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HUABAO INTERNATIONAL HOLDINGS LIMITED

華寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00336)

**ANNOUNCEMENT ON THE ADJUSTMENT
TO THE GRANT PRICE OF THE SHARE INCENTIVE SCHEME
OF HUABAO FLAVOURS**

Reference is made to the announcement of Huabao International Holdings Limited (the “**Company**”) dated 8 December 2023 in relation to the adoption of the Share Incentive Scheme by Huabao Flavours & Fragrances Co., Ltd. (華寶香精股份有限公司) (“**Huabao Flavours**”), a non-wholly owned subsidiary of the Company with its shares listed on the ChiNext of Shenzhen Stock Exchange (Stock Code: 300741). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the announcement.

On 5 January 2024, the seventh meeting of the third session of the board of directors and the sixth meeting of the third session of the supervisory committee of Huabao Flavours were convened to consider and approve, among others, the Proposal on Adjusting the Grant Price of the Initial Phase of Restricted Share Incentive Scheme, and the independent directors of Huabao Flavours expressed their independent opinions on the adjustments to the Grant Price of the initial and reserved portions of the Restricted Shares under the Incentive Scheme.

REASONS FOR ADJUSTMENT AND RESULT OF ADJUSTMENT

Reasons for the Adjustment

In view of the completion of the implementation of the 2023 interim equity distribution plan of Huabao Flavours on 13 November 2023, i.e. a cash dividend of RMB2.00 (inclusive of tax) for every 10 shares to be paid to all shareholders as at the close of business on the share registration date of 10 November 2023, and in accordance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies, the Incentive Scheme and the authorization of the first extraordinary general meeting of 2024 of Huabao Flavours, the board of directors of Huabao Flavours shall adjust the Grant Price of the initial and reserved portions of the Restricted Shares under the above-mentioned Incentive Scheme from RMB11.13 per share to RMB10.93 per share.

Result of the Adjustment

In the event of capitalisation of capital reserve, bonus issue, share sub-division, share consolidation, distribution of dividends or rights issues of Huabao Flavours during the period from the date of the announcement of the Incentive Scheme to the granting of Restricted Shares to the Incentive Participants, and from the granting of Restricted Shares to the Incentive Participants to the vesting of the Restricted Shares to the Incentive Participants, the Grant Price of the Restricted Shares shall correspondingly be adjusted in accordance with the provisions of the Incentive Scheme. The adjustment method is as follows:

$$P = P_0 - V \text{ represents } \text{RMB}11.13 - \text{RMB}0.20 = \text{RMB}10.93/\text{share}$$

(Where: P_0 is the Grant Price before adjustment; V is the dividend payout per share; P is the adjusted Grant Price.)

Therefore, the Grant Price of the Restricted Shares under the Incentive Scheme is adjusted from RMB11.13 per share to RMB10.93 per share.

Impact of the Adjustment to the Grant Price on Huabao Flavours

Save for the above-mentioned adjustments, the other contents of the Incentive Scheme and its summary approved at the first extraordinary general meeting of 2024 of Huabao Flavours shall remain unchanged. The adjustment to the Grant Price of the initial and reserved portions of the Restricted Shares under the Incentive Scheme is in compliance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies and the Incentive Scheme and shall pose no material impact on the financial position and operating results of Huabao Flavours.

Opinion of the Supervisory Committee of Huabao Flavours

The supervisory committee of Huabao Flavours is of the view that the adjustment to the Grant Price of the initial and reserved portions of the Restricted Shares under the Incentive Scheme is in compliance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies and the Incentive Scheme and the authorisation granted to the board of directors of Huabao Flavours at the first extraordinary general meeting of 2024 of Huabao Flavours, without prejudice to the interests of the shareholders of Huabao Flavours. Accordingly, the supervisory committee of Huabao Flavours approved the adjustment to the Grant Price of the initial and reserved portions of the Restricted Shares under the Incentive Scheme.

Legal Opinion of PRC Lawyer of Huabao Flavours

According to the legal opinion issued by the PRC legal adviser of Huabao Flavours, as at the date of the issue of the PRC legal opinion, the adjustment to the Incentive Scheme and the initial grant of Restricted Shares by Huabao Flavours to the Incentive Participants have obtained the necessary approvals and authorisations at the present stage, which are in compliance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies, the Rules Governing the Listing of Shares on the ChiNext market of Shenzhen Stock Exchange and the Incentive Scheme. The adjustment to the Incentive Scheme is in compliance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies and the Incentive Scheme. The Incentive Participants, the number of grants and the Grant Price of the initial grant under the Incentive Scheme of Huabao Flavours are consistent with the Incentive Scheme after adjustment, and are in compliance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies, the Rules Governing the Listing of Shares on the ChiNext market of Shenzhen Stock Exchange and the Incentive Scheme. The conditions for the initial grant under the Incentive Scheme have been fulfilled and the initial grant of Restricted Shares by Huabao Flavours to the Incentive Participants is in compliance with the relevant provisions of the Administrative Measures on Share Incentives of Listed Companies, the Rules Governing the Listing of Shares on the ChiNext market of Shenzhen Stock Exchange and the Incentive Scheme. Huabao Flavours has already fulfilled the necessary disclosure obligations at this stage, and Huabao Flavours is still required to continue to fulfill its information disclosure obligations in accordance with the provisions of relevant laws, regulations and normative documents such as the Administrative Measures on Share Incentives of Listed Companies, the Rules Governing the Listing of Shares on the ChiNext market of Shenzhen Stock Exchange and the Self-regulatory Guidelines for Listed Companies on the ChiNext Market of the Shenzhen Stock Exchange No. 1 – Business Handling.

By Order of the Board
Huabao International Holdings Limited
POON Chiu Kwok
Executive Director

Hong Kong, 8 January 2024

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

* *For identification purposes only*