



Huabao International Holdings Limited

華寶國際控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00336

2010-2011 Interim Report 中期報告

*Sustainable
growth and value*

持續增長
創造價值





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors

Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. MAK Kin Kwong

AUDIT COMMITTEE

Mr. MAK Kin Kwong (*Chairman*)
Mr. LEE Luk Shiu
Ms. MA Yun Yan

REMUNERATION COMMITTEE

Mr. MAK Kin Kwong (*Chairman*)
Ms. MA Yun Yan
Mr. XIA Li Qun

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCPA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *ACIS, ACS*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith

公司資料

董事會

執行董事

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事

李祿兆先生
麻雲燕女士
麥建光先生

審核委員會

麥建光先生 (*主席*)
李祿兆先生
麻雲燕女士

薪酬委員會

麥建光先生 (*主席*)
麻雲燕女士
夏利群先生

合資格會計師

蔡文霞女士 *FCPA, FCCA*

公司秘書

潘昭國先生 *ACIS, ACS*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫律師事務所

Corporate Information (cont'd)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

INVESTOR RELATIONS WEBSITE

<http://huabao.todayir.com/html/ir.php>

公司資料 (續)

總部及香港主要營業地

香港
灣仔
港灣道18號
中環廣場
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

股票代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

投資者關係網站

<http://huabao.todayir.com/html/ir.php>

Financial Highlights

財務摘要

Unaudited
未經審核
For the six months ended
30 September
截至九月三十日止六個月

		2010 二零一零年 HK\$'000 港幣千元	2009 二零零九年 HK\$'000 港幣千元	Growth 增長
Sales	營業額	1,286,614	1,088,854	+18.2%
Operating profit	營運盈利	869,834	694,152	+25.3%
Gross profit margin ⁺	毛利率 ⁺	75.5%	75.5%	
EBITDA margin	EBITDA率	70.3%	67.1%	
EBIT margin	EBIT率	67.6%	63.8%	
Profit before income tax	除稅前盈利	880,931	700,789	+25.7%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	752,266	610,927	+23.1%
		HK cents 港仙	HK cents 港仙	
Earnings per share	每股盈利			
– Basic	– 基本	23.94	19.75	+21.2%
– Diluted	– 攤薄	23.75	19.47	+22.0%
Interim dividend per share	每股中期股息	7.2	6.0	+20.0%

+ Equal to "Earnings before interest, taxes, depreciation, amortization and share option compensation expenses" divided by "Sales".

+ 等於「除稅前盈利加利息、折舊、攤銷及購股權報酬費用」除以「營業額」。

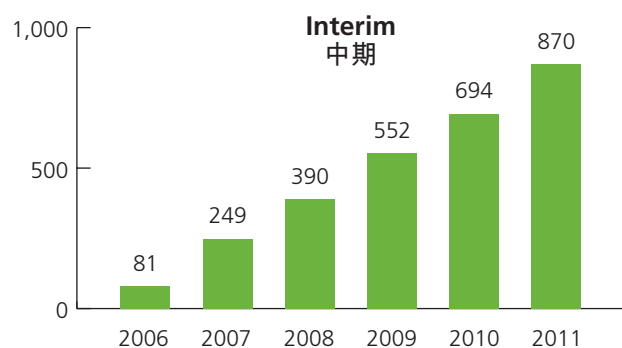
Financial Highlights (cont'd)

財務摘要 (續)

Operating profit

營運盈利

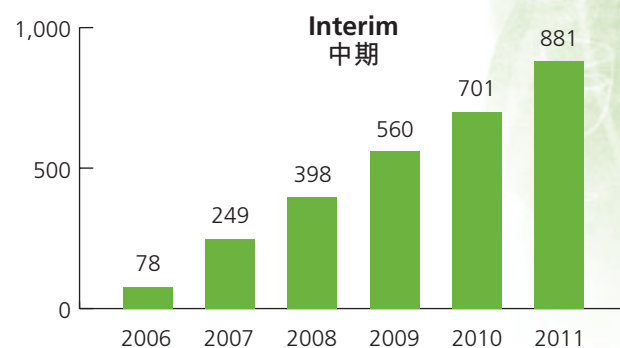
HKD million
港幣百萬元



Profit before income tax

除稅前盈利

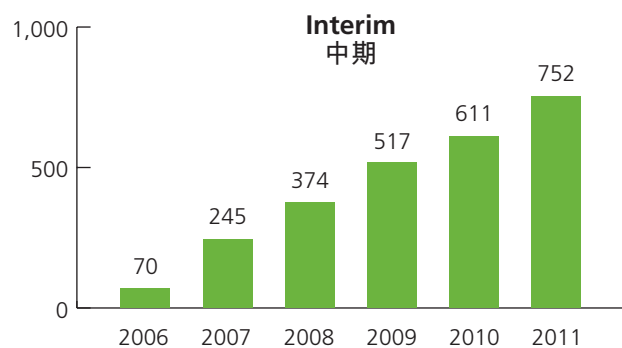
HKD million
港幣百萬元



Profit attributable to equity holders of the Company

本公司權益持有人應佔盈利

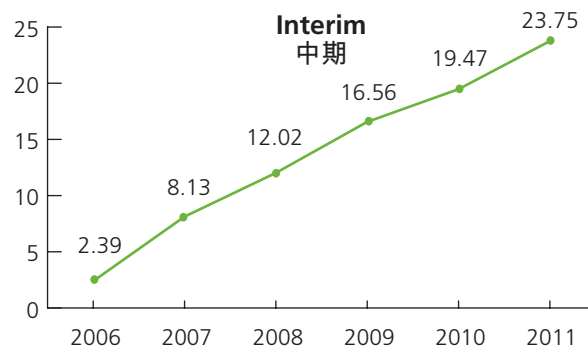
HKD million
港幣百萬元



Diluted EPS

每股攤薄盈利

HK cents
港仙



CEO's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the encouraging interim results of the Group for the six months ended 30 September 2010.

During the first half of 2010, the global economy remained somewhat unpredictable. In contrast to the Euro crisis and the concern about the American economy's double-dip recession and the deceleration of China's economic growth, China still recorded a stunning 11.1% economic growth. Strong internal demand again played a remarkable role in bringing China's consumer products market to the spotlight of the world stage, keeping alive the hope for the recovery of the world's economy while actively contributing along the way. As an long-established leader of China's flavours and fragrances industry as well as a major player in the Chinese domestic consumer products market, the Group has been adhering to its "multi-pronged, focus growth" development strategy while giving full play to its overall competitive edge in management, technology, product and service, with which it subsequently accomplished all its business targets, remarkably promoted its new business and maintained a fast and sustainable growth.

Confident in completing the predetermined three-year development target given all business targets being achieved

For the six months ended 30 September 2010, the Group achieved sales revenue of approximately HKD1.29 billion, representing an increase of approximately 18.2% over the corresponding period last year, mostly attributable to organic growth. The overall gross profit margin was approximately 75.5%, which was consistent with the corresponding period last year. Operating profit was approximately HKD870 million, representing an increase of approximately 25.3% over the corresponding period last year. EBIT margin was approximately 67.6%, representing 3.8 percentage points higher than the corresponding period last year. Profit before income tax amounted to approximately HKD881 million, representing an increase of about 25.7% over the corresponding period last year. Profit attributable to equity holders of the Company was approximately HKD752 million, representing an increase of about 23.1% over the corresponding period last year. Basic earnings per share increased by about 21.2% over the corresponding period last year to HK23.94 cents this year. All these figures have demonstrated that we are moving towards our business targets smoothly, and therefore both the management and I are confident in completing our predetermined three-year development target!

總裁報告

各位股東：

在此，本人謹代表董事會欣然向各股東報告本集團截至二零一零年九月三十日止六個月優秀的中期業績。

二零一零年上半年，全球經濟形勢撲朔迷離，市場在經歷了歐元危機，美國經濟可能出現雙底衰退以及中國經濟增長放緩等顧慮之下，中國經濟仍然實現了11.1%的高速增長。強勁的內需使得中國消費品市場再次成為全球的閃亮點，為全球範圍內的經濟復甦帶來了希望並作出了積極貢獻。作為中國香精香料行業的領頭羊以及中國內需消費品市場的重要成員之一，本集團繼續堅持同心多元化的發展策略，充分發揮在管理、技術、產品和服務上的綜合競爭優勢，順利完成了各項業務發展目標，並大大推進了新業務的發展，保持了持續快速增長勢頭。

各項業務目標順利推進，完成預定的3年發展目標信心十足

截至二零一零年九月三十日止六個月，本集團實現銷售收入約港幣12.9億元，同比增長約18.2%，主要為有機增長。綜合毛利率約75.5%，與去年同期持平。營運盈利約港幣8.70億元，同比增長約25.3%。EBIT率約67.6%，較去年同期提升了3.8個百分點。除稅前盈利約港幣8.81億元，同比增長約25.7%。本公司權益持有人應佔盈利約港幣7.52億元，同比增長約23.1%，每股基本盈利為港幣23.94仙，同比增長約21.2%。這些數字充分表明，各項業務目標順利推進，我和管理層對完成預定的三年發展目標信心十足！

CEO's Statement (cont'd)

Encouraging development reported in new areas such as new materials for cigarettes, food ingredients and upstream raw materials

In the first half of 2010, the Group achieved encouraging development in the new areas such as new materials for cigarettes, food ingredients and upstream raw materials. In November 2010, the Group announced the acquisition of Guangdong Jinye Group, establishing a platform for further development of new materials for cigarettes and substantially accelerated the progress of the reconstituted tobacco leaves project. In respect of food ingredients, satisfactory development was reported in the "Hanfo Cooking Secret" Project, as we have penetrated over 300 restaurant clients, forming a range of 64 products in 8 categories and accelerating the building of our distribution network; as for upstream raw materials, the Group recently completed the acquisition of Yunnan Huaxiangyuan, while the integration of Qingdao Qingda acquired in March this year is under smooth progress. In the future, the Group will increase the investment in the new business, aiming at building an integrated core value chain and further improving the comprehensive competitive edge of the Group.

Proactively dealt with inflation, strengthened financial management and improved operating efficiency

Since the beginning of this year, price level in Mainland China kept making new highs, with prices of most raw materials displaying rapid rising momentum, and inflation expectation heated up continuously in the market. Under such circumstances, the management took decisive measures to appropriately increase the inventory of certain raw materials on which inflation might affect, along with the increasing execution of vertical integration, the Group's gross profit margin maintained stable. Though cash flow decreased as a result of higher inventory of raw materials, the cash and cash equivalent of the Group amounted to approximately HKD2.10 billion as at 30 September 2010 without any investment in financial products, the Group's financial position remained healthy and stable.

Meanwhile, the Group continued to strengthen its financial management during the period, both EBIT and EBITDA margins increased accordingly, and the profit attributable to equity holders of the Company reached approximately HKD752 million, representing a strong increase of 23.1%, operating efficiency was further enhanced. Taking into account the acquisition of Guangdong Jinye Group announced by the Group in November this year, along with the sound financial condition and ample cash flow, the Board has decided an interim dividend for this period of HK7.2 cents per share, representing a dividend yield of over 30%.

總裁報告 (續)

卷煙新材料、食品配料以及上游原料等新領域獲得可喜的發展

今年上半年以來，本集團在卷煙新材料、食品配料以及上游原料等新領域獲得可喜發展。二零一零年十一月，本集團宣布了對廣東金葉集團的收購，建立了下一步發展卷煙新材料的平台，實質性地推進了在煙草薄片的發展。在食品配料方面，「漢方廚寶」項目獲得了良好的發展，目前已經發展到超過300家餐館用戶，形成了8大類64個產品的體系，加速經銷渠道網絡建設；在上游原料方面，本集團新近完成了雲南華香源的收購，而今年三月收購的青島青大的整合正在順利推進之中。未來本集團將進一步加大在新業務領域的投入，打造核心一體化的產業鏈，進一步增強了集團的綜合實力。

積極地應對通脹，強化財務管理，提高運營效率

今年以來中國內地的物價水平不斷創出新高，大部份生產原料的價格出現了快速上漲的勢頭，市場對通脹預期不斷升溫。在此情況下，管理層果斷地採取了措施，適當地增加了部份可能會受到通脹影響的原材料的儲存量，同時由於繼續加大垂直整合力度，使得本集團的毛利率保持穩定。由於原材料存貨的增加導致現金流有所降低，但截至二零一零年九月三十日本集團現金及現金等價物達約港幣21.0億元，沒有任何金融產品的投資，財務狀況穩健。

同時本集團在期內不斷強化財務管理，EBIT率和EBITDA率雙雙提升，本公司權益持有人應佔盈利達到約港幣7.52億元，實現了23.1%的強勁增長，運營效率進一步提高。考慮到本集團在今年11月宣布的對廣東金葉集團的收購，結合穩健的財務狀況以及充裕的現金流，董事會決定本年度中期現金股息為每股7.2港仙，派息率超過30%。

CEO's Statement (cont'd)

Achievements of M&A and Integration

The Group pursues its business development by a combination of organic growth and M&As, sought for opportunities to speed up "multi-pronged, focus growth" development through strategic M&A activities, integration results from effective integration plans applied have been obvious. Guangdong Jinye Group, acquired in November this year, which has built a development platform for the Group's new cigarette materials business, has practically promoted the reconstituted tobacco leaves business of the Group. In addition, the Group also acquired 60% equity interests in Yunnan Huaxiangyuan through capital injection, which has built a development platform for the Group's aromatic raw material business, will further speed up the development of its aromatic raw materials business. The integration with Maoming Kebi's business, F&G and Qingdao Qingda, which were all acquired last year, has been proceeding smoothly with all profit indicators reaching the Group's current level, thereby delivering satisfactory results. Such actions once again proved the Group's strength in M&As and integration.

Increased R&D investment and achieved fruitful results

For the six months ended 30 September 2010, the Group continued to achieve fruitful R&D results, among which, we applied for and obtained more than 10 patents, developed more than a hundred new products and made great progress in R&D capability and strength, which laid a solid foundation for the Group's future development. In the first half of the financial year, the Group's R&D expense amounted to approximately HKD42.65 million, accounting for about 3.3% of the sales revenue, which is slightly higher than that of last year approximately 3.2%. The continuously increasing input in the R&D expenses guaranteed the Group's continuous innovations, which laid a solid foundation for the Group's long term development.

Operating environment and prospects

Currently, the global economy has weathered the crisis, but the prospect for recovery is not so optimistic. Although China's economy still maintains a high growth rate, the negative impact arising from RMB appreciation, the obstinately high housing prices and the inflation has not been completely eliminated. Against this global environment, the Chinese government is taking various measures to increase residents' disposable income to stimulate domestic demand, and at the same time, proactively taking effective actions to stabilize product price level. The management believes such actions will further stimulate the domestic consumer market. The management and I are cautiously optimistic about the operating environment of the Group and are fully confident in completing the predetermined three-year development target.

總裁報告 (續)

併購整合效應明顯

本集團堅持有機發展和併購相結合的發展道路，擇機進行策略性的併購，加速同心多元化的發展，並實施了有效的整合措施，整合效益明顯。今年十一月收購的廣東金葉集團，打造了集團在卷煙新材料的發展平台，實質性地推進了煙草薄片業務。同時，集團又通過增資擴股獲得了雲南華香源60%的股權，建立了集團在香原料的發展平台，未來將進一步加快香原料板塊的發展。去年併購的茂名科比業務、F&G和青島青大的整合推進順利，目前各項盈利指標均達到集團現有水平，取得了理想的業績。這再次充分展示了本集團強大的併購和整合能力。

加大研發投入，研發成果喜人

截至二零一零年九月三十日止六個月，本集團在研發方面繼續取得可喜成績，申報和獲得專利共超過10項，開發了百餘種新產品，研發水平和實力進一步上台階，為集團未來的發展打下堅實的基礎。上半財年，研發費用約港幣4,265萬元，佔銷售收入的比例約為3.3%，比去年比例約3.2%略有上升。研發費用的持續增加保證了集團的持續創新能力，為集團的長期發展奠定了堅實基礎。

經營環境及展望

當前全球經濟雖已度過危機但是其復甦前景並十分樂觀，中國經濟仍然保持了高速增長，但人民幣升值、房價居高不下以及通脹的負面影響尚未消除。在此大環境下，中國政府一方面採取各種措施，增加居民可支配收入，刺激內需；同時，又採取積極有效的措施穩定物價水平。管理層相信，這些舉措將進一步促進國內消費市場。我和管理層對本集團未來的經營環境持謹慎樂觀態度，對完成預訂的三年發展目標信心十足。

CEO's Statement (cont'd)

Huabao's long-term development strategy will remain unchanged, which is to uphold the "multi-pronged, focus growth" development strategy and aggressively develop the new areas such as new materials for cigarettes, food ingredients and aromatic raw materials with flavours and fragrances business as its mainstay, aiming at integrated core value chain, laying a solid foundation of long-term sustainable development, so as to secure the next wave of Chinese economy boom and to capture huge opportunities in the domestic consumer goods industry arising from the wealth effect and achieve robust growth through organic development and M&A.

The management is fully confident in Huabao's developing into a China-based global leading flavours and fragrances player. We will be committed to create more investment value and returns for our Shareholders!

LAU Chi Tak

CEO

Hong Kong, 26 November 2010

總裁報告 (續)

華寶的長期發展策略保持不變，繼續堅持同心多元化的戰略，以香精香料業務為核心，積極發展卷煙新材料、食品配料以及香原料等新領域，打造一體化的核心產業鏈，奠定長期可持續發展的堅實基礎，全力把握下一輪中國經濟騰飛和財富效應為中國消費品行業帶來的巨大商機，通過有機和併購的發展實現高速增長。

管理層對將華寶發展成為植根中國市場、全球頂級的香精香料公司充滿信心！我們將繼續努力，為股東創造更大的價值和回報！

劉志德

總裁

香港，二零一零年十一月二十六日

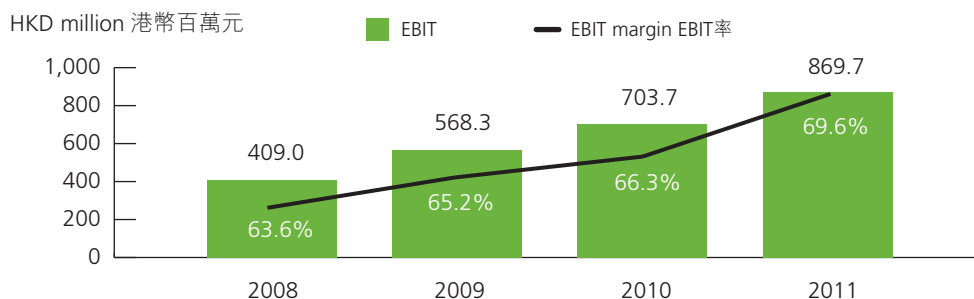
Management Discussion and Analysis

Business Review

Review of Flavours Business

For the six months ended 30 September 2010, sales revenue of the Group's flavours business amounted to HKD1,249,108,000, representing an increase of approximately 17.7% over the revenue of HKD1,061,126,000 for the corresponding period last year. The EBIT margin of flavours segment was 69.6%, representing an increase of 3.3 percentage points as compared with 66.3% for the corresponding period last year. The increase was primarily attributable to a speedy organic growth in the sales of flavours applied to tobacco, food and beverage, and the further enhancement of operation efficiency.

Flavours EBIT margin and EBIT 食用香精香料板塊EBIT率和EBIT



In the first half of the year, the Group once again achieved excellent results from its tobacco flavours operations. During the period, a seminar titled Sensory Evaluation Methodology of Chinese Cigarettes was held in Shanghai. The participants engaged in research and discussion on establishing a national sensory evaluation system for Chinese style cigarettes. The seminar has great importance in guiding the direction of the future development of Chinese cigarette styles. Guangzhou Huafang successfully organised the first meeting of the National Cigarette Perfumery Technology Committee as well as the first graduation ceremony of the Cigarette Perfumery Technicians Institute. Senior officials from the State Tobacco Monopoly Administration attended the ceremony and expressed their close attention to this program. The Group is gradually developing a tobacco product analysis and monitoring system through introducing international talents, and also proactively participates in evaluation of standards that are related to the Chinese tobacco industry. One invention patent application submitted by Huabao Shanghai, namely "Preparation Method of Cocoa Flavour, Resulting Products and their Applications", was approved by the State Intellectual Property Office. Wuxi Huahai applied for two patents and developed four natural new products. A product developed by Wuxi Jiahua, namely "Fragrance product produced with tobacco extract or tobacco fine waste extract prepared by enzymatic methods", was approved by the experts from the City of Wuxi and Jiangsu Province and was awarded with the title of "Jiangsu Key New Product" by Jiangsu Science and Technology Bureau. All these honours fully demonstrate the outstanding operational results in the tobacco flavours business operated by the principal subsidiaries of the Group in the first half of 2010 and indicate the strength of the management team.

管理層討論及分析

業務回顧

食用香精香料業務回顧

截至二零一零年九月三十日止六個月，本集團食用香精香料銷售收入為港幣1,249,108,000元，較去年同期的港幣1,061,126,000元增長了約17.7%。食用香精香料的板塊EBIT率達69.6%，較去年同期的66.3%提高了3.3個百分點。主要得益於用於煙草和食品及飲料的香精香料業務的快速有機增長並進一步提高了運營效益。

上半年，集團在煙用業務的運營上再次獲得良好成績。期間中式卷煙感官評價方法項目評吸研討會在上海召開，與會方就建立卷煙感官風格特徵評價體系這一國家級項目進行了研究和探討。此次研討對未來中式卷煙風格的發展方向具有重要意義。廣州華芳成功承辦全國卷煙調香技術委員會第一次會議，暨行業首期卷煙調香師學院畢業典禮，國家煙草專賣局的有關領導出席了典禮，並對該項目給予高度重視。本集團通過引進國際人才，正在逐步建立了一套與國際接軌的卷煙產品分析及監測體系，並積極參與中國卷煙行業相關標準的制定。此外，華寶上海一項《可可香料的制備方法、採用該方法所得到的產品及其用途》的發明專利喜獲國家知識產權局授權。無錫華海申報專利兩項，開發天然新品四項；無錫嘉華自主研發的「利用酶法制備的煙草浸膏或煙末浸膏生產反應型香料」產品，目前分別通過了無錫市及江蘇省專家組的評審，被江蘇省科技廳授予「江蘇省重點新產品」稱號。這些殊榮充分展示了本集團各主要下屬公司上半年在煙用業務上的優秀運營狀況，體現了管理團隊的水平。

Management Discussion and Analysis (cont'd)

In terms of downstream sectors, the Chinese government announced a plan for the subsequent consolidation of the tobacco industry in China and set the "532" and "461" targets as the direction of development for tobacco brands at the beginning of 2010. It also stipulated a new standard of maximum tar content at 10 mg per stick effective from 2015. The development of the tobacco industry in China will be oriented toward higher brand concentration, higher grade and healthier products. Judging from present consumption patterns on the market, tobacco industry will continue to maintain steady growth. In the first half of 2010, the sales volume of the domestic tobacco industry grew by approximately 3.5% and the demand for high-quality domestic cigarettes remained high. Top 15 key brands recorded a year-on-year growth of 10.6% in sales volume, of which 9 brands' sales volume increased by more than 10% and 4 brands of which exceeded 20%. In terms of wholesale, top 15 brands recorded a year-on-year growth of 37.0% in sales revenue, of which 12 brands' sales revenue increased by more than 20% and 5 brands of which exceeded 30%. Trade up behavior brought about an ongoing improvement of profitability to the industry. In the first half of 2010, the domestic tobacco industry contributed industrial and commercial profit tax of approximately RMB325.3 billion, representing an increase of about 17.3% over the corresponding period last year. For the effort of lowering tar content and harmful substance, the average tar content is 11.7 mg per stick and the average carbon monoxide content is 12.3 mg per stick, representing a decrease of 0.4 mg per stick and 1.2 mg per stick respectively. These favourable factors will continue to contribute to the Group with sustained growth momentum. (Source for the above: TobaccoChina Online)

管理層討論及分析 (續)

在下游行業方面，中國政府在二零一零年初宣布了中國煙草行業後續整合方案並提出了「532」和「461」的品牌發展目標；同時規定了二零一五年卷煙焦油最高含量每根10毫克的新標準。中國煙草行業將向品牌集中度更高、檔次更高、產品更健康方向發展。從目前市場消費的情況來看，煙草行業繼續保持了穩步增長的勢頭。二零一零年上半年，中國煙草行業的銷量增長了約3.5%，市場對國產名優煙的需求持續旺盛。重點骨幹品牌中前15大品牌，其銷售量同比增長10.6%，有9個品牌銷量增幅超過10%，其中4個品牌超過20%；批發銷售收入前15個品牌銷售收入同比增長37.0%，有12個品牌增長超過20%，其中5個品牌增長超過30%。行業消費檔次的升級使得行業盈利能力不斷提高。二零一零年上半年，中國煙草行業實現工商利稅約人民幣3,253億元，比去年同期增長了約17.3%。降焦減害方面，卷煙產品的焦油量平均值為每根11.7毫克，一氧化碳量平均值為每根12.3毫克，同比分別下降每根0.4毫克和每根1.2毫克。這些利好因素再次成為本集團源源不斷地增長的動力。(以上資料來源：煙草在線)

Management Discussion and Analysis (cont'd)

As to our products used in food, beverage and food ingredients, for the six months ended 30 September 2010, the Group achieved a rapid organic growth in dairy products, beverages, sweets, snacks and food ingredients, resulting in a higher operational efficiency and effectiveness. During the period, Huabao Kongque developed a number of new products and achieved various successes in the market. Among which, its "Natural cream flavouring agent" won the prize of Flavour Enhancer in the category of food, beverage and ingredients. As a pioneering member, Huabao Kongque joined the Food Additive Industry Technology Innovation Union. Guangzhou Huabao launched over 100 new products and won new customers from snacks, meat products, seasoning and fast food sectors and further increased its market shares in the existing customers. Furthermore, the new Muslim food flavours production line of 7,000 tons built at Guangzhou Huabao is officially put into operation, laying a foundation for the next stage of growth. As to food ingredients, products of "Hanfo Cooking Secret" are promoting soundly in the market, focusing its target markets in Sichuan, Chongqing, Yunnan, Guizhou, South China and Central China. Its products form a system consisting of 64 items in 8 categories, with the main products positioned as middle to high end. Currently, over 300 restaurants in the abovementioned regions are using the products of Hanfo Cooking Secret. After carrying out several technical improvements, Guangdong Zhaoqing has improved operational efficiency and reduced production costs. The integration of Qingdao Qingda has been progressing smoothly, and currently its existing production facility is under reconfiguration to increase its capacity to match the Group's development in the savory side of flavours business. The production facility after reconfiguration will be equipped with new technology and production workmanship, product quality and operating efficiency will be further elevated. Meanwhile, the Group has organized trainings to the key personnel at different levels within Qingdao Qingda regarding the know-how of flavours and fragrances and reviewed its management structure, and a seamless merger with Huabao's existing system is achieved. Moreover, Huabao Kongque, Guangzhou Huabao, Guangdong Zhaoqing and Qingdao Qingda jointly attended events such as the FIA China 2010, Hi Ni China 2010, Food Safety and Food Additive Conference & Shanghai International Food Ingredients Exhibition (FIS). Through those elaborately-designed exhibition stands, product application presentation, face-to-face consultation and communications, the Group fully demonstrated its world-class corporate image and its servicing capability.

管理層討論及分析 (續)

在用於食品、飲料及餐飲配料的產品方面，截至二零一零年九月三十日止六個月，本集團在乳製品、飲料、糖果、休閒食品及餐飲配料方面獲得了高速有機增長，運營效率和效益進一步提高。期間，華寶孔雀成功開發多款新品獲得市場認同，其中天然乳脂增香劑榮膺食品飲料配料類增香技術獎，華寶孔雀還作為首發聯盟成員單位出席了食品添加劑產業技術創新聯盟。廣州華寶推出超過百種新品，在休閒食品、肉製品、調味品以及方便食品中拓展了新的客戶並進一步加大在現有客戶中的市場佔有率；此外，廣州華寶新建的7,000噸清真食用香精香料以及食品配料生產線正式投入運營，為下一步的增長打下基礎；在餐飲配料方面，漢方廚寶項目的市場推進十分順利，以川渝、雲貴、華南、華中為核心目標市場進行拓展，形成了主流產品定位於中高檔，8大類64個產品的體系。目前以上地區已經有超過300家餐廳使用漢方旗下的產品。廣東肇慶實施了多項技改，大大提高了運營效率，降低了生產成本。青島青大整合推進十分順利，目前正在對原有生產設施進行改造以進一步擴充產能以配合本集團鹹味香精香料業務的發展。改造後的生產設施將採用新的技術和新的生產工藝，產品質量和運營效率將進一步提升；同時本集團又對青島青大各級業務骨幹召開香精香料知識的培訓，對其管理結構進行評審，真正做到和華寶現有的體系實現無縫對接。此外，華寶孔雀、廣州華寶、廣東肇慶和青島青大四家企業聯合參展第十二屆亞洲食品配料中國展(FIA)、第十二屆健康原料、天然原料中國展、食品安全和食品添加劑研討會暨上海國際食品添加劑和配料展覽會(FIS)，通過展台的精心設計、應用產品展示、現場諮詢與交流等，充分展現了本集團一流的企業形象和服務理念。

Management Discussion and Analysis (cont'd)

Review of Fragrances Business

For the six months ended 30 September 2010, the Group's sales revenue from fragrances increased by approximately 35.3% from HKD27,728,000 in the corresponding period of last year to HKD37,506,000, representing approximately 2.9% of the total revenue of the Group. The operating profit of the fragrances segment reached HKD6,324,000, representing a growth of approximately 32.4% over that of same period last year. EBIT margin and EBITDA margin were approximately 16.9% and 19.6% respectively, which were consistent with the corresponding period last year.

During the period, Xiamen Amber developed a number of new products especially for its major customers by capitalizing on its strength in the fields of aromatic and detergent fragrances, and continued with its rapid growth. Currently, its major customers include Liby (立白), Lanju (欖菊), Lonkey (浪奇) and Nice (納愛斯). In addition, Xiamen Amber was honoured to become an administrative member of the Fujian Daily Chemicals Importing & Exporting Association, and was nominated as one of "China's Top 100 SMEs for 2010". Furthermore, Xiamen Amber subscribed new shares in Yunnan Huaxiangyuan in September 2010. Yunnan Huaxiangyuan is an enterprise incorporated in the PRC mainly engaged in the production of natural flavouring oil, including eucalyptus oil, citronella oil, wintergreen oil and geranium oil, etc. Its founding team has many years of extensive experience in the industry. The acquisition of Yunnan Huaxiangyuan is in line with Huabao's core strategies of "multi-pronged, focus growth" and the construction of an integrated core value chain. Such acquisition helped laying a solid foundation for the next stage of development of the fragrances sector.

管理層討論及分析 (續)

日用香精香料業務回顧

截至二零一零年九月三十日止六個月，本集團日用香精香料銷售收入為港幣37,506,000元，較去年同期的港幣27,728,000元增長了約35.3%，佔整個集團的收入約2.9%。日用香精香料的板塊營運盈利達港幣6,324,000元，同比增長高達約32.4%，EBIT率及EBITDA率分別約為16.9%及19.6%，與去年同期水平基本持平。

期間，廈門琥珀突出自身在薰香類、洗滌類香精的優勢，圍繞重點大客戶開發多款新品，繼續獲得了高速增長，目前廈門琥珀的主要客戶包括：立白、欖菊、浪奇、納愛斯。此外，廈門琥珀光榮成為福建省日用化學品進出口商會的理事單位，並入圍二零一零年中國中小企業100強。此外，廈門琥珀於二零一零年九月增資擴股獲得了雲南華香源的股權。雲南華香源是一家在國內註冊的從事香料油生產的企業，主要產品包括桉葉油、香茅油、冬青油及香葉油等。其創始團隊在業內具有多年的豐富經驗。收購雲南華香源符合集團同心多元化、打造核心一體化產業鏈的整體戰略，為日用香精香料板塊下一步發展奠定堅實的基礎。

Management Discussion and Analysis (cont'd)

R&D and Innovation ability

The Group has a top-class R&D platform in China's flavours and fragrances industry and an international-calibre R&D team. With a State-recognized technical centre in Shanghai, a national post-doctorate scientific research workstation, an overseas R&D centre in Germany and a professional R&D team consisting of top talents from China and abroad, the Group's R&D capability is far ahead of its peers in China's flavours and fragrances industry.

For the six months ended 30 September 2010, the Group obtained remarkable achievements in the work of R&D and innovation, including the application for over 10 patents and the development of over 100 new products. Some major R&D projects for specific industries have been carried out which will lay a solid foundation for Huabao's long-term development in the future. During the period, a seminar on Sensory Evaluation Methodology of Chinese cigarettes was held in Shanghai, during which the national project on the establishment of a cigarette sensual characteristics evaluation system was studied and discussed by the experts, scholars and relevant responsible persons from various organising parties such as Hongyunchonghe Tobacco Group, China Tobacco Hunan, China Tobacco Jiangxi, Zhengzhou Tobacco Research Institute of China National Tobacco Corporation and the Company. The seminar played a significant role in shaping the development of the Chinese tobacco features in the future.

During the period, the Group has also made gratifying progress in introducing overseas talents. Through introducing top-notch international talents, the Group has established a world-class team which engages in the flavours and fragrances, and technology and development of the new materials for cigarettes. Combining with the Group's "multi-pronged, focus growth" development direction, the R&D, production technique and products of new materials for cigarettes have rapidly filled in empty gap of the relevant industries in the PRC after several years of hard work. Production technique has reached international standards, introducing high-end and innovative products after fully integrated with the domestic tobacco industry. On top of such foundation, the Group has timely acquired a domestic major reconstituted tobacco leaves production enterprise, Guangdong Jinye Group, to build a development platform for the new materials for cigarettes business. The Group will expand the new materials for cigarettes business in full flight in next step. At present, such team is proactively participating in the post-consolidation development of Guangdong Jinye Group. In the future, Huabao will continue to increase investment in talent introduction which will provide Huabao with a solid backing for its long term development.

管理層討論及分析 (續)

研發和創新能力

本集團擁有中國香精香料行業頂級的研發平台和具有國際水平的團隊。位於上海的國家級企業技術中心、國家級博士後科研工作站以及在德國的海外研發中心和一支具有國內外頂尖人員組成的研發團隊，在國內同行中遙遙領先。

截至二零一零年九月三十日止六個月，本集團在研發和創新方面成績突出，其中申報專利十餘項；開發新品超過100種。一些行業性的重點研發項目已經展開，為將來華寶的發展奠定長遠的基礎。期間，中式卷煙感官評價方法項目評吸研討會在上海召開，紅雲紅河煙草集團、湖南中煙、江西中煙、鄭州煙草研究院和我公司等項目承擔單位的專家學者以及相關負責人就建立卷煙感官風格特徵評價體系這一國家級項目進行了研究和探討。此次研討對未來中式卷煙風格的發展方向具有重要意義。

期內，集團在海外人才引進方面也取得了可喜成績。本集團通過從國際市場引入高端技術人才建立了一支一流的香精香料和卷煙新材料技術和開發團隊。結合本集團同心多元化的發展方針，經過幾年的辛勤努力，在卷煙新材料的研發、生產技術以及產品等方面迅速填補國內相關行業的空白，技術水平達到了國際標準，並充分結合國內卷煙市場開發出高等級的新型產品。在此基礎之上，本集團又適時地收購了國內大型煙草薄片生產企業－廣東金葉集團，構建集團在卷煙新材料的發展平台，下一步將全面推進卷煙新材料的發展。目前，該團隊正在密鑼緊鼓地參與到廣東金葉集團的後續整合的發展之中。未來華寶將繼續加大在人才方面的投入和引進，為華寶的長遠發展提供堅實的後盾。

Management Discussion and Analysis (cont'd)

Furthermore, the Food Additive Industry Technology Innovation Union was founded in Beijing during the period, aiming at integrating the relevant technical resources of the food additives industry, establishing a closely-linked mechanism of production, studying and research, expediting the leap-forward development of the food additives industry, ensuring food safety and promoting the innovation and development of the food industry. Huabao Kongque attended the founding ceremony as a pioneering member of the union.

In terms of R&D input, for the six months ended 30 September 2010, R&D expenses amounted to approximately 3.3% of sales revenue, which was slightly higher than approximately 3.2% of corresponding period last year. The continuous increase in R&D expenses guaranteed the Group's capability of continuous innovations, which laid a solid foundation for the Group's long term development.

Benefits of M&A and Integration

Acquisition of Guangdong Jinye Group – to build a strategic platform to develop new materials for cigarettes.

In November 2010, the Group entered into an acquisition agreement (the "Acquisition Agreement") with independent third parties and acquired 100% equity interest in Guangdong Jinye Group at a consideration of RMB1,147 million (the "Acquisition"). For details of the Acquisition, please refer to the Company's announcement dated 1 November 2010. The terms defined in the announcement have the same meanings as those used herein.

Guangdong Jinye Group is one of the designated production bases authorized by State Tobacco Monopoly Administration specializing in the manufacturing of reconstituted tobacco leaves ("RTL") and is also one of the largest RTL manufacturers in the PRC. Established in 1999, Guangdong Jinye Group is one of the first enterprises that engage in the R&D, manufacturing and sales of RTL. Guangdong Jinye Group is also a recognized enterprise technology centre in Guangdong Province, it has accumulated and in the process of applying for over 10 patents. It enjoys a comparatively technological and qualitative advantage in the R&D and manufacturing of RTL currently in the PRC. Guangdong Jinye Group, and its several joint venture partnerships with other leading tobacco groups in the PRC, has a total granted RTL production capacity of 45,000 tons per annum, which own a major market share in the domestic RTL market.

管理層討論及分析 (續)

另外，食品添加劑產業技術創新聯盟期間在北京成立，新聯盟旨在整合食品添加劑產業相關科技資源，建立產學研緊密結合機制，加快推動食品添加劑產業跨越式發展，保障食品安全和推進食品產業創新發展。華寶孔雀作為首發聯盟成員單位代表出席成立大會。

在研發投入方面，截至二零一零年九月三十日止六個月，研發費用佔銷售收入比重約3.3%，比去年同期的比例約3.2%略有上升。研發費用的持續增加保證了集團的持續創新能力，為集團的長期發展奠定了堅實基礎。

併購以及整合效益

收購廣東金葉集團 – 建立發展卷煙新材料的戰略平台

於二零一零年十一月，本集團以人民幣11.47億元的代價與獨立第三方訂立收購協議（「收購協議」），收購廣東金葉集團100%的股權（「收購」）。具體收購內容請參考本公司於二零一零年十一月一日之公告，下文用語釋義亦與該公告內相同。

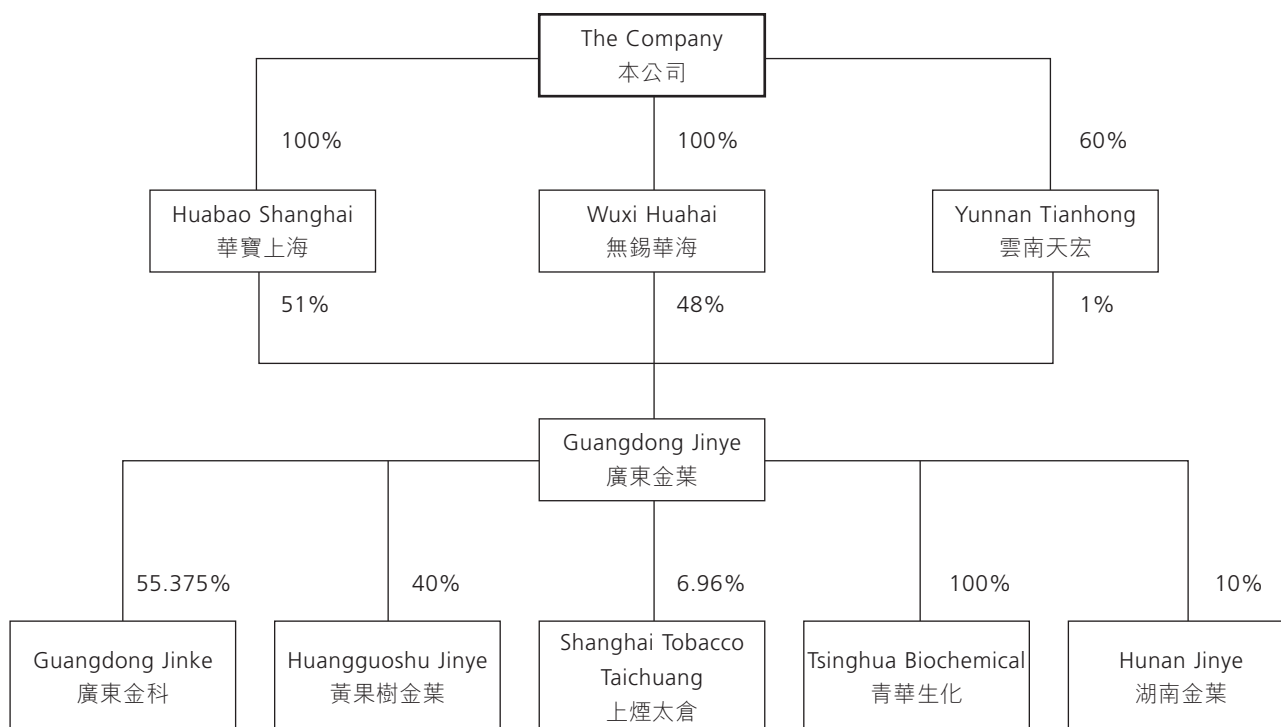
廣東金葉集團是國家煙草專賣局定點許可的專業從事煙草薄片（「煙草薄片」）生產基地之一，也是國內目前最大的煙草薄片生產商之一。廣東金葉集團成立於一九九九年，是國內首批從事煙草薄片的研發、生產以及銷售企業之一。廣東金葉集團也是廣東省企業技術中心，累計獲得及正在申請的專利超過10項，在目前國內煙草薄片的研發和生產領域具有較強的技術優勢和實力。目前該集團自身並通過旗下的多家和國內大型煙草集團的合資企業，擁有每年45,000噸的煙草薄片生產許可指標，在目前國內煙草薄片方面佔有重要的市場份額。

Management Discussion and Analysis (cont'd)

Reasons of the Acquisition

The management of Huabao are of the view that with implementation of the new standard for tar content in China's tobacco industry in the next few years, the field of the new materials for cigarettes, one of which is represented by RTL, will face a tremendous development. Guangdong Jinye Group holds a substantial share in the current domestic RTL market. Its major cooperation partners – Tobacco Groups, are also key customers of the Group's flavours and fragrances business. The manufacturing and raw material procurement of RTL requires a special license, thus raising the industry entry threshold. The main reason for this acquisition is to build a platform for further development of the new materials for cigarettes, substantially promote the development of the RTL project, and grasp the business opportunity brought by the implementation of low tar content and less harmful standard in tobacco industry. Based on Huabao's leading position in the tobacco flavours business and the advantages in developing new materials for cigarettes, the management is confident in the upcoming integration of Guangdong Jinye Group and will bring good returns to our Shareholders!

Simplified shareholding structure:



管理層討論及分析 (續)

收購理由

華寶管理層認為未來幾年，隨着中國煙草行業實施新的焦油含量新標準，以煙草薄片為代表之一的卷煙新材料領域將迎來巨大的發展。廣東金葉集團在目前國內煙草薄片市場中佔有重要的市場份額，其主要合作的煙草集團亦為本集團在香精香料業務的部份重點客戶。煙草薄片的生產和原料採購，需要專門的特許證，行業進入的門檻很高。收購的主要理由是為下一步發展卷煙新材料的平台，實質性地推進了煙草薄片項目的發展，把握中國卷煙行業降焦減害發展帶來的巨大商機。憑藉華寶在中國煙用香精香料主導地位以及在開發卷煙新材料方面的優勢，管理層對廣東金葉集團未來的整合充滿信心，並能夠為股東帶來很好的回報！

持股結構簡化圖：

Management Discussion and Analysis (cont'd)

Non-competition undertaking

1. Within ten years from the signing of the Acquisition Agreement, the vendors and their related entities shall not, in any form or under any third party's name, engage, invest or participate in any businesses which compete with those operated by Guangdong Jinye Group, the purchasers and its related parties, including the sectors relating to the RTL, flavours & fragrances, and their respective relevant up-stream and down-stream businesses; and/or shall not, in any form, provide to any enterprises or organizations (other than the purchasers and its relevant entities) with any industrial related equipment, technical service, advisory/consultancy services or to become a party to any form of co-operation with any of them.
2. Within ten years from the signing of the Acquisition Agreement, the vendors and their related entities shall not, in any form or under any third party's name, engage, invest, participate in any business which competes with those operated by Guangdong Jinye Group, the purchasers and its related parties, including but not limited to the sectors relating to RTL, flavours & fragrances and their respective relevant up-stream and down-stream businesses; and/or will not, in any form, participate in or work for any enterprises or organizations (other than the purchasers and its related entities) within relevant business sectors), in any capacity (including but not limited to acting as employee(s), external advisor(s), director(s), supervisor(s), consultant(s), nor engage in any form of cooperation).

管理層討論及分析 (續)

不競爭承諾

1. 自收購協議簽署之日起十年內，賣方及其關聯企業不得以任何形式或以第三方名義從事、投資、參與任何與廣東金葉集團、買方及其關聯企業存在商業競爭關係的行業，包括從事煙草薄片行業、香精香料等行業及與相關上下游產品相關的行業，及／或以任何形式向該等行業中除買方及其關聯企業之外的任何企業提供任何與該等行業相關的設備、技術服務／諮詢／顧問及／或成為相關合作方。
2. 自收購協議簽署之日起十年內，賣方及其關聯企業不得以任何形式或以第三方名義從事、投資、參與任何與廣東金葉集團、買方及其關聯企業存在商業競爭關係的行業，包括但不限於從事煙草薄片行業、香精香料等行業及與相關上下游產品相關的行業，及／或以任何形式參與或擔任該等行業中除買方及其關聯企業之外的任何企業、其他組織的任何工作（包括但不限於正式員工、外聘顧問、董事、監事、諮詢方、合作方等形式）。

Management Discussion and Analysis (cont'd)

Future Integration Plan

In the future, the Group will fully capitalize its strengths in the technique in manufacturing flavours and fragrances and its leading market position, with the aim to further enhance the product quality of Guangdong Jinye Group and to provide its key customers with more personalized products in higher quality and comprehensive technology services. According to the information provided by the management of Guangdong Jinye Group, the Technical Officer of the State Tobacco Monopoly Administration had undertaken an assessment on its innovative technique in RTL on 11 September 2009. The next step will be the construction of a production line of 20,000 tons for RTL. In addition, a production line of 10,000 tons for RTL will also be installed in a joint venture in Guizhou, in which Guangdong Jinye Group will control 40% of equity interest. The Company, in the meantime, has commenced proactive negotiations with other existing joint venture partners of subordinated enterprises of Guangdong Jinye Group for further expansion. In respect of management, the Company will procure an overall integration system between Guangdong Jinye Group and the Group in order to enhance its operation efficiency. The management believes that the implementation of such integration will further make the Group achieve a level of economy of scale and will thus bring favorable returns to the Company and Shareholders. For more information please refer to Company's announcement regarding the acquisition of Guangdong Jinye Group dated 1 November 2010.

Acquisition of Yunnan Huaxiangyuan – to develop characteristic aromatic raw materials business and construct an integrated core value chain

In September 2010, the Group entered into an agreement with Yunnan Huaxiangyuan, an independent third party, pursuant to which the Group subscribed for 60% equity interest in Yunnan Huaxiangyuan at a consideration of approximately HKD4,314,000 by way of capital injection. In October 2010, the Group further injected another approximately HKD9.25 million for expanding its production scale and elevate production capacity. Yunnan Huaxiangyuan is an enterprise incorporated in the PRC mainly engaged in the production of natural flavouring oil, including eucalyptus oil, citronella oil, wintergreen oil and geranium oil, etc. Its founding team has many years of extensive experience in the industry. The acquisition of Yunnan Huaxiangyuan is in line with Huabao's core strategies of "multi-pronged, focus growth" and the construction of an integrated core value chain. In the future, the Group will utilize Yunnan Huaxiangyuan as an aromatic raw material development platform, further increase its efforts in the aromatic raw material area, and will commit with a higher level of execution.

管理層討論及分析 (續)

未來整合計劃

未來本集團將充分利用在香精香料技術優勢和市場主導地位，進一步提升廣東金葉集團產品的質量，為重點客戶提供更高品質、更個性化的產品和全方位的技術服務。據廣東金葉集團管理層提供的資料顯示，二零零九年九月十一日國家煙草專賣局科技司就其煙草薄片創新技術進行評審，下一步將興建一條20,000噸煙草薄片生產線。此外，亦擬在貴州合資新建一條10,000噸煙草薄片生產線，廣東金葉集團將佔40%股權。同時，本公司已經開始與廣東金葉下屬企業其他現有合資合作夥伴就下一步的擴展積極協商。在管理方面，本公司將使廣東金葉集團與本集團現有體系實現全面接軌，進一步提高運營效率。管理層相信通過實施全面整合，將為本集團進一步帶來規模經濟效益，能夠為本公司及股東帶來良好的回報。詳情請參考本公司於二零一零年十一月一日就收購廣東金葉集團之公告。

收購雲南華香源 – 發展特色香原料業務，打造核心一體化的產業鏈

於二零一零年九月，本集團以約港幣4,314,000元的代價與獨立第三方雲南華香源訂立協議，通過增資擴股收購雲南華香源60%的股權。於二零一零年十月，又進一步按比例增資約港幣925萬元，擴大生產規模，提升產能。雲南華香源是一家在國內註冊的從事天然香料油生產的企業，主要產品包括：桉葉油、香茅油、冬青油及香葉油等。其創始團隊在業內具有多年的豐富經驗。收購雲南華香源符合華寶同心多元化、打造核心一體化產業鏈的整體戰略，未來本集團將雲南華香源作為香原料板塊的發展平台，進一步加大在香原料領域的投入，以更高的角度實施其發展。

Management Discussion and Analysis (cont'd)

Yunnan Province is one of the major sources of aromatic raw materials in the PRC and throughout the world. It is known that the government recognises the aromatic raw material industry as one of the major industries and is accelerating the pace of constructing major aromatic raw material production bases in the PRC. The management believes that Yunnan Huaxiangyuan will continue to serve as a development platform for aromatic raw materials which will take full advantage of the Group, such as the advantage of its flavours and fragrances resources and related extraction technology, the advantage of technology applications, the advantage of distribution channel as well as the advantage of branding and capital resources, aiming to vigorously develop business in natural aromatic raw materials and construct the Group's aromatic raw material segment, serving as a new driver to Huabao's future development.

Smooth integration of Maoming Kebi and Qingdao Qingda yielded remarkable results

In August 2009, the Group acquired 100% equity interest in Maoming Kebi from an independent third party at a consideration of approximately HKD117,209,000. After the acquisition, the Group has carried out comprehensive integration of Maoming Kebi's business and substantially increased the profitability of its business.

In March 2010, the Group completed the acquisition of Qingdao Qingda at a consideration of approximately HKD11,600,000. Qingdao Qingda is a specialized natural extracts producer in the PRC, and currently its major products are various natural pepper essences. This acquisition is in line with the Group's overall strategy of developing characteristic aromatic raw material segment and constructing an integrated core value chain. After the acquisition, the integration of Qingdao Qingda has been progressing smoothly. Currently its existing production facility is under reconfiguration in order to meet with the Group's development in the savory side of flavours and fragrances business. The production facility after reconfiguration will be equipped with new technology and production work, product quality and operating efficiency will be further improved. Meanwhile, the Group has organized training programs to the key personnel at different levels across Qingdao Qingda regarding the know-how of flavours and fragrances and reviewed its management structure, and a seamless merger with Huabao's existing system has been achieved. This indicates that the post-acquisition integration is undergoing smoothly.

管理層討論及分析 (續)

雲南省是中國乃至全球重要的香原料產地之一，據了解，政府計劃將香料產業作為該省的重要產業之一，正加緊建設我國重要的香精香料生產基地。管理層認為雲南華香源將作為本集團香原料發展的平台，充分利用華寶的香精香料和提取技術優勢、應用技術優勢、銷售渠道優勢、品牌優勢和資金優勢，大力拓展天然香料業務，構建集團的香原料板塊，為華寶的發展帶來新的增長。

茂名科比、青島青大的整合順利推進效益明顯

於二零零九年八月，本集團以約港幣117,209,000元的代價向獨立第三方收購茂名科比100%的股權。收購後，本集團對茂名科比的業務實施了全面整合，其業務的盈利能力得到大幅提高。

本集團於二零一零年三月完成了對青島青大的收購，收購代價為約港幣11,600,000元。青島青大為國內一家專業從事天然提取物的生產商，目前的主要產品為天然辣椒精華。該收購符合集團發展特色香原料板塊，打造核心一體化產業鏈的整體策略。收購後，青島青大整合推進十分順利，目前正在對原有生產設施進行改造以進一步擴充產能以配合本集團鹹味香精香料業務的發展。改造後的生產設施將採用新的技術和新的生產工藝，產品品質和運營效率將進一步提升；同時，本集團又對青島青大各級業務骨幹召開香精香料知識的培訓，對其管理結構進行評審，真正做到和華寶現有的體系實現無縫對接。這些措施表明，收購後的整合正在順利推進。

Management Discussion and Analysis (cont'd)

BUSINESS PROSPECT

Currently, the global economy has weathered the crisis, but the prospect for recovery is not so optimistic. Although China's economy still maintains a high growth rate, the negative impact arising from RMB appreciation, the obstinately high housing prices and the inflation has not been completely eliminated. Against this global environment, the Chinese government is taking various measures to increase residents' disposable income to stimulate domestic demand, and at the same time, proactively taking effective actions to stabilize product price level. The Management believes such actions will further stimulate the domestic consumer market. The management is cautiously optimistic about the operating environment of the Group and is fully confident in completing the predetermined three-year development target.

Huabao's long-term development strategy will remain unchanged, which is to uphold the "multi-pronged, focus growth" development strategy, aggressively develop new business areas such as new materials for cigarettes, food ingredients and aromatic raw materials with the flavours and fragrances business as its mainstay, and realize fast expansion through organic growth and M&A.

The management is fully confident in Huabao's long-term development potential. We will continue to be committed to create higher investment value and more returns for our Shareholders!

FINANCIAL REVIEW

Analysis of interim results for the six months ended 30 September 2010

Sales revenue

The Group's sales revenue amounted to HKD1,286,614,000 for the six months ended 30 September 2010, representing an increase of 18.2% as compared with HKD1,088,854,000 for the corresponding period last year. The rapid growth in the sales revenue was mainly attributable to increase in the sales of flavours and fragrances. For the six months ended 30 September 2010, the sales revenue from flavours increased by 17.7% to HKD1,249,108,000, while the sales revenue from fragrances increased by 35.3% to HKD37,506,000.

Cost of goods sold

The Group's cost of goods sold amounted to HKD314,810,000 for the six months ended 30 September 2010, representing an increase of 18.1% as compared with HKD266,587,000 for the corresponding period last year. The percentage increase in the cost of goods sold which was consistent with the percentage increase in the sales revenue was mainly attributable to the stable gross profit margin of the Group.

管理層討論及分析 (續)

業務展望

目前，全球經濟雖已度過危機，但其復甦前景並不十分樂觀。中國經濟仍然保持了高速增長，但人民幣升值、房價居高不下以及通脹的負面影響尚未消除。在此大環境下，中國政府一方面採取各種措施，增加居民可支配收入，刺激內需；同時，又採取積極有效的措施穩定物價水平。管理層相信，這些舉措將進一步促進國內消費市場。管理層對本集團未來的經營環境持謹慎樂觀態度，對完成預訂的三年發展目標信心十足。

華寶的長期發展策略保持不變，繼續堅持同心多元化的戰略，以香精香料業務為核心，積極拓展卷煙新材料、食品配料以及香原料等新領域，通過有機和併購的發展實現高速增長。

管理層對華寶的長遠發展潛力充滿信心！我們將繼續努力，為股東創造更大的投資價值和回報！

財務狀況回顧

截至二零一零年九月三十日止的中期業績分析

營業額

截至二零一零年九月三十日止六個月，本集團的營業額達到港幣1,286,614,000元，較上年同期的港幣1,088,854,000元，增長18.2%。營業額的快速增長，主要是由於食用和日用香精香料銷售額的增加所致。截至二零一零年九月三十日止六個月，本集團食用香精香料的營業額增加了17.7%至港幣1,249,108,000元，而日用香精香料的營業額則增加了35.3%至港幣37,506,000元。

銷售成本

截至二零一零年九月三十日止六個月，本集團的銷售成本為港幣314,810,000元，較上年同期的港幣266,587,000元，增加18.1%。銷售成本同銷售收入相比漲幅基本持平，主要是由於本集團毛利率穩定所致。

Management Discussion and Analysis (cont'd)

Gross profit and gross profit margin

The gross profit of the Group increased from HKD822,267,000 for the six months ended 30 September 2009 to HKD971,804,000 for the six months ended 30 September 2010, representing an increase of 18.2%, while the gross profit margin of the Group maintained at 75.5%, which is consistent with the first half of last financial year. The increase in the gross profit was mainly attributable to the increase in the sales revenue of the Group.

Other income

Other income of the Group was HKD52,772,000 for the six months ended 30 September 2010, representing an increase of HKD35,016,000 as compared with HKD17,756,000 for the six months ended 30 September 2009. The increase in other income was mainly attributable to the fluctuation of RMB exchange rate and government subsidy.

Selling and marketing expenses

The selling and marketing expenses of the Group comprised mainly traveling expenses, transportation cost, salaries and office expenses. The selling and marketing expenses of the Group for the six months ended 30 September 2010 were HKD38,738,000, representing an increase of approximately 3.4% as compared with HKD37,471,000 for the corresponding period last year. The selling and marketing expenses to the total sales was decreased from 3.4% of the corresponding period last year to 3.0% of this year. The decrease in the selling and marketing expenses ratio was mainly attributable to the economies of scale brought by the robust growth of flavours segment and better expenses management.

Administrative expenses

The Group's administrative expenses amounted to HKD116,004,000 for the six months ended 30 September 2010, representing an increase of 7.0% as compared with HKD108,400,000 for the corresponding period last year. Administrative expenses mainly comprise salaries, R&D expenses, professional advisory fees, share options compensation expense, depreciation and amortization expenses, office administration expenses, public utilities expenses, etc. The administrative expenses to the total sales was decreased from 10.0% for the corresponding period last year to 9.0% this year, which was mainly attributable to the economy of scale brought from the rapid growth in sales revenue and better management of expenses.

管理層討論及分析 (續)

毛利和毛利率

本集團的毛利由截至二零零九年九月三十日止六個月的港幣822,267,000元增加至截至二零一零年九月三十日止六個月的港幣971,804,000元，增長18.2%，而本集團上半年的毛利率則保持穩定於75.5%，與上一財政年度上半年持平。本集團毛利的增加主要是本集團銷售收入增加所致。

其他收益

截至二零一零年九月三十日止六個月，本集團的其他收益為港幣52,772,000元，較截至二零零九年九月三十日止六個月的港幣17,756,000元增加了港幣35,016,000元。其他收入的增加主要是由於人民幣匯率波動以及政府補貼所致。

銷售及市場推廣開支

本集團銷售及市場推廣開支主要包括差旅費、運輸成本、薪金及辦公費用等。本集團截至二零一零年九月三十日止六個月的銷售及市場推廣開支為港幣38,738,000元，較上年度的港幣37,471,000元，增加了約3.4%。本期間及去年同期銷售及市場推廣開支所佔銷售總額的比例從去年的3.4%下降至3.0%。銷售及市場推廣開支比例的下降，主要是由於食用香精香料板塊收入的快速增長帶來規模效應以及更好的費用管理所致。

行政開支

本集團的行政開支在截至二零一零年九月三十日止六個月為港幣116,004,000元，較上年度同期的港幣108,400,000元，增加7.0%。行政開支主要包括薪金、研發開支、中介顧問費、購股權報酬費、折舊及攤銷開支、辦公行政費用、公共設施費用等。行政開支佔銷售總額比例從去年的約10%下降至約9%，主要是由於銷售收入快速增長帶來規模效應以及更好的費用管理所致。

Management Discussion and Analysis (cont'd)

Operating profit

The operating profit of the Group for the six months ended 30 September 2010 was HKD869,834,000, representing an increase of approximately 25.3% as compared with HKD694,152,000 for the corresponding period last year, while the operating profit margin increased to approximately 67.6% during the first half of the year from approximately 63.8% for the first half of last year. The increase in the operating profit was attributable to the increase in the sales revenue and improvement in operating efficiency.

Income tax expenses

The income tax expenses of the Group for the six months ended 30 September 2010 was HKD116,095,000, as compared with HKD79,814,000 for the corresponding period last year. The substantial increase in the income tax expenses was mainly attributable to the growth of the profit and the increase in income tax rate of certain PRC subsidiaries due to their preferential tax periods (two-year exemption and three-year half rate) were expired.

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was HKD752,266,000 for the six months ended 30 September 2010, representing an increase of 23.1% as compared with HKD610,927,000 for the corresponding period last year.

Net current asset value and financial resources

As at 30 September 2010, the net current asset value of the Group was HKD2,489,046,000 (31 March 2010: HKD1,998,156,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 30 September 2010, the Group had short-term time deposit of HKD235,092,000 (31 March 2010: 230,886,000). The Group's cash and cash equivalents amounted to HKD2,095,476,000 (31 March 2010: HKD1,678,640,000).

The Group neither had any forex hedging products nor structured investment products or financial derivatives.

Bank borrowings and gearing ratio

As at 30 September 2010, the Group had bank borrowings of HKD253,897,000 (31 March 2010: HKD250,236,000), out of which HKD240 million is clean loan with interest calculated based on HK dollars inter-banks borrowings rate. For the six months ended 30 September 2010, the average annual interest rate of such clean loan was 1.71% (2009: nil) which are due within 1 year. The Group's gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was about 5.9% as at 30 September 2010 (31 March 2010: 6.6%).

管理層討論及分析 (續)

營運盈利

本集團營運盈利在截至二零一零年九月三十日止六個月為港幣869,834,000元，較上年同期的港幣694,152,000元，增長了約25.3%。而本集團的營運盈利率則由上一年度同期的約63.8%增加至本年度同期的約67.6%。營運盈利的增加主要是由於銷售收入的增加及運營效益的提高所致。

稅務開支

本集團的稅務開支在截至二零一零年九月三十日止六個月為港幣116,095,000元，而上年同期則為港幣79,814,000元。所得稅開支的顯著增加，主要是由於本集團的盈利增長以及因部份國內附屬公司兩免三減半之稅務優惠屆滿而使所得稅率上升所致。

本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至二零一零年九月三十日止六個月為港幣752,266,000元，較去年同期的港幣610,927,000元，增長23.1%。

流動資產淨值和財務資源

於二零一零年九月三十日，本集團的流動資產淨值港幣2,489,046,000元（二零一零年三月三十一日：港幣1,998,156,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。於二零一零年九月三十日，本集團的短期定期存款為港幣235,092,000元（二零一零年三月三十一日：港幣230,886,000元）。而本集團的現金及現金等價物為港幣2,095,476,000元（二零一零年三月三十一日：港幣1,678,640,000元）。

本集團無持有任何外匯對沖產品、結構性投資產品及財務衍生工具。

銀行貸款及負債比率

於二零一零年九月三十日，本集團的銀行借貸總額為港幣253,897,000元（二零一零年三月三十一日：港幣250,236,000元），其中港幣2.4億元為信用貸款，按港元銀行同業拆借息率作基礎，截至二零一零年九月三十日止六個月，該信用貸款的平均年息率為1.71厘（二零零九年：無）並於一年內到期償還。於二零一零年九月三十日，本集團之負債比率（總貸款（包括流動及非流動貸款）除以總權益，不含非控制性權益）為5.9%（二零一零年三月三十一日：6.6%）。

Management Discussion and Analysis (cont'd)

Debtors' turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables net of provisions as at the beginning and the end of a relevant financial period divided by the total sales revenue for the corresponding 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 business relationship with, the customers. For the six months ended 30 September 2010, the Group's average debtors' turnover period was 76 days, representing an increase of 5 days as compared with 71 days for the last financial year ended 31 March 2010, the debtors' turnover period remains stable.

Creditors' turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and the end of a relevant financial period divided by the cost of goods sold for the corresponding period and multiplied by 180 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the six months ended 30 September 2010, the Group's average creditors' turnover period was 127 days, representing an increase of 6 days as compared with 121 days for the last financial year ended 31 March 2010. The increase of the creditors' turnover period was attributable to the adjustment of the suppliers' credit period to accommodate our inventory management.

Inventory and inventory turnover period

As at 30 September 2010, the Group's inventory balance amounted to HKD326,701,000 (31 March 2010: HKD235,294,000). The Group has continued to improve its inventory management and to optimize its inventory structure, thus the inventory balance has noticeably increased. For the six months ended 30 September 2010, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and the end of a relevant financial period divided by the total cost of goods sold for the corresponding period and multiplied by 180 days) was 161 days, representing an increase of 22 days as compared with 139 days for the last financial year ended 31 March 2010. The increase in inventory and inventory turnover period were mainly attributable to the Group's anticipation of inflation and thus properly increased the reserve of certain raw materials inventories which shall be affected by inflation. As a result, the Group's operating cash flow was affected accordingly. However, the management believes that such adjustment is proper for maintaining the stability of the Group's gross profit margin and also it has no major impact on the Group's overall financial stability.

管理層討論及分析 (續)

應收賬週轉期

應收賬週轉期乃通過將有關財政年度期初及期末經扣除撥備的應收貿易賬款平均金額除以相應期間的營業總額再乘以180天計算。本集團一般給予客戶約0至180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一零年九月三十日止六個月，本集團的平均應收賬週轉期為76日，比較截至二零一零年三月三十一日止上一財政年度的71日上升了5日，基本穩定。

應付賬週轉期

應付賬週轉期乃通過將有關財政年度期初及期末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以180天計算。供應商給予本集團的信貸期介乎0日至180日。截至二零一零年九月三十日止的六個月期間，本集團的平均應付賬週轉期為127日，比較截至二零一零年三月三十一日止上一財政年度的121日上升了6日。應付賬週轉期上升是因為配合存貨管理調整了供應商的賬期所致。

存貨和存貨週轉期

本集團的存貨結餘於二零一零年九月三十日為港幣326,701,000元(二零一零年三月三十一日：港幣235,294,000元)。本集團不斷加強存貨管理、優化存貨結構，存貨金額明顯上升。在截至二零一零年九月三十日止六個月期間，存貨週轉期(將有關財政年度期初及期末的存貨平均結餘除以相應期間的銷售成本總額再乘以180天計算)為161日，比較截至二零一零年三月三十一日止上一個財政年度的139日增加了22日，存貨和存貨週轉期上漲的主要原因是由於本集團為了應對通脹預期而適當地增加了部份可能會受到影響的原材料的儲存量所致。主要受此影響，本集團的經營性現金流也相應受到影響，但管理層認為這些調整有利於保持本集團的毛利率的穩定，同時對本集團整體財務穩健性沒有重大影響。

Management Discussion and Analysis (cont'd)

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in the Mainland China and most of the business transactions are denominated in RMB. The Board is of the view that the Group's exposure to foreign exchange risk is insignificant. There is insignificant pressure for the depreciation of RMB and thus the Group's exposure to exchange rate risk is relatively low.

Pledge of assets

As at 30 September 2010, the secured bank loan of the Group amounted to approximately HKD13,897,000 (31 March 2010: HKD10,236,000).

Capital Commitments

As at 30 September 2010, the Group had capital commitments in respect of the purchase of property, plant and equipment contracted for but not provided in the financial statements amounting to approximately HKD6,677,000 (31 March 2010: HKD4,234,000).

Contingent liabilities

According to the information available to the Board, the Group had no contingent liabilities as at 30 September 2010.

HUMAN RESOURCES

As at 30 September 2010, the Group employed a total of approximately 1,403 employees in the PRC, Hong Kong and Germany. The sound development of the Group attracts talents in the industry. Moreover, during the period, the Group continued to recruit talents based on the business needs and, in the meantime, the Group kept the core staff of acquired enterprises upon the acquisition, assimilating them into the Group's corporate culture. The Board places great emphasis on the career development of employees and provides them with ample space for growth. Meanwhile, we provide them with competitive remuneration as compared with the existing market condition.

To upgrade the Group to the international standard in terms of technology and management, the Group lays great stress on staff training and talent recruitment, to enhance the employees' initiative and creativity. The Group provides training to mid-top executives and the management on a regular basis, guiding them towards common values to strengthen team spirit. In addition, the Group has built talent banks for various staff levels to completely resolve the issue of talent availability encountered by the enterprise during long term development.

As to remuneration, the Group provides its employees with competitive remunerations, pension schemes and other fringe benefits, and grants awards to the employees based on their performance. The Group has implemented a share option scheme in September 2006 to reward the staff and directors who have made significant contributions to the business development of the Group. For the period from 2006 to 2008, the Group granted share options to 79 persons including directors, senior management, technical and business executives.

管理層討論及分析 (續)

外匯及匯率風險

本集團的主要業務均在中國，絕大部份業務都以人民幣結算，故董事會認為本集團的外匯風險不高。而人民幣並無重大貶值壓力，因此本集團所承擔之匯率風險也較低。

資產抵押

於二零一零年九月三十日，本集團的抵押貸款約為港幣13,897,000元（二零一零年三月三十一日：港幣10,236,000元）。

資本承擔

於二零一零年九月三十日，本集團就已訂約購買的物業、廠房及設備但並未於財務報表撥備的資本承擔約港幣6,677,000元（二零一零年三月三十一日：港幣4,234,000元）。

或然負債

根據可供董事會查閱的資料，本集團於二零一零年九月三十日並無任何或然負債。

人力資源

於二零一零年九月三十日，本集團在中國大陸、香港及德國共聘用員工1,403人。本集團良好的發展勢頭吸引了大批業界優秀人士的加盟，此外，根據在業務上的需要，期內本集團繼續引進人才，同時，本集團在收購時保持了被收購企業骨幹員工的穩定並融入集團文化。董事會非常重視僱員的發展，給予他們充分的空間。同時在待遇方面我們及時地研究市場情況保持充分的競爭力。

為了配合集團實現技術和管理國際化發展規劃，本集團十分注意員工的培養和人才引進工作，提高員工積極性並培養員工的創造力。本集團定期對中高層及管理層人員進行培訓，樹立共同的價值觀，加強團體精神。另外，集團還建立了多個級別的人才庫，從根本上解決了企業長期發展所需之人才儲備問題。

在薪酬待遇方面，本集團向員工提供具競爭力的薪酬和退休供款計劃等其他福利，並根據員工的表現給予適當的獎勵。本集團亦已於二零零六年九月份實行購股權計劃，以嘉獎為本集團業務發展做出重要貢獻的員工及董事，並於二零零六至二零零八年期間向包括董事、高層管理人員、技術和業務人員共79人授出購股權。

Other Information

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2010, the interests of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long position in ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued Share capital
董事姓名	身份	持有已發行股份數目	佔已發行股本百分比
CHU Lam Yiu 朱林瑤	Held through controlled corporations* 透過受控制公司持有*	1,387,679,415	44.103%
POON Chiu Kwok 潘昭國	Beneficial Owner 實益擁有人	1,160,000	0.037%
XIA Li Qun 夏利群	Beneficial Owner 實益擁有人	1,750,000	0.056%
XIONG Qing 熊卿	Beneficial Owner 實益擁有人	100,000	0.003%

* 1,387,679,415 ordinary shares of the Company were held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited and Real Elite Investments Limited. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid five companies.

(b) Interests in share options of the Company

The interests of the Directors in the share options of the Company are detailed in the "Share Options" section stated below.

Save as disclosed above, as at 30 September 2010, none of the Directors nor their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

其他資料

董事於股份、相關股份及債券之權益

於二零一零年九月三十日，董事及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益；或擁有根據上市規則附錄十所載的標準守則而須知會本公司及聯交所之權益如下：

(a) 本公司每股面值港幣0.10元之普通股好倉

Number of issued Shares held	Percentage of the issued Share capital
持有已發行股份數目	佔已發行股本百分比

1,387,679,415	44.103%
1,160,000	0.037%
1,750,000	0.056%
100,000	0.003%

* 本公司之1,387,679,415股普通股乃由 Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited及 Real Elite Investments Limited共同持有，朱林瑤女士為此五間公司之唯一實益擁有人。

(b) 本公司購股權之權益

董事之購股權權益已詳列於以下「購股權」一節內。

除上文所披露者外，於二零一零年九月三十日，董事及彼等之聯繫人士概無於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

Other Information (cont'd)

SHARE OPTIONS

Pursuant to a resolution passed on the special general meeting of Shareholders held on 22 September 2006, the Company adopted a share option scheme (the "Share Option Scheme"). As at 30 September 2010, the share options granted by the Company pursuant to the Share Option Scheme which were valid and outstanding amounted to 44,377,000, representing approximately 1.41% of the issued share capital of the Company.

Details of share options granted, exercised, canceled and lapsed during the reporting period under the Share Option Scheme are set out as follows:

其他資料 (續)

購股權

根據本公司於二零零六年九月二十二日舉行的股東特別大會上通過的決議案，本公司採納購股權計劃（「購股權計劃」）。於二零一零年九月三十日，本公司根據購股權計劃所授出而仍然有效及未被行使的購股權數目合共44,377,000股，佔已發行普通股約1.41%。

於期內，根據購股權計劃批授、行使、注銷及失效的購股權詳情如下：

Grantee	Grant Date	Exercise Price	Exercise Period	Number of Share Options 股份數目					Balance as at 30 September 2010 於 二零一零年 九月三十日
				As at 1 April 2010 於 二零一零年 四月一日	Granted during the Period	Exercised during the period	Canceled during the period	Lapsed during the period	
承授人	授出日期	行使價 HKD 港幣	可行使日期		期內批授	期內行使	期內註銷	期內失效	
Executive Directors 執行董事									
Mr. LAU Chi Tak 劉志德先生	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	7,000,000	-	-	-	-	7,000,000
Mr. POON Chiu Kwok 潘昭國先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	3,300,000	-	-	-	-	3,300,000
Mr. WANG Guang Yu 王光雨先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	3,700,000	-	-	-	-	3,700,000
Mr. XIA Li Qun 夏利群先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	5,250,000	-	-	-	-	5,250,000
Mr. XIONG Qing 熊卿先生	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	3,600,000	-	-	-	-	3,600,000
	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	3,400,000	-	-	-	-	3,400,000
Independent Non-Executive Directors 獨立非執行董事									
Mr. LEE Luk Shiu 李祿兆先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	400,000	-	-	-	-	400,000
Ms. MA Yun Yan 麻雲燕女士	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	800,000	-	-	-	-	800,000
Other employees 其他僱員									
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	16,920,000	-	8,620,000	-	200,000	8,100,000
	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	5,250,000	-	5,250,000	-	-	-
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	12,600,000	-	3,773,000	-	-	8,827,000
Total 合計				62,220,000	-	17,643,000	-	200,000	44,377,000

Other Information (cont'd)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in note 9 to the condensed consolidated interim financial information, at no time during the reporting period was the Company, its ultimate holding companies or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, other than the interests disclosed in the section "Directors' interest in Shares, underlying Shares and debentures", the register of substantial Shareholders maintained by the Company under Section 336 of the SFO showed that the following person(s)/corporation(s) held interests or short positions in 5% or more of the issued shares capital of the Company:

Long position in ordinary shares of HKD0.10 each of the Company

Name of Substantial Shareholders 主要股東名稱	Capacity 身份	Number of issued Shares held 持有已發行股份數目	Percentage of the issued Share capital 佔已發行股本百分比
FMR LLC	Investment Manager 投資經理	328,865,000	10.45%
Wellington Management Company, LLP	Investment Manager 投資經理	186,713,888	5.93%
ZFIC, Inc.	Investment Manager 投資經理	157,569,100	5.01%

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Board of the Company recognizes and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability.

The Board members have regular discussions about the business strategies and performance of the Group and have regular trainings on Listing Rules and regulatory requirements provided by the legal adviser of the Company from time to time together with the relevant senior executives. Finance Department provides and reports to the Board members on the key management accounting information of the Group on a regular basis. The Company has an established internal reporting practice throughout the Group in monitoring the operation and business development of the Company so as to capture potentially price-sensitive information on a monthly basis, monitoring the continuing disclosure obligation.

其他資料 (續)

董事認購股份或債券之權利

除於簡明綜合中期財務資料附註9所披露者外，本公司、其最終控股公司或其任何附屬公司於期內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

主要股東之權益

於二零一零年九月三十日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士／法團持有本公司已發行股本5%或以上權益及淡倉。

本公司每股面值港幣0.10元之普通股好倉

企業管治

遵守《企業管治常規守則》

本公司董事會重視良好企業管治的重要性及其所帶來的益處，並已採納若干企業管治及披露常規，致力提高透明度和問責水平。

董事會定期討論本集團表現和經營策略，並與相關高層管理人員接受本公司法律顧問定期提供的上市規則和法規要求的培訓。財務部亦定期向董事會成員匯報和提供本集團重要的管理會計資料。本公司已建立集團內部匯報制度以監控本公司營運和業務發展的情況，以便按月記錄潛在股價敏感資料，監察持續披露責任。

Other Information (cont'd)

Throughout the reporting period, save for Code Provision A.4.1, the Company had complied with the code provisions recommended in the CG Code:

Code Provision A.4.1 stipulates that INEDs should be appointed for specific term and subject to re-election. The INEDs of the Company were not appointed for a specific term as they are subject to retirement by rotation no later than the third annual general meeting of the Company since their last appointment or re-election and are eligible for re-election in accordance with the Company's bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) during the reporting period are set out below:

- Mr. POON Chiu Kwok is an Independent Director of Ningbo Port Company Limited which was listed on Shanghai Stock Exchange on 28 September 2010.
- Mr. MAK Kin Kwong resigned as an Independent Non-Executive Director of Dragon Pharmaceutical Inc, a company listed in U.S and China Dongxiang (Group) Co., Ltd., a company listed on the Main Board of the Stock Exchange, on 28 June 2010 and 1 July 2010 respectively.

Model Code for Securities Transactions by the Directors of Listed Issuers

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2010.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK7.2 cents per Share (2009: HK6.0 cents per Share and special dividend of HK2.8 cents per Share) in cash for the six months ended 30 September 2010, which is expected to be paid around 25 February 2011 to Shareholders whose names appear on the Register of Members of the Company as at 18 February 2011.

其他資料 (續)

於報告期內，本公司已遵守企業管治守則建議之守則條文，惟守則條文第A.4.1條除外：

守則條文第A.4.1條規定獨立非執行董事之委任須有指定任期，且須膺選連任。本公司獨立非執行董事並無指定任期，但須根據本公司之公司細則於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，並合乎資格膺選連任。因此，本公司認為，本公司已採取充分措施，確保本公司企業管治常規不比企業管治守則所載之規定寬鬆。

董事資料更新

根據上市規則第13.51B(1)條，按照第13.51(2)條(a)至(e)和(g)段要求，於期內，須予以披露的董事資料變動如下：

- 潘昭國先生為寧波港股份有限公司之獨立董事，該公司於二零一零年九月二十八日在上海證券交易所上市。
- 麥建光先生分別於二零一零年六月二十八日和二零一零年七月一日辭任凱龍藥業股份有限公司（一家於美國上市的公司）之獨立非執行董事和中國動向（集團）有限公司（一家於聯交所主板上市的公司）之獨立非執行董事。

上市發行人董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則，作為董事進行證券交易之行為規範守則。經作出具體查詢後，全體董事確認於截至二零一零年九月三十日止六個月內一直遵守標準守則所規定之標準。

中期股息

董事會決議向於二零一一年二月十八日名列本公司股東登記冊之股東宣派截至二零一零年九月三十日止六個月之現金中期股息每股港幣7.2仙（二零零九年：每股港幣6.0仙和特別股息每股港幣2.8仙），預期中期股息約於二零一一年二月二十五日派發。

Other Information (cont'd)

CLOSING OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 February 2011 to 18 February 2011, both days inclusive, during which period no transfer of Shares will be effected. All transfers of Shares accompanied by relevant share certificate(s) must be lodged with the Company's Branch Share Registrars, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong not later than 4:30 p.m. on 14 February 2011 in order to qualify for the interim dividend.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2010.

PUBLIC FLOAT

Throughout the six months ended 30 September 2010, the Company had maintained the prescribed public float under the Listing Rules and as agreed with the Stock Exchange, based on the information that is publicly available to the Company and within the best knowledge of the Directors.

AUDIT COMMITTEE

The Board has formed an audit committee in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. The Audit Committee members currently comprise all the INEDs, namely Mr. MAK Kin Kwong, Ms. MA Yun Yan and Mr. LEE Luk Shiu. The Audit Committee has reviewed and confirmed the Company's unaudited condensed consolidated interim financial information for the six months ended 30 September 2010 together with the Board.

By Order of the Board

CHU Lam Yiu

Chairman

Hong Kong, 26 November 2010

其他資料 (續)

暫停辦理股份過戶手續

本公司將由二零一一年二月十五日至二零一一年二月十八日止(首尾兩日包括在內), 暫停辦理股份過戶登記手續。為符合資格獲派中期股息, 所有過戶文件連同有關股票最遲須於二零一一年二月十四日下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司, 地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

購買、出售及贖回本公司的上市證券

本公司或其任何附屬公司在截至二零一零年九月三十日止六個月期間概無購買、出售或贖回本公司任何上市證券。

公眾持股量

於截至二零一零年九月三十日止整個六個月內, 本公司根據可供公眾查閱之資料以及據董事所知, 本公司已維持上市規則所規定之及聯交所同意之公眾持股量。

審核委員會

董事會已根據上市規則成立了審核委員會, 以履行檢討及監察本公司財務匯報程序及內部監控之職責。審核委員會成員目前由本公司所有獨立非執行董事麥建光先生、麻雲燕女士及李祿兆先生擔任。審核委員會連同董事會已審閱並確認截至二零一零年九月三十日止六個月之未經審核簡明綜合中期財務資料。

承董事會命

朱林瑤

主席

香港, 二零一零年十一月二十六日

Review Report

審閱報告



羅兵咸永道會計師事務所

PricewaterhouseCoopers
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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF HUABAO INTERNATIONAL
HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 32 to 62 which comprises the condensed consolidated statement of financial position of Huabao International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2010 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

中期財務資料的審閱報告
致華寶國際控股有限公司董事會

(於百慕達註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第32至62頁的中期財務資料，此中期財務資料包括華寶國際控股有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)於二零一零年九月三十日的簡明綜合財務狀況表與截至該日止六個月的相關簡明綜合收益表、簡明綜合全面收益表、簡明綜合權益變動表 and 簡明綜合現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司主板證券上市規則規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Review Report (cont'd)

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 November 2010

審閱報告 (續)

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一零年十一月二十六日

Condensed Consolidated Statement of Financial Position

As at 30 September 2010
(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合財務狀況表

於二零一零年九月三十日
(除另有指明者外，所有金額均以港幣千元列示)

		Note 附註	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	5	310,508	301,798
Land use rights	土地使用權	5	68,681	67,684
Intangible assets	無形資產	5	1,612,779	1,602,659
Investments in associates	於聯營公司之投資		6,604	6,236
Deferred income tax assets	遞延所得稅資產	6	54,837	50,544
			2,053,409	2,028,921
Current assets	流動資產			
Inventories	存貨		326,701	235,294
Trade and other receivables	貿易及其他應收款項	7	1,010,177	660,117
Short-term time deposits	短期定期存款		235,092	230,886
Cash and cash equivalents	現金及現金等價物		2,095,476	1,678,640
			3,667,446	2,804,937
Total assets	總資產		5,720,855	4,833,858
Equity	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本	8	314,646	312,882
Reserves	儲備	10	543,610	410,403
Retained earnings	保留盈利			
– Proposed interim/final dividend	– 擬派中期／末期股息	16	226,545	212,134
– Proposed special dividend	– 擬派特別股息	16	–	172,085
– Others	– 其他		3,201,141	2,682,600
			4,285,942	3,790,104
Non-controlling interests	非控制性權益		138,872	128,103
Total equity	總權益		4,424,814	3,918,207
Liabilities	負債			
Non-current liabilities	非流動負債			
Borrowings	貸款	11	3,474	–
Deferred income tax liabilities	遞延所得稅負債	6	114,167	108,870
			117,641	108,870
Current liabilities	流動負債			
Borrowings	貸款	11	250,423	250,236
Trade and other payables	貿易及其他應付款項	12	846,938	486,242
Current income tax liabilities	當期所得稅負債		81,039	70,303
			1,178,400	806,781
Total liabilities	總負債		1,296,041	915,651
Total equity and liabilities	總權益及負債		5,720,855	4,833,858
Net current assets	流動資產淨值		2,489,046	1,998,156
Total assets less current liabilities	總資產減流動負債		4,542,455	4,027,077

The notes on pages 37 to 62 are an integral part of this condensed consolidated interim financial information.

第37頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Income Statement 簡明綜合收益表

For the six months ended 30 September 2010
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一零年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2010 二零一零年	2009 二零零九年
Sales	營業額	4	1,286,614
Cost of goods sold	銷售成本		(314,810)
Gross profit	毛利		971,804
Other income	其他收益		52,772
Selling and marketing expenses	銷售及市場推廣開支		(38,738)
Administrative expenses	行政費用		(116,004)
Operating profit	營運盈利		869,834
Finance income	財務收入		13,131
Finance costs	融資成本		(2,357)
Finance income – net	財務收入 – 淨額		10,774
Share of profit of associates	應佔聯營公司盈利		323
Profit before income tax	除稅前盈利		880,931
Income tax expense	所得稅	14	(116,095)
Profit for the half year	半年度盈利		764,836
Attributable to:	應佔：		
Equity holders of the Company	本公司權益持有人		752,266
Non-controlling interests	非控制性權益		12,570
			764,836
			HK cents
			港仙
Earnings per share for profit attributable to the Company's equity holders for the half year	半年度本公司權益持有人應佔的每股盈利		
Basic	基本	15(a)	23.94
Diluted	攤薄	15(b)	23.75
Interim dividend per share	每股中期股息	16	7.2
Special dividend per share	每股特別股息	16	–

The notes on pages 37 to 62 are an integral part of this condensed consolidated interim financial information.

第37頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010
(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合全面收益表

截至二零一零年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2010	2009
		二零一零年	二零零九年
Profit for the half year	半年度盈利	764,836	620,975
Other comprehensive income:	其他全面收益：		
Exchange differences on translating foreign operations	海外業務之匯兌差額	61,287	3,518
Total comprehensive income for the half year	半年度全面收益總額	826,123	624,493
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	811,113	614,347
Non-controlling interests	非控制性權益	15,010	10,146
		826,123	624,493

The notes on pages 37 to 62 are an integral part of this condensed consolidated interim financial information.

第37頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2010
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一零年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核					
		Attributable to equity holders of the Company 本公司權益持有人應佔				Non-controlling interests 非控制性權益	Total equity 總權益
		Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計		
Balance at 1 April 2009	於二零零九年四月一日	308,480	246,730	2,285,193	2,840,403	93,789	2,934,192
Total comprehensive income for the six months ended 30 September 2009	截至二零零九年九月三十日止六個月的全面收益總額	-	3,420	610,927	614,347	10,146	624,493
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends payable to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(6,274)	(6,274)
Dividends payable to shareholders	向股東派付的股息	-	-	(272,696)	(272,696)	-	(272,696)
Appropriations from net profit	自純利撥付	-	1,743	(1,743)	-	-	-
Employee share option scheme	僱員購股權計劃						
- Value of employee services	- 僱員服務價值	-	8,120	-	8,120	-	8,120
- Exercise of share options	- 行使購股權	1,862	58,154	-	60,016	-	60,016
Total transactions with owners	與擁有人交易總額	1,862	68,017	(274,439)	(204,560)	(6,274)	(210,834)
Balance at 30 September 2009	於二零零九年九月三十日	310,342	318,167	2,621,681	3,250,190	97,661	3,347,851
Balance at 1 April 2010	於二零一零年四月一日	312,882	410,403	3,066,819	3,790,104	128,103	3,918,207
Total comprehensive income for the six months ended 30 September 2010	截至二零一零年九月三十日止六個月的全面收益總額	-	58,847	752,266	811,113	15,010	826,123
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends payable to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(7,121)	(7,121)
Dividends payable to shareholders	向股東派付的股息	-	-	(386,137)	(386,137)	-	(386,137)
Appropriations from net profit	自純利撥付	-	5,262	(5,262)	-	-	-
Acquisition of Yunnan Hua Xiang Yuan Flavours Limited ("Yunnan Huaxiangyuan")	收購雲南華香源香料有限公司 (「雲南華香源」)	-	-	-	-	2,880	2,880
Employee share option scheme	僱員購股權計劃						
- Value of employee services	- 僱員服務價值	-	2,914	-	2,914	-	2,914
- Exercise of share options	- 行使購股權	1,764	66,184	-	67,948	-	67,948
Total transactions with owners	與擁有人交易總額	1,764	74,360	(391,399)	(315,275)	(4,241)	(319,516)
Balance at 30 September 2010	於二零一零年九月三十日	314,646	543,610	3,427,686	4,285,942	138,872	4,424,814

The notes on pages 37 to 62 are an integral part of this condensed consolidated interim financial information.

第37頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2010
(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合現金流量表

截至二零一零年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Cash flows from operating activities, net	營運活動產生之淨現金	561,884	671,546
Cash flows used in investing activities, net	投資活動所用之淨現金	(240,028)	(128,430)
Cash flows from/(used in) financing activities, net	融資活動產生/(所用)之淨現金	53,493	(247,240)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	375,349	295,876
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	1,678,640	1,125,238
Effects of exchange rate changes on cash and cash equivalents	匯率差異對現金及現金等價物的影响	41,487	2,175
Cash and cash equivalents at 30 September	於九月三十日之現金及現金等價物	2,095,476	1,423,289

The notes on pages 37 to 62 are an integral part of this condensed consolidated interim financial information.

第37頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Notes to the Condensed Consolidated Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

Huabao International Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are mainly engaged in the production, distribution and sale of flavours and fragrances in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu (“Ms. Chu”), who is the Chairman of the Board of Directors, holds approximately 44% equity interest in the Company as at 30 September 2010, through five limited companies incorporated in the British Virgin Islands and solely beneficially owned by her, namely Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited and Real Elite Investments Limited, and is regarded as the controlling shareholder of the Company.

This condensed consolidated interim financial information is presented in thousands of units of HK dollars (“HKD’000”) unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 26 November 2010.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2010 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

簡明綜合中期財務資料附註

(除另有指明者外，所有金額均以港幣千元列示)

1. 一般資料

華寶國際控股有限公司(「本公司」)於百慕達註冊成立為獲豁免有限公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司的股份主要於香港聯合交易所有限公司(「聯交所」)上市。

本公司為投資控股公司。本公司及其附屬公司(「本集團」)之業務主要在中華人民共和國(「中國」)生產、分銷及銷售香精香料。朱林瑤女士(「朱女士」)乃本公司之董事局主席，透過五家於英屬處女群島註冊成立的並由朱女士唯一實益擁有的有限公司，Mogul Enterprises Limited，Resourceful Link International Limited，Power Nation International Limited，Jumbo Elite Limited及Real Elite Investments Limited，於二零一零年九月三十日持有本公司約44%之權益，並被視為是本公司之控股股東。

本簡明綜合中期財務資料除另有指明者外，均以港幣千元(「港幣千元」)列示。本簡明綜合中期財務資料已於二零一零年十一月二十六日獲董事會批准刊發。

本簡明綜合中期財務資料未經審核。

2. 編製基準

本公司截至二零一零年九月三十日止六個月的簡明綜合中期財務資料已根據聯交所證券上市規則「上市規則」附錄16之適用披露規定及香港會計師公會(「香港會計師公會」)頒佈的香港會計準則(「香港會計準則」)第34號「中期財務報告」而編制。本簡明綜合中期財務資料應與本集團根據香港財務報告準則(「香港財務報告準則」)而編制的截至二零一零年三月三十一日止年度的綜合財務報表一併閱讀。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2010, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2010:

- HKFRS 3 (Revised) "Business combinations", and consequential amendments to HKAS 27 "Consolidated and separate financial statements", HKAS 28 "Investments in associates", and HKAS 31 "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

3. 會計政策

除下文所述外，編制本簡明綜合財務資料中所採用之會計政策與截至二零一零年三月三十一日止年度的年度財務報表所採用的會計政策一致，並已詳列該財務報表內。

中期所得稅乃按照預期年度的總盈利所適用之稅率予以預提。

(a) 下列的新訂及修訂準則首次強制應用於二零一零年四月一日開始的財務年度：

- 香港財務報告準則第3號(修訂)「業務合併」，以及香港會計準則第27號「綜合和獨立財務報表」、香港會計準則第28號「於聯營公司之投資」及香港會計準則第31號「合營中的權益」的其後修改，將適用於收購日期為二零零九年七月一日或之後開始的首個年度報告期間開始之時或之後的業務合併。

此項修訂準則繼續對業務合併應用購買法，但與香港財務報告準則第3號比較，有若干重大更改。例如，收購業務的所有付款必須按收購日期的公允價值記錄，而分類為債務的或有付款其後須在收益表重新計量。個別收購基準有不同選擇方案，可按公允價值或按非控制性權益應佔被收購方淨資產的比例，計量被收購方的非控制性權益。所有收購相關成本必須支銷。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

As the Group has adopted HKFRS 3 (Revised), it is required to adopt HKAS 27 (Revised), "Consolidated and separate financial statements", at the same time. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement.

The adoption of HKFRS 3 (Revised) did not have a material impact on the Group's condensed consolidated financial information for the six months ended 30 September 2010.

- HKFRS 8 (Amendment) "Operating segment", (effective for annual periods beginning on or after 1 January 2010). This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.
- HKAS 38 (Amendment) "Intangible Assets" (effective for annual periods beginning on or after 1 July 2009). The amendment is part of the HKICPA annual improvements project published in May 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment did not result in a material impact on the Group's condensed consolidated financial information for the six months ended 30 September 2010.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

3. 會計政策 (續)

由於本集團已採納香港財務報告準則第3號(修訂)，故其需要同時採納香港會計準則第27號(修訂)「綜合和獨立財務報表」。香港會計準則第27號(修訂)規定，如控制權沒有改變，則與非控制性權益進行的所有交易的影響必須在權益中呈列，而此等交易將不再產生商譽或盈利和損失。此項準則亦列明失去控制權時的會計處理方法。任何在主體內的剩餘權益按公允價值重新計量，並在收益表中確認盈利或損失。

採用香港財務報告準則第3號(修訂)不會對本集團截至二零一零年九月三十日止六個月的簡明綜合財務資料造成重大影響。

- 香港財務報告準則第8號(修訂本)「營運分部」(由二零一零年一月一日起開始的年度期間生效)。此修訂本澄清了一個實體只需按要求披露分部資產的計量(如該計量乃定期向主要經營決策者報告)。
- 香港會計準則第38號(修訂本)「無形資產」(由二零零九年七月一日起開始的年度期間生效)。此修訂本乃會計師公會於二零零九年五月頒佈的年度改進項目之一。此修訂本澄清了在業務合併中購買的無形資產的公平值的計量指引，並容許假若每項資產的可使用年期相近，可將無形資產組合為單一資產。此修改不會對本集團截至二零一零年九月三十日止六個月的簡明綜合財務資料造成重大影響。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

(b) The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2010, but are not currently relevant or do not have significant impact to the Group's operations:

- HKFRS 2 (Amendment) "Group cash-settled share-based payment transaction"
- HKFRS 5 (Amendment) "Measurement of non-current assets (or disposal groups) classified as held for sale"
- HKAS 1 (Amendment) "Presentation of financial statements"
- HKAS 32 (Amendment) "Classification of rights issue"
- HKAS 39 (Amendment) "Eligible hedged items"
- HKFRS 1 (Revised) "First-time adoption of HKFRSs"
- HKFRS 1 (Amendment) "Additional exemptions for first-time adopters"
- HK(IFRIC) – Int 17 "Distributions of non-cash assets to owners"
- First improvements to HKFRS (2008) issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual periods on or after 1 July 2009.
- Second improvements to HKFRS (2009) issued in May 2009 by the HKICPA. All improvements are effective for annual periods on or after 1 January 2010.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

3. 會計政策 (續)

(b) 下列新訂準則、準則的修訂及詮釋於二零一零年四月一日開始的財政年度首次強制應用，但現與本集團業務無關或無重大影響：

- 香港財務報告準則第2號(修訂本)「集團現金結算以股份為基礎的支付交易」
- 香港財務報告準則第5號(修訂本)「持作出售的非流動資產(或處置組)的計量」
- 香港會計準則第1號(修訂本)「財務報表之呈列」
- 香港會計準則第32號(修訂本)「配股的分類」
- 香港會計準則第39號(修訂本)「合資格套期項目」
- 香港財務報告準則第1號(修訂)「首次採納香港財務報告準則」
- 香港財務報告準則第1號(修訂本)「對首次採納者的額外豁免」
- 香港(國際財務報告詮釋委員會)一詮釋17「向所有者分派非現金資產」
- 香港會計師公會在二零零八年十月公佈了第一個對香港財務報告準則(2008)的年度改進計劃。涉及香港財務報告準則第5號「持作待售的非流動資產及終止經營」的改進由二零零九年七月一日或之後開始的年度期間生效。
- 香港會計師公會在二零零九年五月公佈了第二個對香港財務報告準則(2009)的年度改進計劃。所有改進由二零一零年一月一日或之後開始的年度期間生效。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

(c) The following new standards, amendments to standards and interpretations are not yet effective and have not been early adopted by the Group

- HKFRS 9 “Financial Instruments” (effective for periods beginning on or after 1 January 2013). Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Management does not anticipate that the application will result in a material impact on the Group’s financial information.
- There are a number of amendments to HK(IFRIC)-Int 19 “Extinguishing financial liabilities with equity instruments”, HKAS 24 (Revised) “Related party disclosures”, HK(IFRIC)-Int 14 “Prepayments of a minimum funding requirement” and HKFRS1 “Limited exemption from comparative HKFRS7 disclosures for first-time adopters” and the third improvement to HKFRS (2010) which are not addressed above. These amendments are unlikely to have significant impact on the Group’s financial information and have therefore not been analysed in detail.

4. SEGMENT INFORMATION

The Group has organised its operations into two main operating segments:

- Flavours; and
- Fragrances.

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 perspective and assess the performance of flavours and fragrances segments. Flavours include research and development, production and sale of flavours products. Fragrances include research and development, production and sale of fragrances products. The Executive Directors assess the performance of the operating segments based on a measure of operating profit, which is determined by using the accounting policies which are adopted by this financial information.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

3. 會計政策 (續)

(c) 仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋

- 香港財務報告準則第9號「金融工具」(由二零一三年一月一日起計開始之年度期間生效)。金融資產必須分類為兩種計量類別：一種為其後按公允價值計量，一種為其後按攤銷成本計量。分類需要在初始確認時作出決定。分類視乎實體管理其金融工具的經營模式，以及工具的合約現金流量特點而決定。管理層預期新準則不會對本集團的財務資料有重大影響。
- 就香港(國際財務報告詮釋委員會)一詮釋19「以權益工具消除金融負債」，香港會計準則第24號(修訂)「關聯方披露」，香港(國際財務報告詮釋委員會)一詮釋14「最低資金規定的預付款」及香港財務報告準則第1號「對首次採納者就香港財務報告準則第7號披露比較資料之有限豁免」和香港財務報告準則(2010)的第三個改進項目且並未於上文提及。由於這些修訂對本集團財務資料沒有重大影響，因此不作詳細分析。

4. 分部資料

本集團的經營分為兩項主要營運分部：

- 食用香精香料；及
- 日用香精香料。

主要經營決策者明確為執行董事(「執行董事」)，執行董事審閱本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

執行董事從經營活動角度考慮業務及評估食用香精香料及日用香精香料之分部業務表現。食用香精香料業務包括研發、生產及銷售食用香精香料產品。日用香精香料業務包括研發、生產及銷售日用香精香料產品。執行董事根據營運盈利的計量評估營運分部的表現。該計量乃按採納的會計政策而確定於此財務資料內。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

4. SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 September 2010 is presented below:

		Unaudited 未經審核 For the six months ended 30 September 2010 截至二零一零年九月三十日止六個月				
		Total segments 分部總計			Corporate 總部	Total 總計
		Flavours 食用 香精香料	Fragrances 日用 香精香料			
Total turnover	總營業額	1,249,389	37,514	1,286,903	–	1,286,903
Inter-segment sales	分部間銷售	(281)	(8)	(289)	–	(289)
Net turnover/Segment sales	淨營業額／分部收入	1,249,108	37,506	1,286,614	–	1,286,614
Segment result	分部業績	869,741	6,324	876,065	(6,231)	869,834
Finance income	財務收入					13,131
Finance costs	融資成本					(2,357)
Finance income – net	財務收入 – 淨額					10,774
Share of profit of associates	應佔聯營公司盈利					323
Profit before income tax	除稅前盈利					880,931

		Unaudited 未經審核 As at 30 September 2010 於二零一零年九月三十日				
		Total segments 分部總計			Corporate 總部	Total 總計
		Flavours 食用 香精香料	Fragrances 日用 香精香料			
Segment assets	分部資產	5,445,515	190,488	5,636,003	84,852	5,720,855

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

4. 分部資料 (續)

截至二零一零年九月三十日止六個月的分部資料呈列如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

4. SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 September 2009 is presented below:

		Unaudited 未經審核				
		For the six months ended 30 September 2009 截至二零零九年九月三十日止六個月				
		Flavours	Fragrances	Total	Corporate	Total
		食用	日用	segments	Corporate	Total
		香精香料	香精香料	分部總計	總部	總計
Total turnover	總營業額	1,061,176	27,728	1,088,904	–	1,088,904
Inter-segment sales	分部間銷售	(50)	–	(50)	–	(50)
Net turnover/Segment sales	淨營業額／分部收入	1,061,126	27,728	1,088,854	–	1,088,854
Segment result	分部業績	703,676	4,777	708,453	(14,301)	694,152
Finance income	財務收入					6,701
Finance costs	融資成本					(337)
Finance income – net	財務收入 – 淨額					6,364
Share of profit of associates	應佔聯營公司盈利					273
Profit before income tax	除稅前盈利					700,789

		Unaudited 未經審核				
		As at 30 September 2009 於二零零九年九月三十日				
		Flavours	Fragrances	Total	Corporate	Total
		食用	日用	segments	Corporate	Total
		香精香料	香精香料	分部總計	總部	總計
Segment assets	分部資產	3,982,370	137,170	4,119,540	50,559	4,170,099

Segment result represents the profit earned by each segment without inclusion of unallocated expenses, finance costs, finance income and share of results of associates. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本、財務收入及應佔聯營公司業績。此分部業績主要是為分配資源和評估各分部之表現而向主要營運決策者呈列的方式。

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

4. 分部資料 (續)

截至二零零九年九月三十日止六個月的分部資料呈列如下：

		Unaudited 未經審核				
		For the six months ended 30 September 2009 截至二零零九年九月三十日止六個月				
		Flavours	Fragrances	Total	Corporate	Total
		食用	日用	segments	Corporate	Total
		香精香料	香精香料	分部總計	總部	總計
Total turnover	總營業額	1,061,176	27,728	1,088,904	–	1,088,904
Inter-segment sales	分部間銷售	(50)	–	(50)	–	(50)
Net turnover/Segment sales	淨營業額／分部收入	1,061,126	27,728	1,088,854	–	1,088,854
Segment result	分部業績	703,676	4,777	708,453	(14,301)	694,152
Finance income	財務收入					6,701
Finance costs	融資成本					(337)
Finance income – net	財務收入 – 淨額					6,364
Share of profit of associates	應佔聯營公司盈利					273
Profit before income tax	除稅前盈利					700,789

		Unaudited 未經審核				
		As at 30 September 2009 於二零零九年九月三十日				
		Flavours	Fragrances	Total	Corporate	Total
		食用	日用	segments	Corporate	Total
		香精香料	香精香料	分部總計	總部	總計
Segment assets	分部資產	3,982,370	137,170	4,119,540	50,559	4,170,099

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

5. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

5. 物業、機器及設備、土地使用權及無形資產

		Unaudited 未經審核						
	Note	Property, plant and equipment (excluding construction in progress) 物業、機器 及設備(不含 在建工程)	Construction in progress 在建工程	Total property, plant and equipment 物業、機器 及設備總計	Land use rights 土地使用權	Goodwill 商譽	Other intangible assets 其他無形資產	Total intangible assets 無形資產總計
	附註							
For the six months ended 30 September 2009	截至二零零九年 九月三十日止六個月							
At 1 April 2009	於二零零九年四月一日	274,546	4,184	278,730	58,210	1,290,248	216,903	1,507,151
Acquisition of Maoming Kebi Flavour & Fragrance Limited ("Maoming Kebi")	收購茂名市科比香精 香料有限公司 (「茂名科比」)	8	-	8	-	109,650	5,221	114,871
Additions	添置	4,138	9,049	13,187	-	-	123	123
Transfers	轉移	3,713	(3,713)	-	-	-	-	-
Disposals	出售	(321)	-	(321)	-	-	-	-
Depreciation and amortization	折舊及攤銷	(14,756)	-	(14,756)	(704)	-	(13,122)	(13,122)
Exchange differences	匯兌調整	7	4	11	58	1,150	114	1,264
At 30 September 2009	於二零零九年九月三十日	267,335	9,524	276,859	57,564	1,401,048	209,239	1,610,287
For the six months ended 30 September 2010	截至二零一零年九月 三十日止六個月							
At 1 April 2010	於二零一零年四月一日	283,325	18,473	301,798	67,684	1,404,057	198,602	1,602,659
Acquisition of Yunnan Huixiangyuan	收購雲南華香源	4,691	-	4,691	958	-	-	-
Additions	添置	9,966	6,207	16,173	-	-	10	10
Transfers	轉移	409	(409)	-	-	-	-	-
Disposals	出售	(238)	-	(238)	-	-	-	-
Depreciation and amortization	折舊及攤銷	(16,866)	-	(16,866)	(848)	-	(13,726)	(13,726)
Exchange differences	匯兌調整	4,613	337	4,950	887	22,404	1,432	23,836
At 30 September 2010	於二零一零年九月三十日	285,900	24,608	310,508	68,681	1,426,461	186,318	1,612,779

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

6. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movement in the deferred income tax is as follows:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

6. 遞延所得稅資產／負債

遞延所得稅變動如下：

				Unaudited 未經審核			
		Deferred income tax assets 遞延 所得稅資產		Deferred income tax liabilities			
				Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC 集團內 位於中國 國內的公司 預期匯出的 股息所產生之 預提所得稅		Total 總計	
		Unrealized profits arising from intra-group sales 集團內 公司間銷售 所產生的 集團內 未變現盈利	Valuation surplus of assets and recognition of intangible assets 資產評估 盈餘及無形 資產的確認				
		Note 附註					
At 1 April 2009	於二零零九年 四月一日		31,055	58,985	34,828		93,813
Acquisition of Maoming Kebi	收購茂名科比		-	1,305	-		1,305
Recognised in the income statement	於收益表確認	14	(2,360)	(2,556)	9,436		6,880
Payment of withholding income tax for dividend	支付股息所得稅		-	-	(15,724)		(15,724)
Exchange differences	匯兌調整		31	27	-		27
At 30 September 2009	於二零零九年 九月三十日		28,726	57,761	28,540		86,301
At 1 April 2010	於二零一零年 四月一日		50,544	57,870	51,000		108,870
Recognised in the income statement	於收益表確認	14	3,329	(2,668)	7,900		5,232
Exchange differences	匯兌調整		964	406	(341)		65
At 30 September 2010	於二零一零年 九月三十日		54,837	55,608	58,559		114,167

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

6. DEFERRED INCOME TAX ASSETS/LIABILITIES (continued)

Deferred income tax assets are recognised for temporary differences arising from the unrealized intra-group profits from intra-group sales, and calculated under the liability method using the tax rates which are enacted or substantively enacted by the closing date.

Deferred income tax liabilities are arisen from the valuation surplus of property, plant and equipment and land use rights and recognition of intangible assets as a result of acquisition/combination of subsidiaries; and withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate 5% is applied to Hong Kong investors as there is a tax treaty arrangement between the PRC and Hong Kong. The directors of the Company estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies. Therefore, deferred income tax liabilities had been provided based on 5% of the estimated profits to be remitted to Hong Kong. The directors of the Company will review the fund requirements of the Group from time to time and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 30 September 2010, deferred income tax liabilities of HKD23,635,000 (31 March 2010: HKD43,246,000) have not been recognised for the withholding tax that would be payable on the unremitted profits of certain PRC subsidiaries.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

6. 遞延所得稅資產／負債 (續)

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備和土地使用權的評估盈餘或無形資產的確認而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港的直接母公司。因此，遞延所得稅負債乃按預計匯出香港之盈利以5%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

於二零一零年九月三十日，本集團並未就若干中國附屬公司之未匯出盈利須予支付的預提所得稅確認遞延所得稅負債港幣23,635,000元(二零一零年三月三十一日：港幣43,246,000元)。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

7. TRADE AND OTHER RECEIVABLES

7. 貿易及其他應收款項

		Note	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Trade receivables	貿易應收款項	(b)	566,525	519,895
Less: Provision for impairment on receivables	減：應收款項減值撥備		(2,240)	(2,215)
Trade receivables – net	貿易應收款項 – 淨額		564,285	517,680
Notes receivable	應收票據		157,208	89,487
Escrow money deposited for a proposed acquisition	就建議收購項目存放的托管資金	(c)	231,618	–
Other prepayments and receivables	其他預付及應收款項		34,449	36,727
Advances to staff	員工墊款		7,268	4,404
Dividend and interest receivables	應收股息及利息		15,349	11,819
			1,010,177	660,117

(a) The carrying amounts of trade and other receivables approximate their fair values.

(a) 貿易及其他應收款項賬面值與公允價值相若。

(b) The credit period generally granted to customers ranges from 0 to 180 days. The ageing analysis of the trade receivables (including amounts due from related parties which are trading in nature) based on invoice date as at the closing dates is as follows:

(b) 授予客戶的信貸期一般為0至180日。於結算日，貿易應收款項（包括關聯人士的貿易應收款項）乃按發票日期以分析其賬齡如下：

		As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	510,040	457,936
91 – 180 days	91至180日	31,193	44,546
181 – 360 days	181至360日	16,720	10,535
Over 360 days	360日以上	8,572	6,878
		566,525	519,895

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

7. TRADE AND OTHER RECEIVABLES (continued)

- (c) On 4 August 2010, the Company, through its indirect wholly owned subsidiary as purchaser, entered into a framework agreement with independent third parties in relation to a possible acquisition (“Proposed Acquisition”) of Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Co., Ltd. (“Guangdong Jinye”) and its related and affiliated companies (“Guangdong Jinye Group”). Pursuant to the framework agreement, the consideration for the Proposed Acquisition will be subject to the scope of the assets following restructuring to be further discussed and negotiated among the parties. The subsidiary has deposited RMB200,000,000 in an escrow account which will be treated as partial payment and deposit of the consideration should the parties proceed to enter into the formal sale and purchase agreement relating to the Proposed Acquisition.

8. SHARE CAPITAL

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

7. 貿易及其他應收款項 (續)

- (c) 於二零一零年八月四日，本公司透過其間接全資附屬公司作為買方與獨立第三方簽署一份合作框架協議，內容有關可能收購（「建議收購」）廣東省金葉煙草薄片技術開發有限公司（「廣東金葉」）及其關聯及聯營公司（「廣東金葉集團」）。根據該合作框架協議，建議收購之代價及待重組的資產的範圍將須待與賣方進一步討論及磋商釐訂。本公司的一間附屬公司已存入人民幣200,000,000元於一托管資金賬戶內，倘各方就建議收購訂立正式買賣協議，此款項將被當作收購代價之部份付款和訂金。

8. 股本

		Unaudited 未經審核	
		Ordinary shares of HKD0.10 each 每股面值港幣0.10元之普通股	
	Note 附註	Number of shares 股份數目	HKD'000 港幣千元
Authorized:	法定：		
At 1 April 2009, 30 September 2009, 1 April 2010 and 30 September 2010	於二零零九年四月一日、 二零零九年九月三十日、 二零一零年四月一日及 二零一零年九月三十日	5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
At 1 April 2009	於二零零九年四月一日	3,084,805,961	308,480
Exercise of share options	行使購股權	9 18,616,000	1,862
At 30 September 2009	於二零零九年九月三十日	3,103,421,961	310,342
At 1 April 2010	於二零一零年四月一日	3,128,820,961	312,882
Exercise of share options	行使購股權	9 17,643,000	1,764
At 30 September 2010	於二零一零年九月三十日	3,146,463,961	314,646

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

9. SHARE OPTION SCHEME

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. On 14 April 2008, the Group granted 10,400,000 share options to two directors with an exercise price of HKD6.39 per share and vesting periods of 0 to 3 years. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options was determined using the Black-Scholes valuation model. Share option compensation expense recognised in the condensed consolidated income statement is shown in note 13.

Movement in the number of share options outstanding during the half year and their related weighted average exercise prices are as follows:

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

9. 購股權計劃

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予僱員及一名董事。及於二零零八年四月十四日，本集團授予兩名董事10,400,000股購股權，行使價為每股港幣6.39元及歸屬期為0至3年。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值由Black-Scholes評估模型確認。在簡明綜合收益表裏確認的購股權報酬費用列於附註13。

於半年度內，未行使的購股權數目之變動及其相關之加權平均行使價列示如下：

		Unaudited 未經審核			
		For the six months ended 30 September 截至九月三十日止六個月			
		2010 二零一零年		2009 二零零九年	
	Note 附註	Weighted average exercise price in HKD per share 加權平均 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數 以千計)	Weighted average exercise price in HKD per share 加權平均 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數 以千計)
Beginning of the period	期初	4.57	62,220	3.98	108,435
Exercised	已行使 (a)	3.85	(17,643)	3.22	(18,616)
Forfeited	失效 (b)	3.09	(200)	3.09	(2,200)
End of the period	期終	4.86	44,377	4.16	87,619

(a) The weighted average share price immediately before the share option exercised dates was HKD9.80 (30 September 2009: HKD7.57) per share.

(b) These represented share options forfeited due to resignation of employees.

(a) 緊接購股權行使日期之前的加權平均收市價為每股港幣9.80元(二零零九年九月三十日：港幣7.57元)。

(b) 購股權失效是由於員工離職。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

9. SHARE OPTION SCHEME (continued)

Share options outstanding as at 30 September 2010 are analysed as follows:

Grantee	被授予人	Unaudited 未經審核		
		Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry Date 失效日期
Directors	董事	3.09	13,450	24 October 2016 二零一六年十月二十四日
		6.65	3,600	16 October 2017 二零一七年十月十六日
		6.39	10,400	13 April 2018 二零一八年四月十三日
Employees	僱員	3.09	8,100	9 October 2016 二零一六年十月九日
		6.65	8,827	16 October 2017 二零一七年十月十六日
At 30 September 2010 於二零一零年九月三十日			44,377	

Out of the 44,377,000 (31 March 2010: 62,220,000) share options outstanding as at 30 September 2010, 37,402,000 (31 March 2010: 52,645,000) share options are currently exercisable.

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

9. 購股權計劃(續)

於二零一零年九月三十日未行使購股權之分析如下：

Grantee	被授予人	Unaudited 未經審核		
		Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry Date 失效日期
Directors	董事	3.09	13,450	24 October 2016 二零一六年十月二十四日
		6.65	3,600	16 October 2017 二零一七年十月十六日
		6.39	10,400	13 April 2018 二零一八年四月十三日
Employees	僱員	3.09	8,100	9 October 2016 二零一六年十月九日
		6.65	8,827	16 October 2017 二零一七年十月十六日
At 30 September 2010 於二零一零年九月三十日			44,377	

於二零一零年九月三十日未行使的44,377,000 (二零一零年三月三十一日：62,220,000)股購股權當中，有37,402,000 (二零一零年三月三十一日：52,645,000)股購股權於現在可予行使。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

10. RESERVES

10. 儲備

		Unaudited 未經審核							
		Contributed surplus	Merger reserve	Share premium	Capital reserve	Share-based compensation reserve	Exchange reserve	Other reserves	Total
		實繳盈餘	合併儲備	股份溢價	資本儲備	以股份為基礎的酬金儲備	換算儲備	其他儲備	總計
At 1 April 2009	於二零零九年四月一日	288,191	(612,949)	145,202	1,677	71,109	225,815	127,685	246,730
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	1,743	1,743
Employee share option scheme	僱員購股權計劃								
- Value of employee services	- 僱員服務價值	-	-	-	-	8,120	-	-	8,120
- Exercise of share option	- 行使購股權	-	-	68,189	-	(10,035)	-	-	58,154
Exchange differences	匯兌調整	-	-	-	-	-	3,420	-	3,420
At 30 September 2009	於二零零九年九月三十日	288,191	(612,949)	213,391	1,677	69,194	229,235	129,428	318,167
At 1 April 2010	於二零一零年四月一日	288,191	(617,160)	304,630	1,677	60,519	240,365	132,181	410,403
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	5,262	5,262
Employee share option scheme	僱員購股權計劃								
- Value of employee services	- 僱員服務價值	-	-	-	-	2,914	-	-	2,914
- Exercise of share option	- 行使購股權	-	-	78,474	-	(12,290)	-	-	66,184
Exchange differences	匯兌調整	-	-	-	-	-	58,847	-	58,847
At 30 September 2010	於二零一零年九月三十日	288,191	(617,160)	383,104	1,677	51,143	299,212	137,443	543,610

11. BORROWINGS

11. 貸款

		As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Non-current	非流動		
- Secured (a)	- 有抵押(a)	3,474	-
Current	流動		
- Secured (a)	- 有抵押(a)	10,423	10,236
- Unsecured (b)	- 無抵押(b)	240,000	240,000
		250,423	250,236
Total borrowings	總貸款	253,897	250,236

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

11. BORROWINGS (continued)

Movement in borrowings is analysed as follows:

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Opening balance as at 1 April	於四月一日期初結餘	250,236	-
Acquisition of Yunnan Huaxiangyuan	收購雲南華香源	3,427	-
Exchange differences	匯兌差額	234	-
Closing balance as at 30 September	於九月三十日期末結餘	253,897	-

- (a) The bank loans are secured by a pledge of certain lands and buildings located in Shandong and Yunnan provinces owned by subsidiaries Qingdao Qingda Product Co., Inc. and Yunnan Huaxiangyuan respectively. They are denominated in RMB and are repayable within one year and three years respectively. During the period, the average interest rates are 5.84% and 6.48% per annum respectively.
- (b) The unsecured bank loan is denominated in HKD and is repayable within one year. During the period, the average interest rate is 1.71% per annum.

The carrying amounts of the borrowings approximate their fair values.

Interest expense on bank borrowings for the six months ended 30 September 2010 is HKD2,355,000 (2009: nil).

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

11. 貸款 (續)

貸款變動情況分析如下：

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Opening balance as at 1 April	於四月一日期初結餘	250,236	-
Acquisition of Yunnan Huaxiangyuan	收購雲南華香源	3,427	-
Exchange differences	匯兌差額	234	-
Closing balance as at 30 September	於九月三十日期末結餘	253,897	-

- (a) 有抵押銀行貸款乃分別由附屬公司青島青大物產股份有限公司及雲南華香源所持有的位於山東及雲南省的土地及樓宇作為抵押。該貸款以人民幣為單位，並分別需於一年及三年內償還。於期內，該貸款平均利息分別為每年5.84厘及6.48厘。
- (b) 無抵押銀行貸款以港幣為單位，並需於一年內到期償還。於期內，該貸款平均利息為每年1.71厘。

貸款的賬面值與公允值相近。

截至二零一零年九月三十日止六個月的銀行貸款利息開支為港幣2,355,000元(二零零九年：無)。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

12. TRADE AND OTHER PAYABLES

12. 貿易及其他應付款項

		Note	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Trade payables	貿易應付款項	(a)	207,664	237,303
Non-trade payables to related parties	非貿易應付關聯人士款項	19(c)	133,985	133,985
Dividends payable	應付股息	(b)	405,542	11,979
Wages payable	應付工資		10,324	8,913
Other taxes payable	其他應付稅項		46,271	42,153
Accrued expenses	應計開支		3,124	4,732
Customer advance payment	客戶預付款		1,402	1,915
Other payables	其他應付款項		38,626	45,262
			846,938	486,242

(a) The ageing analysis of the trade payables (including amounts due to related parties which are trading in nature) based on invoice date as at the closing dates is as follows:

(a) 於結算日，貿易應付款項(包括關聯人士的貿易應付款項)乃按發票日期以分析其賬齡如下：

		As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	160,210	185,073
91 – 180 days	91至180日	28,346	33,744
181 – 360 days	181至360日	3,683	1,094
Over 360 days	360日以上	15,425	17,392
		207,664	237,303

(b) Dividends payable

(b) 應付股息

It represents:

乃指：

(i) final and special dividend of the Company for the year ended 31 March 2010; and

(i) 本公司截至二零一零年三月三十一日止年度之末期和特別股息；及

(ii) dividend payable to an non-controlling shareholder.

(ii) 向一名非控制性股東派付的股息。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

13. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed as follows:

		Unaudited 未經審核	
		For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
		Note 附註	
Depreciation, excluding amounts included in research and development	折舊 (不包括計入研究及發展的金額)	5	11,764
Amortization	攤銷	5	13,826
Employee benefit expenses, excluding share option compensation expenses and amounts included in research and development	僱員福利開支 (不包括購股權報酬費用及計入研究及發展的金額)		41,184
Lease rentals	租金		3,260
Travelling expenses	差旅開支		9,888
Entertainment expenses	應酬開支		9,737
Share option compensation expenses	購股權報酬費用		8,120
Research and development	研究及發展		
– Employee benefit expenses	– 僱員福利開支		13,887
– Depreciation	– 折舊	5	2,992
– Others	– 其他		18,220
			52,897
			13,869
			14,574
			3,940
			11,219
			7,712
			2,914
			16,543
			2,997
			23,107

14. INCOME TAX EXPENSE

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

13. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣費用及行政費用，分析如下：

		Unaudited 未經審核	
		For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
		Note 附註	
Current income tax:	即期稅項		
– Hong Kong profits tax	– 香港所得稅	(a)	6,488
– PRC corporate income tax	– 中國企業所得稅	(b)	64,086
Deferred income tax assets	遞延所得稅資產	6	2,360
Deferred income tax liabilities	遞延所得稅負債	6	6,880
			116,095
			79,814

14. 所得稅

Unaudited
未經審核
For the six months ended
30 September
截至九月三十日止六個月

		Unaudited 未經審核	
		For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
		Note 附註	
Current income tax:	即期稅項		
– Hong Kong profits tax	– 香港所得稅	(a)	6,488
– PRC corporate income tax	– 中國企業所得稅	(b)	64,086
Deferred income tax assets	遞延所得稅資產	6	2,360
Deferred income tax liabilities	遞延所得稅負債	6	6,880
			116,095
			79,814

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

14. INCOME TAX EXPENSE (continued)

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.
- (b) 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.

15. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been converted. For the six months ended 30 September 2010, the Company has one type of dilutive potential ordinary shares, i.e. share options.

As for share options, the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) is determined based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

14. 所得稅 (續)

- (a) 香港所得稅按本期間估計應課稅盈利以稅率16.5% (二零零九年：16.5%) 撥備。
- (b) 中國企業所得稅撥備按本集團在中國企業於本期間估計應課稅盈利以其適用的稅率而定。

15. 每股盈利

(a) 基本

每股基本盈利乃根據本期間本公司權益持有人應佔盈利，除以期內已發行普通股的加權平均數目計算。

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。在截至二零一零年九月三十日止六個月，本公司有一類可攤薄的潛在普通股，即購股權。

至於購股權，根據未行使購股權所附的認股權的貨幣價值，釐定按公允價值 (釐定為本公司股份的平均年度市價) 可購入的股份數目。按以上方式計算的股份數目，與假設購股權行使而應已發行的股份數目作出比較。

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	752,266	610,927
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數 (千計)	3,141,665	3,093,403
Basic earnings per share (HK cents per share)	每股基本盈利 (每股港仙)	23.94	19.75

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

15. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	752,266	610,927
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數 (千計)	3,141,665	3,093,403
Adjustment for: – exercise of share options ('000)	調整： – 行使購股權 (千計)	26,276	43,882
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數 (千計)	3,167,941	3,137,285
Diluted earnings per share (HK cents per share)	每股攤薄盈利 (每股港仙)	23.75	19.47

16. DIVIDENDS

The interim dividend for the six months ended 30 September 2010 declared after the closing date amounts to HK7.2 cents (2009: HK6.0 cents together with a special dividend of HK2.8 cents) per share, HKD226,545,000 (2009: HKD187,469,000 and special dividend of HKD87,485,000) in aggregate. As the interim dividend is declared after the closing date, it is not recognised as dividend payable as at 30 September 2010.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

15. 每股盈利 (續)

(b) 攤薄 (續)

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	752,266	610,927
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數 (千計)	3,141,665	3,093,403
Adjustment for: – exercise of share options ('000)	調整： – 行使購股權 (千計)	26,276	43,882
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數 (千計)	3,167,941	3,137,285
Diluted earnings per share (HK cents per share)	每股攤薄盈利 (每股港仙)	23.75	19.47

16. 股息

於結算日後宣派截至二零一零年九月三十日止六個月的中期股息，每股港幣7.2仙 (二零零九年：港幣6.0仙及特別股息每股港幣2.8仙)，共約港幣226,545,000元 (二零零九年：港幣187,469,000元及特別股息港幣87,485,000元)。由於中期股息乃於結算日後宣派，因此並未確認於二零一零年九月三十日的應付股息內。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

17. BUSINESS COMBINATIONS

On 1 September 2010, Xiamen Amber Fragrances Co., Ltd., a subsidiary of the Group, entered into an agreement with independent third parties to acquire 60% equity interests in Yunnan Huaxiangyuan, a company incorporated in the PRC at a cash consideration of approximately HKD4,314,000. The acquisition is expected to extend the Group's production line to upstream raw materials of fragrances segment.

Yunnan Huaxiangyuan is principally engaged in the manufacture and sale of flavours and fragrances in the PRC. The acquisition was completed on 1 September 2010 and Yunnan Huaxiangyuan became a subsidiary of the Group.

The acquired business contributed revenue of HKD2,590,000 and net profit after tax of HKD192,000 to the Group for the period from date of acquisition to 30 September 2010.

If the acquisition had occurred on 1 April 2010, the consolidated revenue and consolidated net profit after tax would have been increased by approximately HKD19,625,000 and HKD351,000 respectively and hence the consolidated income statement for the six months ended 30 September 2010 would show the consolidated revenue of HKD1,306,239,000 and consolidated net profit after tax of HKD765,187,000.

Details of net assets acquired and goodwill are as follows:

		Total 合計
Purchase consideration – cash paid	收購代價—現金支付	4,314
Fair value of identifiable net assets acquired – shown below	收購可辨認淨資產之公允價值—詳列下文	(4,319)
Gain on bargain purchase	買賣交易收益	(5)

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

17. 業務合併

在二零一零年九月一日，本集團之附屬公司，廈門琥珀香料有限公司，與獨立第三方簽署協議，以現金收購代價約為港幣4,314,000元收購一間於中國成立的公司，雲南華香源的60%權益。該收購預期會伸延本集團的生產線至日用香精香料分部的上游原材料。

雲南華香源主要在中國從事生產及銷售香精香料。該收購已於二零一零年九月一日完成而雲南華香源已成為本集團之附屬公司。

該業務自收購日至二零一零年九月三十日止，已為本集團帶來約港幣2,590,000元的銷售收入及約港幣192,000元的除稅後盈利。

如該收購自二零一零年四月一日發生，本集團之綜合銷售收入和綜合稅後盈利將分別增加約港幣19,625,000元和約港幣351,000元，而在截至二零一零年九月三十日止六個月之綜合收益表亦將會顯示綜合銷售收入約港幣1,306,239,000元和綜合稅後盈利約港幣765,187,000元。

收購產生之淨資產及商譽詳情如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

17. BUSINESS COMBINATIONS (continued)

The fair value and carrying value of assets and liabilities as at the acquisition date arising from the acquisition are as follows:

		Unaudited 未經審核	
		Fair value 公允價值	Acquiree's carrying amount 被收購方 之賬面值
Net assets acquired	收購之資產淨值		
Land use right	土地使用權	958	958
Property, plant and equipment	物業、廠房及設備	4,691	4,691
Inventories	存貨	17,063	17,063
Trade and other receivable	貿易及其他應收款項	6,347	6,347
Cash and cash equivalents	現金及現金等價物	6,683	6,683
Borrowings	貸款	(3,427)	(3,427)
Trade and other payables	貿易及其他應付款項	(25,116)	(25,116)
Net assets acquired	收購資產淨值	7,199	7,199
Less: non-controlling interests	減：非控制性權益	(2,880)	
		4,319	
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出(扣除收購之 淨現金)		
Cash consideration	以現金支付收購代價		4,314
Cash and cash equivalents in the subsidiary acquired	收購附屬公司內的現金及 現金等價物		(6,683)
Net cash inflow on acquisition	收購的淨現金流入		(2,369)

The gross contractual amount for trade receivables approximates its fair value.

The Group has chosen to recognise the non-controlling interests at its proportionate share of the acquiree's net assets for this acquisition.

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

17. 業務合併(續)

於收購日，因收購而產生之資產及負債的公允價值及賬面值如下：

		Unaudited 未經審核	
		Fair value 公允價值	Acquiree's carrying amount 被收購方 之賬面值
Net assets acquired	收購之資產淨值		
Land use right	土地使用權	958	958
Property, plant and equipment	物業、廠房及設備	4,691	4,691
Inventories	存貨	17,063	17,063
Trade and other receivable	貿易及其他應收款項	6,347	6,347
Cash and cash equivalents	現金及現金等價物	6,683	6,683
Borrowings	貸款	(3,427)	(3,427)
Trade and other payables	貿易及其他應付款項	(25,116)	(25,116)
Net assets acquired	收購資產淨值	7,199	7,199
Less: non-controlling interests	減：非控制性權益	(2,880)	
		4,319	
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出(扣除收購之 淨現金)		
Cash consideration	以現金支付收購代價		4,314
Cash and cash equivalents in the subsidiary acquired	收購附屬公司內的現金及 現金等價物		(6,683)
Net cash inflow on acquisition	收購的淨現金流入		(2,369)

貿易應收款項總合約額與公允價值相若。

本集團已選擇按比例應佔被收購方的淨資產，來計量非控制性權益。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

18. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the closing date but not yet incurred is as follows:

	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Property, plant and equipment: Contracted but not provided for	6,677	4,234

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at the closing date are as follows:

	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Land and buildings: Not later than 1 year	7,294	7,291
Later than 1 year and not later than 5 years	7,743	6,159
	15,037	13,450

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

18. 承擔

(a) 資本承擔

結算日已簽約但仍未產生的資本開支如下：

	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
物業、廠房及設備： 已簽約但未撥備	6,677	4,234

(b) 營運租賃承擔

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
土地及樓宇： 不超過1年	7,294	7,291
超過1年但不超過5年	7,743	6,159
	15,037	13,450

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

19. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name 名稱	Relationship 關係
Ms. Chu 朱女士	The controlling shareholder of the Company 本公司最終控股股東
Owada International Flavours & Fragrances (Guangzhou) Limited ("Owada International") 澳華達國際香料(廣州)有限公司 (「澳華達國際」)	A company controlled by Ms. Chu 受朱女士控制
Henan Jinrui Flavours Co. Limited ("Henan Jinrui") 河南金瑞香精香料有限公司(「河南金瑞」)	An associate indirectly held by the Company 本公司間接持有的聯營公司
Weihai Huayuan Green Industry Co., Ltd. ("Weihai Huayuan") 威海華元綠色產業有限公司(「威海華元」)	An associate indirectly held by the Company and disposed of during the year ended 31 March 2010 本公司間接持有的聯營公司及於截至二零一零年三月三十一日止年度內已出售

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

19. 關聯人士交易

(a) 關聯人士名稱與關係

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

The Group entered into the following significant transactions with related parties:

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

19. 關聯人士交易(續)

(b) 與關聯人士的交易

本集團與關聯人士進行下列重大交易：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2010 二零一零年	2009 二零零九年
Sales of goods, net of value-added tax, to:	銷售貨品，除增值稅後，予：		
– Henan Jinrui	– 河南金瑞	363	302
– Weihai Huayuan	– 威海華元	–	38
		363	340
Purchase of raw materials from:	購買材料自：		
– Weihai Huayuan	– 威海華元	–	26
Interest expense to:	支付利息予：		
– Ms. Chu	– 朱女士	–	319

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

		As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Balances due from related parties:	應收關聯人士結餘：		
Included in trade receivables	計入貿易應收款項		
– Henan Jinrui	– 河南金瑞	2,286	1,798
Balances due to related parties:	應付關聯人士結餘：		
Included in trade payables	計入貿易應付款項		
– Owada International	– 澳華達國際	13,957	15,923
Included in non-trade payables	計入應付非貿易款項		
– Ms. Chu	– 朱女士	12	133,985

All the balances with related parties were unsecured, interest-free and repayable on demand.

20. SUBSEQUENT EVENT

On 1 November 2010, further to the framework agreement as described in note 7(c), the Company, through several of its subsidiaries (the “Acquirers”), entered into an acquisition agreement with independent third parties (the “Vendors”). Pursuant to which the Acquirers shall conditionally acquire from the Vendors 100% equity interest in Guangdong Jinye at a total consideration of approximately HKD1,329 million (the “Acquisition”). The consideration will be satisfied by the Company’s internal resources. The Acquisition constitutes a discloseable transaction for the Company pursuant to the Listing Rules, details of which were set out in the announcement dated 1 November 2010 posted by the Company.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

19. 關聯人士交易 (續)

(c) 關聯人士結餘

	As at 30 September 2010 於二零一零年 九月三十日 Unaudited 未經審核	As at 31 March 2010 於二零一零年 三月三十一日 Audited 經審核
Balances due from related parties:		
Included in trade receivables		
– Henan Jinrui	2,286	1,798
Balances due to related parties:		
Included in trade payables		
– Owada International	13,957	15,923
Included in non-trade payables		
– Ms. Chu	12	133,985

所有關聯人士結餘均為無抵押、免息及須於通知時清還。

20. 期後事項

在二零一零年十一月一日，自附註7(c)所描述的框架協議後，本公司透過多間附屬公司（「收購方」）與獨立第三方（「賣方」）簽署收購協議。據此，收購方以總代價約港幣13.29億元向賣方有條件收購廣東金葉的100%權益（「收購」）。本公司將以內部資源支付收購代價。根據上市規則，該收購構成本公司的須予披露交易，其詳細資料請參見本公司於二零一零年十一月一日刊登的公告。

Glossary

ACIS	Associate Member of The Institute of Chartered Secretaries and Administrators
ACS	Associate Member of The Hong Kong Institute of Chartered Secretaries
Board	Board of the Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
China or Mainland Company or Huabao Director(s)	Mainland of the PRC Huabao International Holdings Limited Director(s) of the Company
EPS	Earnings per share
FCCA	Fellow Member of Association of Chartered Certified Accountants
FCPA	Fellow Member of Hong Kong Institute of Certified Public Accountants
F&G Group or Huabao Group	F&G (Botswana) (Proprietary) Limited the Company and its subsidiaries
Huabao Kongque	Shanghai H&K Flavours & Fragrances Company Limited
Huabao Shanghai	Huabao Food Flavours & Fragrances (Shanghai) Company Limited
Huangguoshu Jinye Hunan Jinye	Guizhou Huangguoshu Jinye Technology Co., Ltd. Hunan Jinye Reconstituted Tobacco Leaves Limited Liability Company
Guangdong Jinke	Guangdong Jinke Reconstitute Tobacco Leaves Company Limited
Guangdong Jinye	Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited
Guangdong Jinye Group	Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited and its related and affiliated companies
Guangdong Zhaoqing	Guangdong Zhaoqing Fragrances Limited
Guangzhou Huabao	Guangzhou Huabao Flavour & Fragrance Company Limited
Guangzhou Huafang	Hua Fang Tobacco Flavors Limited
HKD	Hong Kong dollars
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China
INED(s)	Independent Non-executive Director(s) of the Company
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Maoming Kebi	Maoming Kebi Flavor & Fragrance Limited

詞彙

ACIS	英國特許秘書及行政人員公會會員
ACS	香港特許秘書公會會員
董事會	本公司的董事會
CEO	總裁
CFO	財務總監
企業管治守則	香港聯合交易所有限公司證券上市規則附錄十四所載列的企業管治常規守則
中國或內地	中華人民共和國境內
本公司或華寶	華寶國際控股有限公司
董事	本公司董事
EPS	每股盈利
FCCA	英國特許公認會計師公會資深會員
FCPA	資深會計師
F&G	F&G (Botswana) (Proprietary) Limited
本集團或華寶集團	本公司及其附屬公司
華寶孔雀	上海華寶孔雀香精香料有限公司
華寶上海	華寶食用香精香料(上海)有限公司
黃果樹金葉	貴州黃果樹金葉科技有限公司
湖南金葉	湖南金葉煙草薄片有限責任公司
廣東金科	廣東金科再造煙葉有限公司
廣東金葉	廣東省金葉煙草薄片技術開發有限公司
廣東金葉集團	廣東金葉及其關聯及聯營公司
廣東肇慶	廣東省肇慶香料廠有限公司
廣州華寶	廣州華寶香精香料有限公司
廣州華芳	華芳煙用香料有限公司
HKD	港幣
香港	中華人民共和國香港特別行政區
獨立非執行董事	本公司之獨立非執行董事
上市規則	香港聯合交易所有限公司證券上市規則
茂名科比	茂名市科比香精香料有限公司

Glossary (cont'd)

M&A	Mergers and acquisitions
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
PRC	The People's Republic of China
Qingdao Qingda	Qingdao Huabao Products Co., Inc
R&D	Research and development
RMB	Renminbi, PRC lawful currency
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance of the Laws of HKSAR
Share(s)	Ordinary share(s) of HKD0.10 each of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Shanghai Tobacco Taichuang	Shanghai Tobacco Group Taichuang Haiyan Reconstituted Tobacco Leaves Company Limited
Tsinghua Biochemical	Shantou Tsing Hua Biochemical Engineering Company Limited
Wuxi Huahai	Wuxi Hua Hai Flavour Company Limited
Wuxi Jiahua	Wuxi Jiahua Flavour & Fragrance Company Limited
Xiamen Amber	Xiamen Amber Perfumery Company Limited
Yunnan Huaxiangyuan	Yunnan Hua Xiang Yuan Flavours Limited
Yunnan Tianhong	Yunnan Tianhong Flavour & Fragrance Company Limited

詞彙 (續)

併購	兼併與收購
標準守則	上市發行人董事進行證券交易的標準守則
中國	中華人民共和國
青島青大	青島青大物產股份有限公司
研發	研究及發展
人民幣	人民幣，中國法定貨幣
證監會	證券及期貨事務監察委員會
證券及期貨條例	香港法例證券及期貨條例
普通股	本公司股本中每股面值港幣0.10元的普通股
股東	本公司之股東
聯交所	香港聯合交易所有限公司
上煙太倉	上海煙草集團太倉海煙煙草薄片有限公司
青華生化	汕頭市青華生化工程有限公司
無錫華海	無錫華海香料有限公司
無錫嘉華	無錫嘉華香精香料有限公司
廈門琥珀	廈門琥珀香料有限公司
雲南華香源	雲南華香源香料有限公司
雲南天宏	雲南天宏香精香料有限公司

