.

Cash Position



■ As at 31 December 2020 ■ As at 31 December 2021

- Affluent cash balance secures the operation and development of the Group



Flavour Your Life

*Debt ratio=current and non-current borrowings/total equity(non-controlling equity excluded)

*Cash and Cash Equivalents=Cash + Short -term Deposits + Financial Products (Stated in the "Financial assets at fair value through profit or loss")

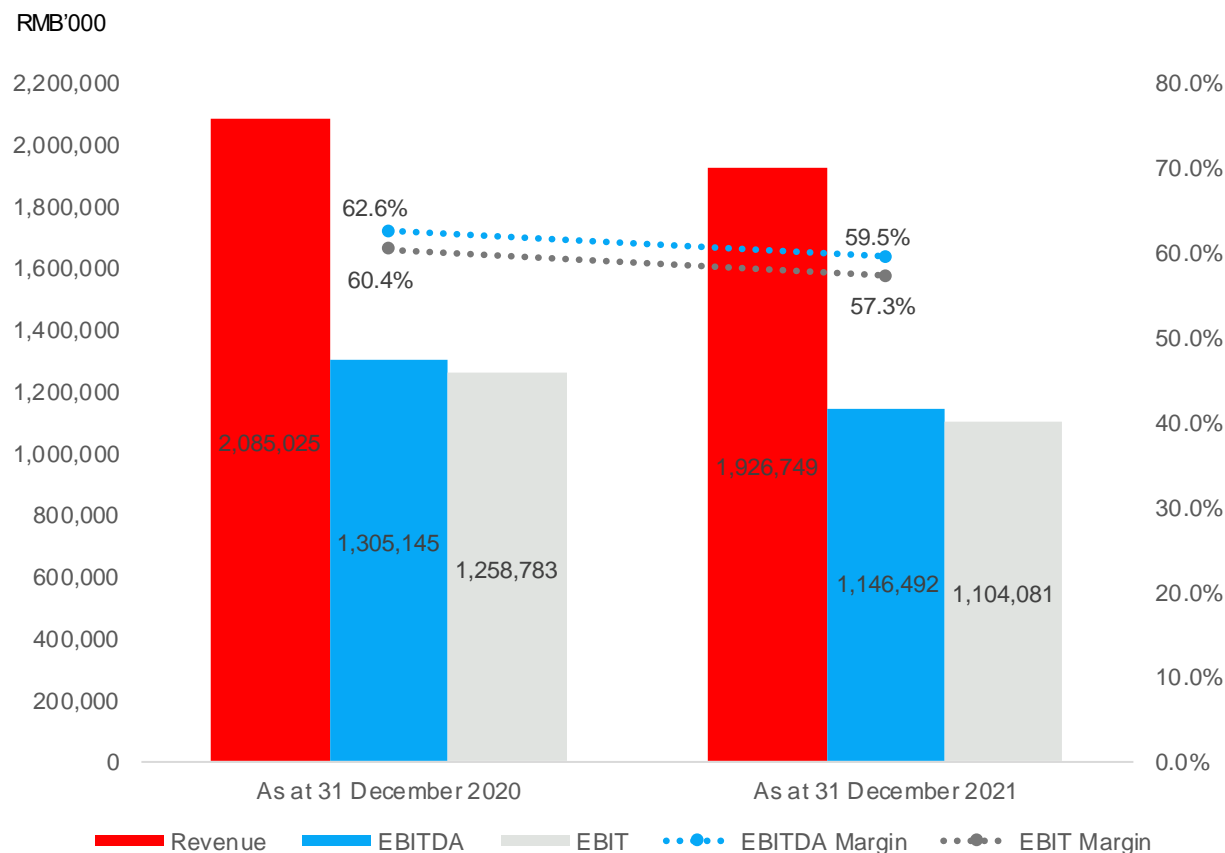


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Business Review

Flavours and Fragrances

Operational Performance



Business Development

Investment Layout:

- Investment layout focuses on “green, healthy, and nutritional” products
- Shanghai Yifang (fruit ingredients such as jam, fruit pieces, popping beads), Yunan Nongken Plateau (Coffee and specialties foods), Mili (Natural plants extracts), Jiapin Jiawei (Natural animal extracts food flavours)

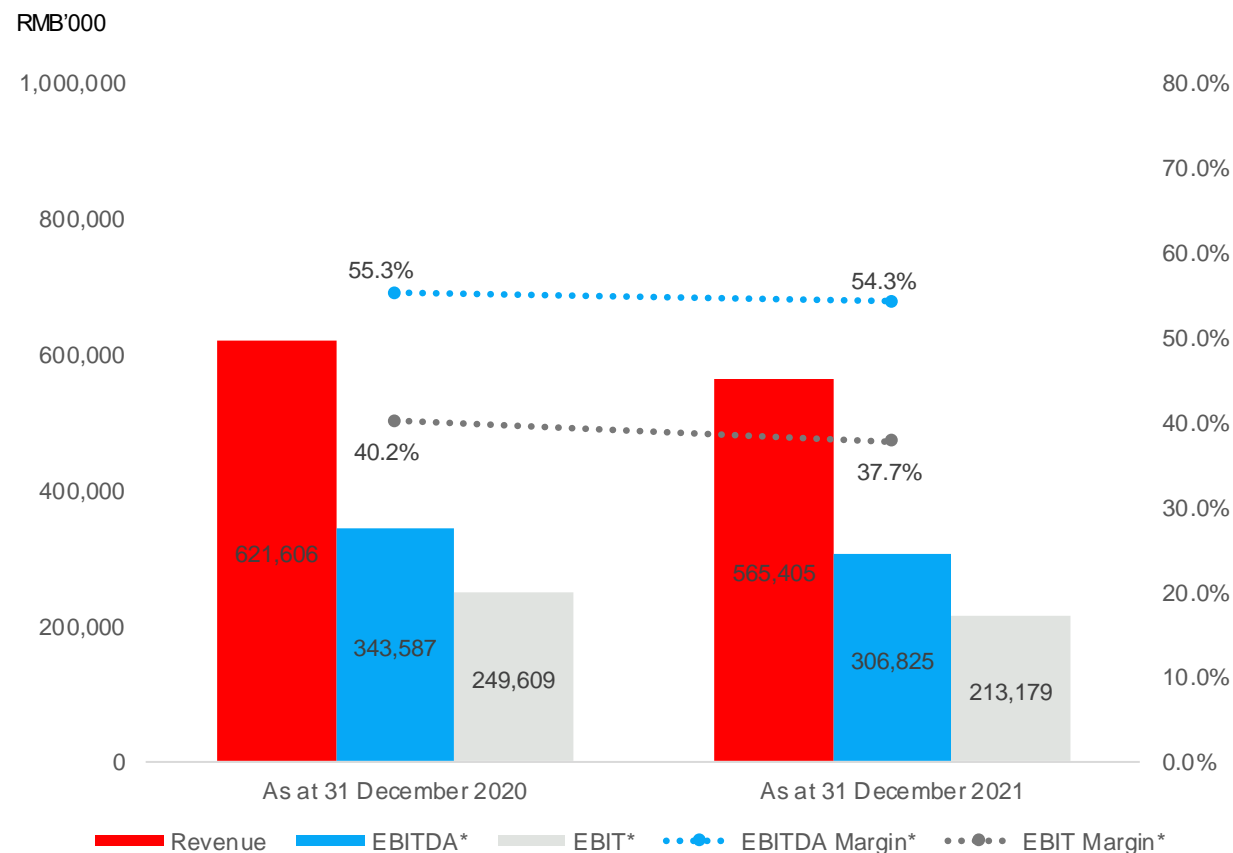
Overseas R&D Centre:

- Completed the establishment and team formation of Huabao Asia Pacific R&D Centre in Singapore, aiming to establish a global innovative tech platform to gain exposure to overseas markets



Tobacco Raw Materials

Operational Performance



Business Development

Focus on Innovative Tobacco Products:

- Established Shenzhen Collaborative Innovation Research Institute to strengthen R&D and master core technologies with independent IP rights
- Deepened layout in the HNB and electronic atomization products
- Collaborated with outstanding firms in the industry chain to create the Group's capabilities to provide comprehensive solutions

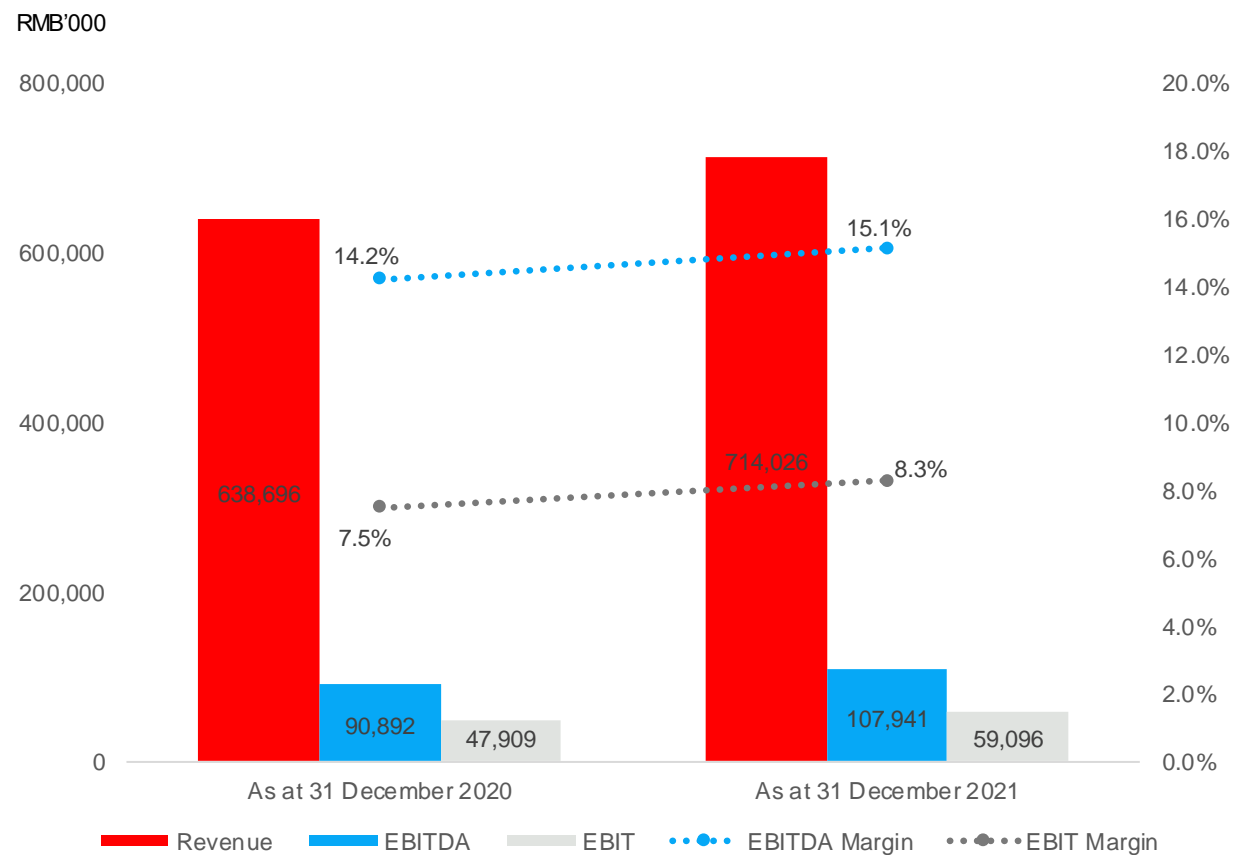
Overseas Manufacturing Centre:

- The RTL production line using slurry technique in Indonesia has started production
- The Group will increase its RTL production capacity and establish other products lines to create a core overseas clients services base



Aroma Raw Materials

Operational Performance



Business Development

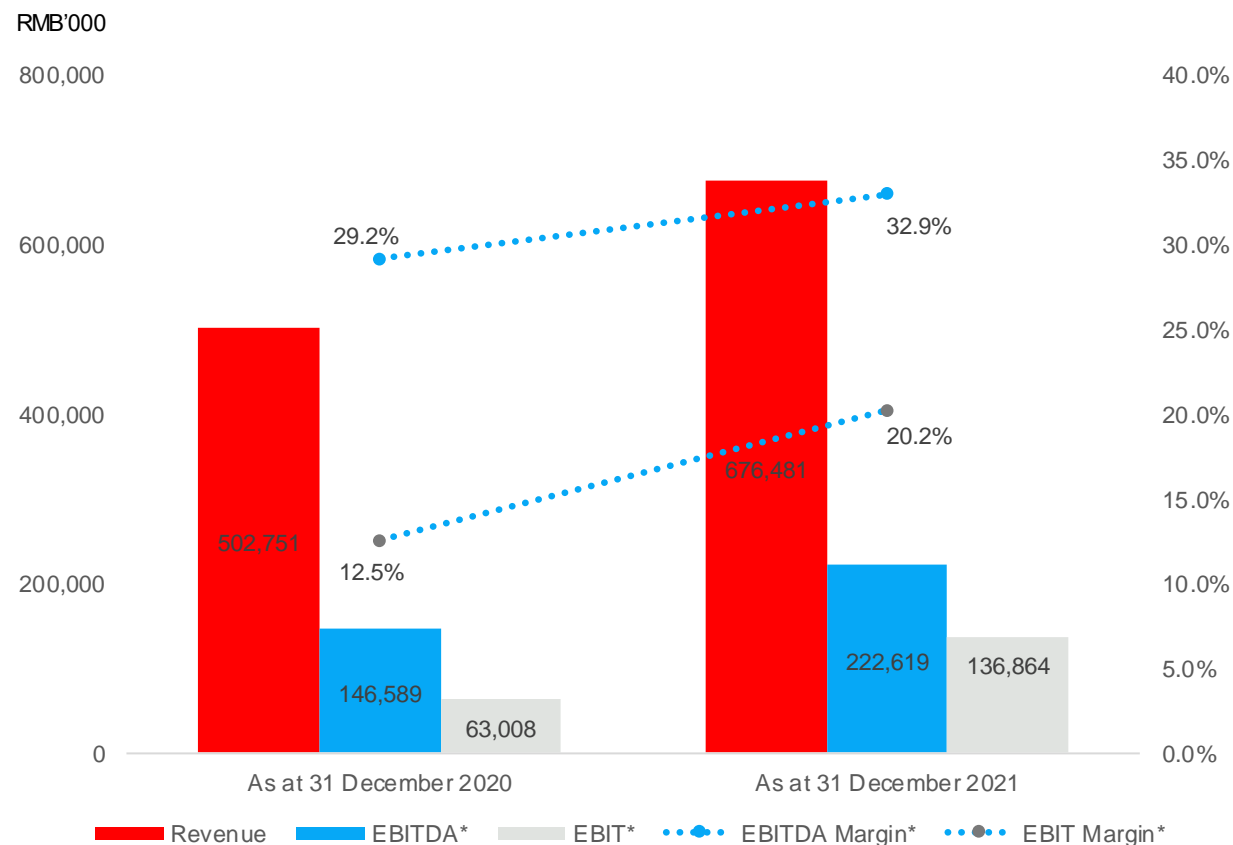
- Production capacity gradually released
- Continued to optimize production techniques and processes
- Acted on environmental policies and established and implemented safety production rules and system



Flavour Your Life

Condiments

Operational Performance



Business Development

- **Product Mix** Products are classified into two categories: umami-enhancing products and flavour-enhancing products. Conducted R&D based on consumer's taste preference in different regions to strengthen and improve the segment's competency
- **Sales Channels** Adopted the business model that focuses on end customer services; built the mechanism that connected the distributors and end sales; strengthened the industrial clients development; established online sales platforms to form a competitive sales teams
- **Marketing strategies** Based on the popular Sichuan and Hunan cuisines, the Group planed a series of activities to provide clients with comprehensive cuisine solutions to strengthen the products' recognition and reputation among clients



Flavour Your Life

*Figures and ratios are adjusted excluding the goodwill impairment of RMB 495 million of the condiment business in 2021



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Digital Transformation

Digital Transformation



- 1 Established digital operation platform to achieve the integration of financial resources and visualization of financial data, and further improved the Group's risk management system
- 2 Internally, the Group focused on the restructuring of the R&D system, and achieved the effective connection between the R&D system and business segments, aiming to deeply empower the effective production and intelligent production
- 3 Externally, the Group established the middle data desk to connect suppliers, clients, and customers to construct a delicious digital ecological platform
- 4 Established the team of digital management and prepared the talent pool for future digital projects
- 5 The Group will continue to deepen digital management work, improve the Group's capabilities in management, empowerment, supply chain operation, and synergistic innovation with external parties.



Thanks for Watching!



Tel: +852 2185 1233

**Address: Suite 3008, 30/F, Central Plaza, 18
Harbour Road, Wanchai, Hong Kong**

