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## **HAIDILAO INTERNATIONAL HOLDING LTD.**

**海底捞国际控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6862)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

References are made to (i) the Prospectus dated September 12, 2018 in relation to, among others, the Honghuotai Master Technology Development Service Agreement, the Jarud Qi Purchase Agreement, the Master Human Resource Management Service Agreement, the Yihai Master Purchase Agreement, the Shuhai Agreements and the Master Decoration Project Management Service Agreement; (ii) the announcement of the Company dated October 8, 2019 in relation to (a) the renewal of annual caps under the the Master Human Resource Management Service Agreement in respect of 2019 and 2020; and (b) the Master Decoration Project General Contract Service Agreement and the revised annual caps under the Shuyun Dongfang Agreements; (iii) the circular of the Company dated October 28, 2019 in relation to the revised annual caps under the Shuyun Dongfang Agreements; and (iv) the announcement of the Company dated October 6, 2020 with respect to the transfer agreement in relation to the the Master Human Resource Management Service Agreement.

As the Waiver will expire on December 31, 2020, and the Company will continue the transactions under the Existing CCT Agreements subsequent to December 31, 2020, the Company, on behalf of itself and its subsidiaries, entered into the Renewed CCT Agreements with Honghuotai, Jarud Qi Haidilao, Weihai Holding, Yihai, Shuhai and Shunyun Dongfang, respectively, on December 7, 2020.

As the highest of the applicable percentage ratios calculated with reference to the respective annual cap of the Renewed Honghuotai Master Technology Development Service Agreement, the Renewed Jarud Qi Purchase Agreement and the Renewed Master Human Resource Management Service Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios calculated with reference to the respective annual cap of the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements and the Renewed Shuyun Dongfang Agreements is more than 5%, the transactions contemplated thereunder are subject to reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An extraordinary general meeting will be convened by the Company for the Independent Shareholders to consider and, if thought fit, to approve the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements and the Renewed Shuyun Dongfang Agreements, the transactions thereunder and the respective annual caps for the three years ending December 31, 2023.

First Shanghai Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements and the Renewed Shuyun Dongfang Agreements, the transactions thereunder and the respective annual caps for the three years ending December 31, 2023.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements and the Renewed Shuyun Dongfang Agreements, the transactions and the respective annual caps thereunder for the three years ending December 31, 2023.

A circular containing, among others, further details of the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements and the Renewed Shuyun Dongfang Agreements, the transactions contemplated thereunder and the respective annual caps thereunder, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and the notice convening the extraordinary general meeting will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules. The circular is expected to be dispatched by the Company to the Shareholders on or before December 8, 2020.

## **BACKGROUND**

References are made to (i) the Prospectus dated September 12, 2018 in relation to, among others, the Honghuotai Master Technology Development Service Agreement, the Jarud Qi Purchase Agreement, the Master Human Resource Management Service Agreement, the Yihai Master Purchase Agreement, the Shuhai Agreements and the Master Decoration Project Management Service Agreement; (ii) the announcement of the Company dated October 8, 2019 in relation to (a) the renewal of annual caps under the Master Human Resource Management Service Agreement in respect of 2019 and 2020; and (b) the Master Decoration Project General Contract Service Agreement and the revised annual caps under the Shuyun Dongfang Agreements; (iii) the circular of the Company dated October 28, 2019 in relation to the revised annual caps under the Shuyun Dongfang Agreements; and (iv) the announcement of the Company dated October 6, 2020 with respect to the transfer agreement in relation to the Master Human Resource Management Service Agreement.

At the time of the listing of the Shares on the Stock Exchange in September 2018, the Stock Exchange granted the Waiver to the Company in respect of, inter alia, the non-exempt continuing connected transactions under the Honghuotai Master Technology Development Service Agreement, the Jarud Qi Purchase Agreement, the Master Human Resource Management Service Agreement, the Yihai Master Purchase Agreement, the Shuhai Agreements and the Master Decoration Project Management Service Agreement, pursuant to which, (i) transactions under the Honghuotai Master Technology Development Service Agreement were exempted from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules and were subject to the annual caps for the three years ending December 31, 2020 as disclosed in the Prospectus; (ii) transactions under the Yihai Master Purchase Agreement, the Jarud Qi Purchase Agreement, the Shuhai Agreements, the Master Decoration Project Management Service Agreement and the Master Human Resource Management Service Agreement were exempted from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules and were subject to the respective annual caps for the three years ending December 31, 2020 as disclosed in the Prospectus.

On October 8, 2019, our Company and Shuyun Dongfang, each for itself and on behalf of its subsidiaries, entered into the Master Decoration General Contract Service Agreement, pursuant to which Shuyun Dongfang agreed to provide decoration project general contract services to our Group in connection with the interior decoration and renovation of our PRC restaurants, including but not limited to, selecting and engaging subcontractors to carry out the decoration work and purchasing plants and equipment for the projects. As such, the original annual caps for the transactions under the Shuyun Dongfang Agreements in respect of 2019 and 2020 were revised, details of which are set forth in the circular dated October 28, 2019.

On October 6, 2020, as Weihai Group underwent a series of reorganization and Weihai Consulting became a subsidiary of Weihai Holding, the Company entered into a transfer agreement in relation to the Master Human Resource Management Service Agreement with Weihai Holding and Weihai Consulting, pursuant to which the Company, Weihai Holding and Weihai Consulting agreed that, among others, (i) Weihai Consulting transferred all of its existing obligations and rights under the Master Human Resource Management Service Agreement to Weihai Holding at nil consideration, and accordingly, Weihai Holding shall assume the same obligations to the Company as it would have been under if it was Weihai Consulting, and (ii) other terms of the Master Human Resource Management Service Agreement remained unchanged. As a result, Weihai Holding has been providing human resource services for our Group under the Master Human Resource Management Service Agreement.

As the Waiver will expire on December 31, 2020, and the Company will continue the transactions under the Existing CCT Agreements subsequent to December 31, 2020, the Company, on behalf of itself and its subsidiaries, entered into the Renewed CCT Agreements with Honghuotai, Jarud Qi Haidilao, Weihai Holding, Yihai, Shuhai and Shunyun Dongfang, respectively, on December 7, 2020.

## SUMMARY OF THE RENEWED CCT AGREEMENTS

Transaction	Connected Persons	Connected Relationship	Proposed Annual Caps (RMB'000) for the Year Ending December 31,		
			2021	2022	2023
<b>A. Technology</b>					
Renewed Honghuotai Master Technology Development Service Agreement	Honghuotai	Honghuotai was a company held 40.86% by Shanghai Haiyue as of the date of this announcement (a wholly-owned subsidiary of Leda Haisheng, which is our connected person).	69,035	69,239	70,642
<b>B. Procurement</b>					
Renewed Jarud Qi Purchase Agreement	Jarud Qi Haidilao	Jarud Qi Haidilao was a wholly-owned subsidiary of Sichuan Haidilao as of the date of this announcement, which is our connected person.	523,860	523,860	523,860
Renewed Master Human Resource Management Service Agreement	Weihai Holding	Weihai Holding was controlled by Mr. Zhang Yong and Ms. Shu Ping as of the date of this announcement, and thus is a connected person of the Company	529,018	815,251	1,188,393
Renewed Yihai Master Purchase Agreement	Yihai	Yihai was controlled by Mr. Zhang Yong and Ms. Shu Ping as of the date of this announcement, and thus is our connected person.	3,916,000	5,693,000	7,540,000
Renewed Shuhai Agreements	Shuhai	Shuhai was held as to 45.00% by Leda Haisheng, our connected person, and approximately 27.56% by Jinghai Investment, as of the date of this announcement	6,312,000	9,560,000	14,080,000
Renewed Shuyun Dongfang Agreements	Shuyun Dongfang	Shuyun Dongfang was held as to 80.00% by Mr. Zhang Shuoyi (張碩軼), the brother of Mr. Zhang Yong, as of the date of this announcement, and thus is our connected person.	8,107,660	11,534,150	16,353,700

Each of the Renewed CCT Agreements has a term commencing from January 1, 2021 and ending on December 31, 2023. The details of each of the Renewed CCT Agreements are set out as follows.

## **THE RENEWED CCT AGREEMENTS**

### **The Renewed Honghuotai Master Technology Development Service Agreement**

The principle terms of the Renewed Honghuotai Master Technology Development Service Agreement are summarized below:

**Date:** December 7, 2020

**Parties:** (1) Our Company

(2) Honghuotai

(each for itself and on behalf of its subsidiaries)

**Terms:** The Renewed Honghuotai Master Technology Development Service Agreement has an initial term of three years commencing from January 1, 2021 to December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Honghuotai Master Technology Development Service Agreement may be renewed for a further term of three years from time to time, unless our Company notifies Honghuotai to the contrary with 30 days' written notice prior to the expiry of the agreement's term. Upon renewal of the Renewed Honghuotai Master Technology Development Service Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

The Company will own the proprietary right, if any, associated with the technology development services provided by Honghuotai under the Renewed Honghuotai Master Technology Development Service Agreement, as well as any further upgraded version thereunder. Honghuotai has the contractual obligation to ensure the provision of its technological services is legal and will not infringe on the legitimate right and interest of any third party.

**Nature of transactions:** During the term of the Renewed Honghuotai Master Technology Development Service Agreement, Honghuotai agreed to provide technology development services to our Group, including but not limited to, (a) technology management system (e.g. human resource management system, financial management system and intelligent kitchen management system) and the relevant installation, testing and maintenance services; (b) the technology research and development, testing and maintenance of intelligent robots relevant to our restaurant operations; (c) robot-related products and services; and (d) other technology and development services that our Group may require from time to time.

**Pricing basis:** The service fee will be determined by both parties at arm's length negotiation with reference to the development and maintenance cost of Honghuotai and the comparable service fee rate charged by Honghuotai for such services provided for its third parties.

No term has been modified or changed since the parties entered into the Renewed Honghuotai Master Technology Development Service Agreement.

*Reasons for and Benefits of the Transactions*

Honghuotai is a joint venture established on March 10, 2017 by Shanghai Haiyue and Yonyou Software Co., Ltd. (用友網絡科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600588, together with its subsidiaries) as an information technology service provider for catering service providers. The Company believes that the cooperation with Honghuotai will provide our Group with access to technology management system and other software that provide necessary technological assistance and upgrade to the Group’s expanding business and ordinary operations, which will be beneficial to our Group. Based on the quotations obtained by the Company, as at the time of this announcement, the fee charged by Honghuotai for its technology development service and other relevant services will not be more than the fee charged by other third party suppliers for providing the same/similar services.

*Historical Amounts, Existing Annual Caps and Proposed Revised Annual Caps*

The following table sets forth the historical amounts of the services and software we purchased from Honghuotai:

<b>For the Year ended December 31,</b>			<b>For the Nine</b>
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Months Ended</b>
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<b>September 30,</b>
			<b>2020</b>
			<i>RMB’000</i>
			<i>(unaudited)</i>
17,995	15,924	9,295	3,229

The Company estimates the proposed annual caps for the continuing transactions contemplated under the Renewed Honghuotai Master Technology Development Service Agreement for the three years ended December 31, 2023 are as below:

<b>Proposed new annual cap for the year ending December 31,</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
69,035	69,239	70,642

*Reasons for the Proposed Annual Caps and Basis of Determination*

The proposed annual caps have been estimated based on (i) the existing service contract we have entered into with Honghuotai under the Honghuotai Master Technology Development Service Agreement, the progress of the existing development plans under such contracts and the unperformed contractual amounts, (ii) the tentative technology development plan which we are currently negotiating with Honghuotai, (iii) the estimated maintenance fee for the technology systems Honghuotai has developed or is currently developing for our Group and (iv) the new technology development projects that we are exploring with Honghuotai, including but not limited to “AI Factory” and certain robot development projects.

## *Information about the Parties Involved*

The Group is principally engaged in the hot pot restaurant business and other catering business.

Honghuotai primarily engages in the technology development, technology consulting, data processing and system maintenance.

## *Listing Rules Implications*

As of the date of this announcement, Honghuotai was owned as to 40.86% by Shanghai Haiyue, which is a wholly-owned subsidiary of Leda Haisheng. To the best knowledge of the Company, belief and information of the Company, having made all reasonable enquiries, as of the date of this announcement, Leda Haisheng was held as to approximately 62.70% by Beijing Yihan Consulting Management Co., Ltd.\* (北京宜涵諮詢管理有限公司) (a company controlled by Mr. Zhang Yong and Ms. Shu Ping) and approximately 14.85% by Mr. Shi Yonghong. Thus, Honghuotai is the Company's connected person and the transactions contemplated thereunder the Renewed Honghuotai Master Technology Development Service Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Renewed Honghuotai Master Technology Development Service Agreement is more than 0.1% but less than 5%, the transactions under the Renewed Honghuotai Master Technology Development Service Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **The Renewed Jarud Qi Purchase Agreement**

The principle terms of the Renewed Jarud Qi Purchase Agreement are summarized below:

- Date:** December 7, 2020
- Parties:**
- (1) Our Company (for itself and on behalf of its subsidiaries)
  - (2) Jarud Qi Haidilao
- Terms:** The Renewed Jarud Qi Purchase Agreement has an initial term of three years commencing from January 1, 2021 to December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Jarud Qi Purchase Agreement may be renewed for a further term of three years from time to time, unless our Company notifies Jarud Qi Haidilao to the contrary with 30 days' written notice prior to the expiry of the agreement's term. Upon renewal of the Renewed Jarud Qi Purchase Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.
- Nature of transactions:** During the term of the Renewed Jarud Qi Purchase Agreement, Jarud Qi Haidilao agreed to provide fresh lamb and beef, lamb and beef byproducts and relevant meat products to our Group.

**Pricing basis:**

The purchase price from Jarud Qi Haidilao shall be determined by the parties at arm's length negotiations with reference to (i) the historical purchase price, (ii) the supply and demand conditions of fresh lamb and beef, lamb and beef byproducts and relevant meat products in the market, (iii) Jarud Qi Haidilao's production cost, (iv) Jarud Qi Haidilao's processing service fee rate with reference to the product type, (v) the prevailing market price of fresh lamb and beef, lamb and beef byproducts and relevant meat products, and (vi) the quality of the fresh lamb and beef, lamb and beef byproducts and relevant meat products supplied by Jarud Qi Haidilao.

The terms of the Renewed Jarud Qi Purchase Agreement are substantially the same as the Jarud Qi Purchase Agreement, save and except for the additional supply of beef products. No term has been modified or changed since the parties entered into the Renewed Jarud Qi Purchase Agreement.

*Reasons for and Benefits of the Transactions*

Our Group has been procuring lamb products from Jarud Qi Haidilao since its establishment, and Jarud Qi Haidilao has been supplying lamb products of consistent high quality at reasonable price. As the Group has experienced rapid expansion over the years and the demands for food ingredients have been increasingly growing for daily operation, the Company has leveraged its economies of scale and the long-term history of business relationship with Jarud Qi Haidilao to expand its current cooperation. Having considered the Group's operational demands, the quality of the products provided by Jarud Qi Haidilao, the favorable terms offered by Jarud Qi Haidilao to the Group for the continuous procurement, our Directors believe that it will be beneficial to our Group to expand the current cooperation with Jarud Qi Haidilao.

*Historical Amounts, Existing Annual Caps and Proposed Revised Annual Caps*

The following table sets forth the historical amounts of the products we purchased from Jarud Qi Haidilao:

<b>For the Year ended December 31,</b>			<b>For the Nine</b>
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Months Ended</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>September 30,</b>
			<b>2020</b>
			<i>RMB'000</i>
			<i>(unaudited)</i>
70,987	101,178	158,647	67,703

The Company estimates the proposed annual caps for the continuing transactions contemplated under the Renewed Jarud Qi Purchase Agreement for the three years ended December 31, 2023 are as below:

<b>Proposed new annual cap for the year ending December 31,</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
523,860	523,860	523,860

### *Reasons for the Proposed Annual Caps and Basis of Determination*

The proposed annual caps have been estimated based on (i) historical purchase volume of lamb by our Group from Jarud Qi Haidilao; (ii) Jarud Qi Haidilao's maximum production capacity per annum; (iii) the expansion plan of Jarud Qi Haidilao; and (iv) the potential price fluctuation of fresh lamb and beef, lamb and beef byproducts and relevant meat products with reference to the market price.

### *Information about the Parties Involved*

The Group is principally engaged in the hot pot restaurant business and other catering business.

Jarud Qi Haidilao primarily engages in slaughtering, processing fresh lamb and beef, lamb and beef byproducts and relevant meat products and manufacturing fast-frozen food.

### *Listing Rules Implications*

As of the date of this announcement, Jarud Qi Haidilao was wholly owned by Sichuan Haidilao, which was owned as to 50.00% by Jingyuan Investment, 25.50% by Mr. Zhang Yong, 8.00% by Ms. Shu Ping, 8.00% by Mr. Shi Yonghong and 8.00% by Ms. Li Haiyan (李海燕). To the best knowledge of the Company, belief and information of the Company, having made all reasonable enquiries, as of the date of this announcement, Jingyuan Investment was owned as to 52.00% by Mr. Zhang Yong, 16.00% by Ms. Shu Ping, 16.00% by Mr. Shi Yonghong and 16.00% by Ms. Li Haiyan. Therefore, Jarud Qi Haidilao is the Company's connected person and the transactions contemplated thereunder the Renewed Jarud Qi Purchase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Renewed Jarud Qi Purchase Agreement is more than 0.1% but less than 5%, the transactions under the Renewed Jarud Qi Purchase Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **The Renewed Master Human Resource Management Service Agreement**

The principle terms of the Renewed Master Human Resource Management Service Agreement are summarized below:

**Date:** December 7, 2020

**Parties:**

- (1) Our Company
- (2) Weihai Holding

(each for itself and on behalf of its subsidiaries)

**Terms:** The Renewed Master Human Resource Management Service Agreement has an initial term of three years commencing from January 1, 2021 to December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Master Human Resource Management Service Agreement may be renewed for a further term of three years from time to time, unless our Company notifies Weihai Holding to the contrary with 30 days' written notice prior to the expiry of the agreement's term. Upon renewal of the Renewed Master Human Resource Management Service Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

**Nature of transactions:** During the term of the Renewed Master Human Resource Management Service Agreement, Weihai Holding agreed to provide human resource management and consulting services, including but not limited to employee recruitment and training and restaurant performance assessment and other customized human resource management consulting services, to our Group.

**Pricing basis:** The management and consulting service fee will be determined at a fixed rate per person as agreed by both parties with reference to comparable market rate.

The terms of the Renewed Master Human Resource Management Service Agreement are substantially the same as the Master Human Resource Management Service Agreement, save and except for the change of contracting parties. No term has been modified or changed since the parties entered into the Renewed Master Human Resource Management Service Agreement.

#### *Reasons for and Benefits of the Transactions*

As disclosed in the Prospectus and the Company's announcement dated October 8, 2020, Weihai Group primarily conducts the provision of human resource management and consulting services business, and is experienced in providing employee recruitment and training for catering business. The Company has been engaging Weihai Group to provide human resource management and consulting services, including but not limited to employee recruitment and training, for the Group since 2015, and Weihai Group has been providing satisfying services at reasonable price. For details of the reasons for and benefits of the transactions under the Master Human Resource Management Service Agreement, please refer to the section headed "Connected Transactions" of the Prospectus and the Company's announcement dated October 8, 2020.

Considering (i) those previous subsidiaries of Weihai Consulting which have been continuously providing the human resource management and consulting services to the Group were maintained within Weihai Group, and the relevant human resource management and consulting services has been and will be continuously provided by substantially the same operating entities upon the completion of Weihai Group's reorganization, (ii) other terms of the Master Human Resource Management Service Agreement remained unchanged and the terms of the Renewed Master Human Resource Management Service Agreement are substantially the same as that of the Master

Human Resource Management Service Agreement, (iii) Weihai Group is experienced in providing employee recruitment and training for catering business and the Group have been engaging Weihai Group to provide human resource management and consulting service for the Group since its establishment in 2015, and (iv) Weihai Group has been providing satisfying services at reasonable price during the terms of the cooperation, the Company believes that the continuous procurement of such services from Weihai Group will be beneficial to our Group.

*Historical Amounts, Existing Annual Caps and Proposed Revised Annual Caps*

The following table sets forth the historical amounts of the human resource management and consulting service we obtained from Weihai Holding:

<b>For the Year ended December 31,</b>			<b>For the Nine</b>
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Months Ended</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>September 30,</b>
			<b>2020</b>
			<i>RMB'000</i>
			<i>(Unaudited)</i>
35,973	59,860	110,636	84,065

The Company estimates the proposed annual caps for the continuing transactions contemplated under the Renewed Master Human Resource Management Service Agreement for the three years ended December 31, 2023 are as below:

<b>Proposed new annual cap for the year ending December 31,</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
529,018	815,251	1,188,393

*Reasons for the Proposed Annual Caps and Basis of Determination*

The proposed annual caps have been estimated based on (i) the historical human resource management and consulting service fee rate and the expected fluctuation in the rate; and (ii) the estimated increase in the Group's demand of the human resource management and consulting service at a rate of 50% to 70% per annum from 2021 to 2023 along with the increase in the number of new employees as a result of the anticipated expansion of the Group's restaurant network and the potential employee turnover.

*Information about the Parties Involved*

The Group is principally engaged in the hot pot restaurant business and other catering business.

Weihai Holding is principally engaged in the provision of human resources services.

## *Listing Rules Implications*

To the best knowledge of the Company, belief and information of the Company, having made all reasonable enquiries, as of the date of this announcement, Weihai Holding was held as to approximately 30.15% by ZY WH LTD and approximately 10.61% by SP WH LTD. ZY WH LTD is a company wholly owned by Mr. Zhang Yong, and SP WH LTD is a company wholly owned by Ms. Shu Ping. Therefore, Weihai Holding is the Company's connected person and the transactions contemplated thereunder the Renewed Master Human Resource Management Service Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Renewed Master Human Resource Management Service Agreement is more than 0.1% but less than 5%, the transactions under the Renewed Master Human Resource Management Service Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **The Renewed Yihai Master Purchase Agreement**

The principal terms of the Renewed Yihai Master Purchase Agreement are summarized below:

**Date:** December 7, 2020

**Parties:** (1) The Company

(2) Yihai

(each for itself and on behalf of its subsidiaries)

**Terms:** The Renewed Yihai Master Purchase Agreement has an initial term of three years commencing from January 1, 2021 to December 31, 2023, subject to the independent shareholders' approval of both Yihai and the Company.

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Renewed Yihai Master Purchase Agreement may be automatically renewed for a further term of three years from time to time, unless: (i) the parties agree in writing to terminate the Renewed Yihai Master Purchase Agreement during its term; or (ii) the Renewed Yihai Master Purchase Agreement is terminated as required by applicable laws, regulations, requirements of the securities regulatory authorities, or judgment or decision of any competent court. Upon renewal of the Renewed Yihai Master Purchase Agreement, the parties may amend the terms of the Renewed Yihai Master Purchase Agreement based on the then prevailing circumstances.

**Nature of transactions:**

During the term of the Renewed Yihai Master Purchase Agreement, the Group agreed to purchase Haidilao Customized Products and Yihai Retail Products from Yihai Group and purchase instant self-serving products from Fuhai Shanghai.

*i. Purchase of Haidilao Customized Products*

During the term of the Renewed Yihai Master Purchase Agreement, Yihai Group is the supplier of Haidilao Customized Products for use in our hot pot restaurants in Mainland China. Subject to compliance with our requirements on mass production and standardization, Yihai Group is also our supplier of Haidilao Customized Products for use in our hot pot restaurants in Hong Kong, China, Macao, China and Taiwan, China as well as overseas. In the event that Yihai Group fails to satisfy our demands and such problem is not resolved within a reasonable period of time (in any event no longer than 30 days) after negotiation between both parties, we may engage third party suppliers.

Purchase of Haidilao Customized Products will be made on the basis of individual orders specifying the type of product, purchase volume, sales price, delivery date and etc. The price of Haidilao Customized Products shall be determined based on the pricing policy as set out below. For purchase for our hot pot restaurants in the Mainland China, payment will be made on a monthly basis following delivery of products and Yihai Group's issuance of delivery invoices; for purchase for our hot pot restaurants in areas outside of Mainland China, payment will be made based on the purchase volume per individual order.

We own the proprietary rights to the formulas of Haidilao Customized Products (the “**Condiments Formulae**”) and license the Condiments Formulae to Yihai Group and its contract manufacturers to use for production on a royalty-free basis. Yihai Group are required to, and shall use reasonable efforts to procure its contract manufacturers to: (i) keep confidential the Condiments Formulae, and (ii) unless we have given written consent, refrain from selling products that use these formulae to any of our competitors that is primarily engaged in hot pot business in the PRC and has a market share of more than 0.5%.

For any upgrades and developments in the Condiments Formulae made through the joint efforts of Yihai Group and us, we will own the proprietary rights, while Yihai Group and its contract manufacturers will be entitled to use such upgraded formulae for production of Haidilao Customized Products. In relation to the purchase of products which will be produced with such upgraded formulae, and in accordance with the Yihai Master Purchase Agreement, a supplemental agreement will be entered into by the parties to confirm that the upgraded formulae are a result of joint efforts of Yihai Group and us.

For any upgrades and developments in Condiments Formulae made through Yihai Group's own efforts, Yihai Group will own the proprietary rights of such upgraded formulae unless otherwise agreed between the parties. If Yihai Group agrees to supply any product which will be produced with such upgraded formulae to us, in accordance with the Yihai Master Purchase Agreement, a supplemental agreement will be entered into by the parties to confirm that the upgraded formulae are a result of Yihai Group's efforts and to confirm the usage of such upgraded formulae.

*ii. Purchase of Yihai Retail Products*

During the term of the Renewed Yihai Master Purchase Agreement, Yihai Group is the sole supplier of the Yihai Retail Products to us for display and sales to consumers online (e.g. the Haidilao App) and in our hot pot restaurants. Yihai Retail Products are manufactured with Yihai Group's formulas, and we are not permitted to sell these products to any third party distributor.

Purchase of Yihai Retail Products will be made on the basis of individual orders specifying the type of product, purchase volume, delivery date and etc. The price of the Yihai Retail Products shall be determined based on the pricing policy as set out below, and a price list for the Yihai Retail Products by cities shall be provided to us semi-annually. Payment will be made on a monthly basis, following the delivery of products and Yihai Group's issuance of delivery invoices.

*iii. Purchase of instant self-serving products*

During the term of the Renewed Yihai Master Purchase Agreement, Yihai Group is the sole supplier of the instant self-serving products to us for display and sales to customers in our hot pot restaurants and on our online platforms (e.g. the Haidilao App).

Purchase of instant self-serving products will be made on the basis of individual orders specifying the type of product, purchase volume, delivery date and etc. The price of the instant self-serving products shall be determined based on the pricing policy as set out below. Payment will be made on a monthly basis, following the delivery of products and Yihai Group's issuance of delivery invoices.

**Pricing basis:**

The prices of Haidilao Customized Products, Yihai Retail Products and instant self-serving products shall be determined by the parties with reference to a number of factors:

*i. Purchase of Haidilao Customized Products*

The purchase price of Haidilao Customized Products shall be determined by the parties at arm's length negotiations with reference to (i) historical purchase price, (ii) Yihai Group's production cost, including the cost of raw materials, selling and administrative expenses, incurred in connection with the production of Haidilao Customized Products, (iii) Yihai Group's estimated overall net profit margin through sales to its Independent Third Party distributors, and (iv) the market price of similar products purchased from independent and comparable suppliers

*ii. Purchase of Yihai Retail Products*

The purchase price of Yihai Retail Products shall be consistent with the pricing policy for similar products Yihai Group offers to its Independent Third Party distributors and shall be determined by the parties at arm's length negotiations with reference to (i) the production cost, including the cost of raw materials, selling and administrative expenses, incurred in connection with the production of Yihai Retail Products, and (ii) the prevailing market price of similar products.

To ensure that the purchase price of Yihai Retail Products be consistent with the pricing policy for similar products offered by Yihai Group to its Independent Third Party distributors, the Company and Yihai Group will explicitly agree on such pricing policy in the relevant purchase agreements. In addition, the Company has adopted comprehensive internal control measures to monitor the enforcement of the purchase agreements under the Renewed CCT Agreements and the transactions contemplated thereunder.

*iii. Purchase of instant self-serving products*

The price of instant self-serving products shall be determined by the parties after arm's length negotiations with reference to (i) the production cost, including the cost of raw materials, selling and administrative expenses, incurred by Yihai Group in connection with the production of the instant self-serving products, and (ii) the prevailing market price of similar products Yihai Group offers to its Independent Third Parties.

Based on the quotations obtained by the Company, the fee charged by Yihai Shanghai for its Haidilao Customized Products, Yihai Retail Products and instant self-serving products will not be more than the fee charged by other Independent Third Party suppliers for providing the same/similar products.

The terms of the Renewed Yihai Master Purchase Agreement are substantially the same as the Yihai Master Purchase Agreements, save and except for the change of contracting parties. No term has been modified or changed since the parties entered into the Renewed Yihai Master Purchase Agreement.

*Reasons for and Benefits of the Transaction*

Yihai Group is a leading compound condiment manufacturer in the PRC, and has been the supplier of flavoring products for our Group for a long time. Our long-term, stable and mutually beneficial business relationship with Yihai Group and its mass production capabilities have contributed significantly to our successful growth and expansion. The Company believes that the maintenance of the mutually beneficial relationship will be beneficial to our Group and is in the best interest of our Shareholders as a whole.

Yihai Group principally conducts manufacturing, distribution and sale, as well as research and development, of hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products under the 海底捞 brand in China and certain overseas locations, and has been our supplier for over a decade. It was initially founded as and had been an internal supplier of hot pot soup flavoring products to the Group since its establishment. With gradual growth alongside the expansion of the Group, Yihai Group expanded and started to offer products to third-party distributors and customers. To optimize its corporate structure for future development and for the purpose of listing on the Stock Exchange, Yihai Group underwent the corporate reorganization from 2013 to 2015 and is no longer a member of the Group.

Pursuant to the Renewed Yihai Master Purchase Agreement, Yihai Group is the supplier of the Haidilao Customized Products and the Yihai Retail Products (together with the Haidilao Customized Products, the “**Flavoring Products**”) and the instant self-serving products to the Group. We believe that the Renewed Yihai Master Purchase Agreement does not constitute undue reliance on Yihai Group or our Controlling Shareholders on the following grounds:

(1) *Long-standing and mutually beneficial relationship*

There has been continued long-term, stable and mutually beneficial business relationship between our Group and Yihai Group. Our Group has been the largest customer of Yihai Group since its establishment, and Yihai Group has been the supplier of the Flavoring Products for our Group for over a decade. The mass production capabilities of Yihai Group have ensured the stable supply of products that are price competitive, of high quality and compliant with stringent food safety standards to our Group, while the long-term and stable business relationship enables Yihai Group to grow alongside our Group's expansion. In addition, Yihai Group has every incentive to protect the proprietary know-how and trade secrets due to the importance of our Group to its business, and the in-house research team of each of Yihai Group and our Group has been working closely to continuously upgrade and explore hot pot soup flavoring formulae. To maintain the mutually beneficial relationship is in the best interest of the shareholders of both Yihai Group and our Group.

(2) *Importance of our Group to Yihai Group*

The purchase amount from Yihai Group was approximately RMB1,162.74 million, RMB1,625.24 million and RMB487.02 million for the years ended December 31, 2018 and 2019 and six months ended June 30, 2020, respectively, which accounted for approximately 43.36%, 37.95% and 21.96% of the total revenue of Yihai Group for the relevant period, and our Group's demand of the products under the Renewed Yihai Master Purchase Agreement will further increase as a result of our anticipated expansion. Given the top market player status of our Group in the hot pot restaurant sector in China, and the significant contribution to Yihai Group's revenue from its sales to our Group, which reflects the pivotal role our Group has been playing in the business development of Yihai Group, the Company considers that Yihai Group has every interest to deliver high quality products with reasonable prices under the Renewed Yihai Master Purchase Agreement, and it is highly unlikely that Yihai Group will intentionally cease or reduce its supply to our Group.

(3) *Sourcing from alternative suppliers*

The formulae for the Haidilao Customized Products are owned by our Group. Since the listing of Yihai on the Stock Exchange, Our Group has been identifying alternative suppliers for the Haidilao Customized Products in case the supply from Yihai Group cannot meet our requirements and demand, and has entered into agreements with certain independent third-party suppliers of comparable flavoring products, who have been added into the "Qualified Supplier List" maintained by our Group, to procure a specific type of soup base product which Yihai Group is currently unable to manufacture. Such alternative suppliers are able to supply comparable flavoring products at similar quality with similar pricing terms as Yihai Group. As our Group owns the Condiments Formulae and the raw materials for the Haidilao Customized Products can readily be sourced, the Company believes that in the unlikely event that Yihai Group ceases or is unable to supply to our Group, Our Group would be able to source from alternative suppliers the Haidilao Customized Products that meet its requirements and demand within 30 days, and the business of our Group would not be adversely affected.

Under the Renewed Yihai Master Purchase Agreement, Yihai Group is the sole supplier of the Yihai Retail Products and the instant self-serving products to us for display and sales to consumers in our restaurants and on our various online platforms (e.g. the Haidilao App). Given the revenue generated from sales of the Yihai Retail Products and the instant self-serving products is relatively insignificant to our Group, in the unlikely event that Yihai Group ceases or reduces the supply of the Yihai Retail Products and the instant self-serving products to our Group, the potential effect on our business, financial condition and results of operations would be immaterial. Therefore, we believe that it is unnecessary to secure alternative suppliers of such products.

*(4) Fair and reasonable pricing terms*

Under the Renewed Yihai Master Purchase Agreement, the pricing of the Haidilao Customized Products is determined taking into account various factors such as historical sale price to our Group by Yihai Group, net profit margin for Yihai's sales to third-party distributors, production cost, and the market price of similar products sold by Yihai to Independent Third Parties. Although there is no market price directly comparable to the prices that Yihai Group charges for the Haidilao Customized Products, the pricing terms are considered to be fair and reasonable and on normal commercial terms at arm's length negotiation by both parties. The pricing of the Yihai Retail Products and instant self-serving products follows the pricing of sales to third parties by Yihai.

*(5) High level of transparency and corporate governance measures*

Yihai is listed on the Stock Exchange and its connected transactions with our Group are subject to the relevant requirements under the Listing Rules, including but not limited to, independent shareholders' approval and the review by its independent non-executive directors and auditors on an annual basis. As such, the Shareholders will be well protected as the fairness and reasonableness of the connected transactions between Yihai Group and our Group will be closely and regularly monitored by their respective independent shareholders, independent non-executive directors and auditors.

*Historical Amounts and Proposed Annual Caps*

The following table sets forth the historical amounts of the transaction amounts our purchase from Yihai Group for the three years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020:

<b>For the Year ended December 31,</b>			<b>For the Nine</b>
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Months Ended</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>September 30,</b>
			<b>2020</b>
			<i>RMB'000</i>
			<i>(Unaudited)</i>
901,727	1,162,738	1,625,239	970,857

The Company estimates the proposed annual caps for the continuing transactions contemplated under the Renewed Yihai Master Purchase Agreement for the three years ending December 31, 2021, 2022 and 2023 are as below:

**Proposed new annual cap for the year ending December 31,**

<b>2021</b> <i>RMB'000</i>	<b>2022</b> <i>RMB'000</i>	<b>2023</b> <i>RMB'000</i>
3,916,000	5,693,000	7,540,000

*Reasons for the Proposed Annual Caps and Basis of Determination*

The proposed annual caps for Haidilao Customized Products and Yihai Retail Products have been estimated based on the following factors:

- (i) the historical transaction amounts with Yihai Group;
- (ii) the estimated increase in demand for Haidilao Customized Products and sales volume of Yihai Retail Products as a result of the anticipated expansion of our restaurant network;
- (iii) the supply capacity of Yihai Group; and
- (iv) the growth of the catering industry in the PRC.

The proposed annual caps for instant self-serving products have been estimated based on the following factors:

- (i) the historical transaction amounts with Yihai Group;
- (ii) the new instant self-serving products provided by Yihai Group;
- (iii) the estimated increase in sales volume of instant self-serving products as a result of the anticipated expansion of our restaurant network and e-commerce channels; and
- (iv) the strong growth and extensive market potential of the catering industry and the market of the instant self-serving products in the PRC.

*Information about the Parties Involved*

The Group is principally engaged in the hot pot restaurant business and other catering business.

Yihai Group principally conducts manufacturing, distribution and sale, as well as research and development, of hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products under the 海底捞 brand in China and certain overseas locations.

## *Listing Rules Implications*

As of the date of this announcement, Yihai was held as to approximately 35.63% in aggregate, directly and indirectly, by Mr. Zhang Yong and Ms. Shu Ping. Therefore, Yihai is an associate of Mr. Zhang Yong and Ms. Shu Ping and thus a connected person of the Company. The transactions under the Renewed Yihai Master Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules. Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Renewed Yihai Master Purchase Agreement is more than 5%, the transactions under the Renewed Yihai Master Purchase Agreement are subject to the announcement, circular, independent shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

## **The Renewed Shuhai Agreements**

As the Waiver will expire on December 31, 2020, and the Company will continue the transactions under the Shuhai Agreements subsequent to December 31, 2020, the Company and Shuhai, each for itself and on behalf of its subsidiaries, entered into a new warehouse storage and logistics service agreement (the "**Renewed Warehouse Storage and Logistics Service Agreement**") and a new Shuhai master purchase agreement (the "**Renewed Shuhai Master Purchase Agreement**") (collectively, the "**Renewed Shuhai Agreements**") on December 7, 2020 for a term of three years commencing from January 1, 2021 to December 31, 2023 (both days inclusive), subject to the independent shareholders' approval of the Company. The Shuhai Agreements will be terminated once the Renewed Shuhai Agreements take effect. No term has been modified or changed since the parties entered into the Renewed Shuhai Agreements.

The principle terms of the Renewed Shuhai Agreements are summarized below:

**Date:** December 7, 2020

**Parties:** (1) The Company

(2) Shuhai

(each for itself and on behalf of its subsidiaries)

**Terms:** The Renewed Shuhai Agreements have an initial term of three years commencing from January 1, 2021 to December 31, 2023.

Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Shuhai Agreements may be further renewed for a term of three years from time to time, unless our Company notifies Shuhai to the contrary with 30 days' written notice prior to the expiry of the agreement's term. Upon renewal of the Renewed Shuhai Agreements, the parties may amend the terms of the agreement based on the then prevailing circumstances.

**Nature of transactions:**

Pursuant to the Renewed Shuhai Agreements,

- (i) under the Renewed Warehouse Storage and Logistics Service Agreement, Shuhai Group will provide storage and logistics services in relation to the Commodity Ingredients for our Group. We will enter into purchase agreements directly with third-party suppliers, and such third-party suppliers will deliver the products to Shuhai Group; and
- (ii) under the Renewed Shuhai Master Purchase Agreement, Shuhai Group will enter into purchase agreements with third-party suppliers of the raw materials selected by our Group and process the raw materials into Processed Ingredients. Our Group will then purchase the Processed Ingredients from Shuhai Group.

**Pricing basis:**

For Commodity Ingredients, the services fee under the Renewed Shuhai Agreements will be determined by both parties at arm's length negotiation with reference to (i) the actual costs and expenses incurred by Shuhai Group for the provision of services in relation to the supply of Commodity Ingredients; (ii) the geographical location and the actual site area occupied for storage; and (iii) fees charged by Independent Third Parties for similar and comparable services.

For Processed Ingredients, the purchase price under the Renewed Shuhai Agreements will be determined with reference to: (i) historical purchase price, (ii) production cost, and (iii) the prevailing processing service fee rate charged by comparable processing service providers.

Based on the quotations obtained by the Company, as of the date of this announcement, the fee charged by Shuhai Group for Commodity Ingredients and Processed Ingredients will not be less favorable than the fee charged by other third party suppliers for providing the same/similar products.

The terms of the Renewed Shuhai Agreements are substantially the same as the Shuhai Agreements.

### *Reasons for and Benefits of the Transactions*

Shuhai was established in June 2014 and primarily engages in the provision of “one-stop-shop” supply chain services (including purchase, process, warehouse storage, logistics, and sales of food products) to catering service providers. We have engaged Shuhai Group since its establishment to provide processing, warehouse storage and logistics services for the materials and products we purchased from our suppliers which need to be processed or sorted, and delivered to our hot pot restaurants in China and overseas. The relevant expertise of Shuhai Group in providing warehouse storage and logistics service for catering service providers allow us to ensure efficient management of our materials and products purchased from our suppliers and orderly delivery to our restaurants. In addition, the purchase fees charged by Shuhai Group under the Renewed Shuhai Agreements are determined with reference to actual costs and expenses incurred and there is no premium in the Group’s purchase of Commodity Ingredients and Processed Ingredients. Therefore, our Directors believe that the continuous cooperation with Shuhai Group will be beneficial to our Group and is in the best interest of our Shareholders as a whole.

Taking into account that (1) our Group has control over the selection of suppliers of the Commodity Ingredients and raw materials of the Processed Ingredients; and (2) the processing, storage and logistics services provided by Shuhai Group do not require any complicated techniques and we can easily procure such services from independent third-party service providers in the market at comparable terms, the supply capacity of which can satisfy the demand of such services of our restaurants located in the relevant provinces for the next three to five years. Such alternative suppliers are able to supply storage and logistics services at similar quality with similar pricing terms as Shuhai. We believe that our connected transactions with Shuhai Group do not constitute undue reliance on Shuhai Group.

Taking into account that (1) the significant contribution to Shuhai Group’s revenue from its sales to our Group, which reflects the pivotal role our Group has been playing in the business development of Shuhai Group; and (2) the extensive experience and good reputation of Shuhai Group in providing warehouse storage and logistics service for catering service providers, the Company believes that it is unlikely that Shuhai Group will cease or reduce the supplies to our Group.

### *Historical Amounts and Proposed Annual Caps*

The following table sets forth the historical amounts of services we obtained and purchases from Shuhai Group for the three years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020:

	For the year ending December 31,			For the Nine Months Ended
	2017	2018	2019	September 30,
	RMB'000	RMB'000	RMB'000	2020 (Unaudited)
Renewed Warehouse Storage and Logistics Service Agreement	1,504	77,544	152,438	190,146
Renewed Shuhai Master Purchase Agreement	2,603,302	1,782,127	2,069,792	1,644,052
<b>Total</b>	<b>2,604,806</b>	<b>1,859,671</b>	<b>2,222,230</b>	<b>1,834,198</b>

The Company estimates the proposed annual caps for the continuing transactions contemplated under the Renewed Shuhai Agreements for the three years ending December 31, 2021, 2022 and 2023 are as below:

	Annual cap for the year ending December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Renewed Warehouse Storage and Logistics Service Agreement	600,000	700,000	800,000
Renewed Shuhai Master Purchase Agreement	5,712,000	8,860,000	13,280,000
<b>Total</b>	<b>6,312,000</b>	<b>9,560,000</b>	<b>14,080,000</b>

### *Reasons for the Proposed Annual Caps and Basis of Determination*

The proposed annual caps have been estimated based on the following factors:

- (i) the historical storage fee rate;
- (ii) the historical purchase volume and the estimated increase in our demand of Commodity Ingredients, Processed Ingredients and the storage and logistics service as a result of the anticipated expansion of our restaurant network; and
- (iii) the potential fluctuation of (a) the price of the raw materials of the Processed Ingredients; (b) the production cost and processing service fee rate in relation to the Processed Ingredients.

## *Information about the Parties Involved*

The Group is principally engaged in the hot pot restaurant business and other catering business.

Shuhai is principally engaged in primarily engages in the provision of “one-stop-shop” supply chain services (including warehouse storage, logistics, and sales of food products) to catering service providers.

## *Listing Rules Implications*

As of the date of this announcement, Shuhai was held as to 45.00% by Leda Haisheng and approximately 27.56% by Jinghai Investment. Therefore, Shuhai is an associate of Mr. Zhang Yong and Ms. Shu Ping, and thus a connected person of the Company. Accordingly, the transactions under the Renewed Shuhai Agreements constitute continuing connected transactions of the Company under the Listing Rules. Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Renewed Shuhai Agreements is more than 5%, the transactions under the Renewed Shuhai Agreements are subject to the announcement, circular, independent shareholders’ approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

## **The Renewed Shuyun Dongfang Agreements**

As the Waiver will expire on December 31, 2020, and the Company will continue the transactions under the Shuyun Dongfang Agreements subsequent to December 31, 2020, the Company and Shuyun Dongfang, each for itself and on behalf of its subsidiaries, entered into a new master decoration project management service agreement (“**Renewed Master Decoration Project Management Service Agreement**”) and a new master decoration project general contract service agreement (“**Renewed Master Decoration Project General Contract Service Agreement**”) on December 7, 2020 for a term of three years commencing from January 1, 2021 to December 31, 2023 (both days inclusive), subject to the independent shareholders’ approval of Company. The Shuyun Dongfang Agreements will be terminated once the Renewed Shuyun Dongfang Agreements take effect. No term has been modified or changed since the parties entered into the Renewed Shuyun Dongfang Agreements.

### *1. Renewed Master Decoration Project Management Service Agreement*

The principal terms of the Renewed Master Decoration Project Management Service Agreement are summarized below:

**Date:** December 7, 2020

**Parties:** (1) Our Company  
(2) Shuyun Dongfang

(each for itself and on behalf of its subsidiaries)

**Terms:** The Renewed Master Decoration Project Management Service Agreement has an initial term of three years commencing from January 1, 2021 to December 31, 2023.

Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Master Decoration Project Management Service Agreement may be further renewed for a term of three years from time to time, unless our Company notifies Shuyun Dongfang to the contrary with 30 days' written notice prior to the expiry of the agreement's term. Upon renewal of the Renewed Master Decoration Project Management Service Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

**Nature of transactions:** During the term of the Renewed Master Decoration Project Management Service Agreement, Shuyun Dongfang agreed to provide decoration project management and related services, including but not limited to, selecting and supervising the design and construction subcontractors, to our Group.

**Pricing basis:** The management service fee will be determined based on the quality of the decoration services according to a fixed service fee schedule as agreed by both parties with reference to the prevailing market rate of such decoration project management service.

The terms of the Renewed Master Decoration Project Management Service Agreement are substantially the same as the Master Decoration Project Management Service Agreement.

## 2. *Renewed Master Decoration Project General Contract Service Agreement*

The principal terms of the Renewed Master Decoration Project General Contract Service Agreement are summarized below:

**Date:** December 7, 2020

**Parties:** (1) Our Company

(2) Shuyun Dongfang

(each for itself and on behalf of its subsidiaries)

**Terms:** The Renewed Master Decoration Project General Contract Service Agreement has an initial term of three years commencing from January 1, 2021 to December 31, 2023.

Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Master Decoration Project General Contract Service Agreement may be further renewed for a term of three years from time to time, unless our Company notifies Shuyun Dongfang to the contrary with 30 days' written notice prior to the expiry of the agreement's term. Upon renewal of the Renewed Master Decoration Project General Contract Service Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

**Nature of transactions:** During the term of the Renewed Master Decoration Project General Contract Service Agreement, Shuyun Dongfang agreed to provide General Project Contract Services to our Group.

**Pricing basis:** The general contract service fee will be determined based on the total cost and the quality of the decoration services with reference to the prevailing market rate of such decoration project general contract service.

The terms of the Renewed Master Decoration Project General Contract Service Agreement are substantially the same as the Master Decoration Project General Contract Service Agreement.

### *Reasons for and Benefits of the Transactions*

Shuyun Dongfang primarily conducts the provision of decoration service business. We have been engaging Shuyun Dongfang to provide decoration services for the interior decoration and renovation of our restaurants since its establishment in 2006. Due to our long-term and stable business relationship, Shuyun Dongfang has been very familiar with our requirements of decoration projects and has been providing satisfying project management services and general contract services in a timely and cost-efficient manner.

As disclosed in the Prospectus and the circular of the Company dated October 28, 2019, we have tried two different transaction arrangements with Shuyun Dongfang in the past, i.e., the general contract arrangement and the project management arrangement.

From December 2016 to November 2017, the Company engaged Shuyun Dongfang in the provision of general contract services. During the period, as the Group had completed its business restructuring, it sped up expansion and opened 98 new restaurants in 2017. As the demand for restaurant decoration services of the Group increased sharply compared with that in 2016, Shuyun Dongfang came across bottlenecks in terms of project execution capability and manpower, which resulted in prolonged construction period, unsatisfactory quality and higher cost. However, since the Company had not engaged any third party general contract service providers before, and the schedule for decorating our new restaurants was fairly tight, the Company was unable to identify and reach agreements with, in a relatively short timeframe, alternative third party suppliers to provide services for our decoration projects.

Since November 2017, as the Company estimated that it would maintain a high speed in expansion in the future under the new organizational structure, we revisited and adjusted our restaurant decoration execution strategy as follows:

- On the one hand, we continued our cooperation with Shuyun Dongfang and switched the transaction arrangement to project management arrangement, under which Shuyun Dongfang could improve efficiency by running multiple projects at the same time and also enhance the quality control. Under the project management arrangement, the cost control and quality of the projects have been improved compared with that for the period from December 2016 to November 2017.
- On the other hand, to avoid the situation where Shuyun Dongfang's limited general contract capacity may hold back the development and expansion of the Group, the Company has been identifying and engaging other third party suppliers to provide general contract services since January 2018.

In 2018, the decoration projects of 11 new restaurants were completed by third party suppliers. In 2018, it was the first time for the Company to adopt the project management arrangement with Shuyun Dongfang at a stage of rapid expansion, with a large number of restaurants decorated in the fourth quarter of 2018. As a result, the Company has gradually been aware of the deficiency of the project management arrangement, especially since the fourth quarter of 2018. In addition, Shuyun Dongfang has enhanced its general contract service capacity, which mainly reflects in the following aspects:

- Shuyun Dongfang conducted organizational structure optimization and salary and evaluation system adjustment, which significantly improved the staff's work efficiency;
- Through training and recruitment, the number of Shuyun Dongfang's qualified project managers have increased, and it is still fast expanding its service team; and
- Since 2016, Shuyun Dongfang has been establishing stable relationships with competent suppliers nationwide, including more than ten design companies, more than 20 construction teams and hundreds of decoration material suppliers.

In light of the above and considering our past experience under both transaction arrangements with Shuyun Dongfang and other third party suppliers, we decided to adopt the general contract arrangement going forward for our PRC restaurants for the following reasons:

- Shuyun Dongfang has obtained all necessary licenses to provide decoration project general contract services in the PRC;
- The general contract arrangement enables Shuyun Dongfang to monitor and manage the projects more actively and closely and ensure that the designs of our restaurants be implemented and executed effectively and cost-efficiently; and
- Under the general contract arrangement, Shuyun Dongfang is responsible for the overall project management and supervision of the fitting-out works which could avoid potential disputes between the Group and the subcontractors.

For our overseas restaurants, since Shuyun Dongfang has not obtained the relevant licenses required for general contractor, we will continue with project management arrangement. Thus, the Renewed Master Decoration Project Management Service Agreement will be effective and applicable to our transactions with Shuyun Dongfang in relation to the interior decoration and renovation of the overseas restaurants. Shuyun Dongfang will keep stable business relationship with suitable local subcontractors and manage, coordinate and supervise the local subcontractors at work sites to ensure the decoration projects of our overseas restaurants can be completed and delivered timely and with high quality.

As the Company estimated that it would maintain a high speed in expansion in the future and the Group's restaurant decoration execution demands will grow substantially, the Company believes that the continuous cooperation with Shuyun Dongfang could improve efficiency by running multiple projects at the same time and also enhance the quality control. Based on the long-term cooperation with the Company, Shuyun Dongfang is more familiar with the Company's decoration needs under the general contract arrangement for our PRC restaurants and the project management arrangement for our overseas restaurants and can tailor for the Group's decoration demands at a stage of rapid expansion.

In light of the above, our Directors believe that the continuous procurement of such services from Shuyun Dongfang will be beneficial to our Group and is in the best interest of our Shareholders as a whole.

Our Group may make prepayment to Shuyun Dongfang according to the payment schedule of each project, while Shuyun Dongfang will not recognize revenue until certain phase of such project is completed at a later stage. Given the services provided by Shuyun Dongfang can be readily sourced in the open market, and the service fee under the Renewed Shuyun Dongfang Agreement is determined with reference to the prevailing market rate of such service, we can easily source such service from alternative service providers at comparable terms. As of the date of this announcement, Shuyun Dongfang, together with certain third party decoration service providers have passed the supplier review process of our Group and have been added into the “Qualified Supplier List” maintained by our Group. The Company will select decoration service provider from the “Qualified Supplier List” on a project-by-project basis and run the selection process for every single project. The selection criteria include, amongst others, the performance in recently completed projects, the quotation for the project and the current service capacity of the suppliers. While the number of decoration projects may increase with the rapid expansion of our restaurant network, we will adhere to our supplier selection criteria to ensure fair competition between Shuyun Dongfang and other third party suppliers. Thus, we believe that our procurement of decoration services from Shuyun Dongfang does not constitute undue reliance on Shuyun Dongfang.

#### *Historical Amounts and Proposed Annual Caps*

The following table sets forth the historical amounts of the decoration services that we obtained from Shuyun Dongfang, including project management services and general contract services, for the three years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020:

	<b>For the year ended December 31,</b>			<b>For the Nine Months Ended September 30,</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>
<b>Total</b>	1,290,206	737,573	651,939	2,322,792

The Company estimates the proposed annual caps for the continuing transactions contemplated under the Renewed Shuyun Dongfang Agreements for the three years ending December 31, 2021, 2022 and 2023 are as below:

	<b>Annual cap for the year ending December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Decoration project management and related services	32,060	48,950	67,100
Decoration general project contract services	8,075,600	11,485,200	16,286,600
<b>Total</b>	<b>8,107,660</b>	<b>11,534,150</b>	<b>16,353,700</b>

### *Reasons for the Proposed Annual Caps and Basis of Determination*

The proposed annual caps have been estimated based on the following factors:

- (i) the decoration project general contract service fee rate and the decoration project management service fee rate agreed by Shuyun Dongfang and us and the expected fluctuation in the rates;
- (ii) the anticipated expansion of our restaurant network in China and overseas, specifically, the estimated number of new hot pot restaurants we plan to open and decorate and the estimated number of existing hot pot restaurants we plan to renovate;
- (iii) the past experience of the Group in restaurant decoration projects and the major terms and payment schedule for the general contract services and project management services agreed by Shuyun Dongfang and us; and
- (iv) the historical transaction amounts with Shuyun Dongfang under both transaction arrangements and the service capacity of Shuyun Dongfang in providing general contract services and project management services.

### *Information about the Parties Involved*

The Group is principally engaged in the hot pot restaurant business and other catering business.

Shuyun Dongfang is principally engaged in providing decoration related services.

### *Listing Rules Implications*

As of the date of this announcement, Mr. Zhang Shuoyi (張碩軼) was the sole director of Shuyun Dongfang and owns 80.00% of the equity interests in Shuyun Dongfang. Mr. Zhang Shuoyi is the brother of Mr. Zhang Yong, our executive Director and controlling shareholder. Therefore, Shuyun Dongfang is an associate of Mr. Zhang Yong and a connected person of the Company, and the transactions under the Renewed Shuyun Dongfang Agreements constitute continuing connected transactions of the Company under the Listing Rules. Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Renewed Shuyun Dongfang Agreements is more than 5%, the transactions under the Renewed Shuyun Dongfang Agreements are subject to the announcement, circular, independent shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

### *Directors' Confirmation*

The board (excluding the independent non-executive Directors, whose opinion will be formed after taking into account the advice to be provided by First Shanghai) is of the view that (i) the transactions contemplated under the Renewed CCT Agreements have been and will be entered into the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the Renewed CCT Agreements and the Proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

To the best knowledge, belief and information of the Company, having made all reasonable enquiries, due to the relationship with the relevant connected persons set forth in the section headed “The Renewed CCT Agreements” in this announcement,

- i. Mr. Zhang Yong and Ms. Shu Ping are deemed to have material interests in the transactions contemplated under the Renewed CCT Agreements; and
- ii. Mr. Shi Yonghong is deemed to have material interests in the transactions contemplated under the Renewed Honghuotai Master Technology Development Service Agreement, Renewed Jarud Qi Purchase Agreement, Renewed Human Resource Management Service Agreement, Renewed Yihai Master Purchase Agreement and Renewed Shuhai Agreements.

Each of Mr. Zhang Yong, Ms. Shu Ping and Mr. Shi Yonghong, has abstained from approving the relevant Board resolutions on the approval of the Renewed CCT Agreements and the transactions contemplated thereunder and the Proposed Annual Caps. Except for Mr. Zhang Yong, Ms. Shu Ping and Mr. Shi Yonghong, none of the Directors has any material interest or is required to abstain from voting on the relative Board resolution approving the same.

#### *The Extraordinary General Meeting*

An extraordinary general meeting will be convened by the Company for the Independent Shareholders to consider and, if thought fit, to approve the Renewed CCT agreements, the transactions contemplated thereunder and the Proposed Annual Caps. In respect of the Renewed CCT Agreements, the transactions contemplated thereunder and the Proposed Annual Caps, the Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders, and First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial Advisor to the Independent Board Committee and Independent Shareholders in relation to the Renewed CCT Agreements and the transactions contemplated thereunder and the Proposed Annual Caps.

At the extraordinary general meeting, ordinary resolutions, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve the Renewed CCT agreements, the transactions contemplated thereunder and the Proposed Annual Caps.

In accordance with the Listing Rules, any Shareholder with a material interest in the transactions under the Renewed CCT Agreements and the transactions contemplated thereunder and the Proposed Annual Caps and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, as of the date of this announcement:

- i. NP United (a company controlled by Mr. Zhang Yong), ZY NP (a company controlled by Mr. Zhang Yong) and SP NP (a company controlled by Ms. Shu Ping), directly held 1,801,970,108 Shares, 1,399,569,121 Shares and 410,962,014 Shares, representing approximately 34.00%, 26.41% and 7.75% of the issued share capital of the Company. Mr. Zhang Yong (through ZY NP), Ms. Shu Ping (through SP NP), together through NP United, are collectively interested in approximately 68.16% of the total issued share capital of our Company. Each of Mr. Zhang Yong and Ms. Shu Ping and their respective associates, namely, NP United, ZY NP and SP NP, will abstain from voting on the ordinary resolution to approve the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements, the Renewed Shuyun Dongfang Agreements and the transactions contemplated thereunder and their respective proposed annual caps at the Extraordinary General Meeting;

- ii. SYH NP (a company controlled by Mr. Shi Yonghong) and LHY NP (a company controlled by Ms. Li Haiyan) held 434,462,014 Shares and 410,962,014 Shares, representing approximately 8.20% and 7.75% of the issued share capital of the Company. Mr. Shi Yonghong (through SYH NP) and Ms. Li Haiyan (through LHY NP), the spouse of Mr. Shi Yonghong, are collectively interested in approximately 15.95% of the total issued share capital of our Company. Each of Mr. Shi Yonghong and Ms. Li Haiyan and their respective associates, namely, SYH NP and LHY NP, will abstain from voting on the ordinary resolution to approve the Renewed Yihai Master Purchase Agreement and the Renewed Shuhai Agreements and the transactions contemplated thereunder and their respective proposed annual caps at the Extraordinary General Meeting; and

Apart from the above, there is no other Shareholder who has any material interest in the proposed resolutions, and therefore none of the Shareholders is required to abstain from voting on such resolutions at the extraordinary general meeting.

A circular containing, among others, further details of the Renewed Yihai Master Purchase Agreement, Renewed Shuhai Agreements and Renewed Shuyun Dongfang Agreements, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewed CCT Agreements, the transactions contemplated thereunder and the Proposed Annual Caps, and the notice convening the extraordinary general meeting will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules. The circular is expected to be dispatched by the Company to the Shareholders on or before December 8, 2020.

## **INTERNAL CONTROL**

The Group has a comprehensive internal control system to ensure that the Renewed CCT Agreements and the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable, and the transactions contemplated thereunder are conducted on normal commercial terms or better and in the ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Please refer to the circular of the Company dated December 8, 2020 for further details.

## **DEFINITION**

*In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:*

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Commodity Ingredients”	food ingredients which do not require processing, primarily consist of meat, seafood, unwashed vegetables and condiments

“Company” or “our Company”	Haidilao International Holding Ltd. (海底捞国际控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on July 14, 2015 and, except where the context otherwise requires, all of its subsidiaries
“Director(s)”	director(s) of the Company
“Existing CCT Agreements”	the Honghuotai Master Technology Development Service Agreement, the Jarud Qi Purchase Agreement, the Master Human Resource Management Service Agreement, the Yihai Master Purchase Agreement, the Shuhai Agreements, the Master Decoration Project Management Service Agreement
“Fuhai Shanghai”	Fuhai (Shanghai) Food Technology Co., Ltd.* (馥海(上海)食品科技有限公司), a company owned as to 60% by Yihai Shanghai and 40% by Shanghai Xinpai as of the date of this announcement
“General Project Contract Services”	decoration services in connection with the interior decoration and renovation, including but not limited to selecting and engaging subcontractors to carry out the decoration work and purchasing plants and equipment for the projects
“Group” or “our Group”	the Company and its subsidiaries
“Haidilao Customized Products”	the hot pot soup flavoring and Chinese-style compound condiment products supplied by Yihai Group manufactured using formulae owned by our Group for use at our hot pot restaurants
“Haidilao Singapore”	Hai Di Lao Holdings Pte. Ltd., a private company limited by shares incorporated in Singapore on February 28, 2013 and a wholly-owned subsidiary of our Company as of the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Honghuotai”	Honghuotai Internet Technology Co, Ltd.* (紅火台網絡科技有限公司) (formerly known as Honghuotai Catering Service Co., Ltd.* (紅火台餐飲雲服務有限公司)), a company held as to approximately 40.86% by Shanghai Haiyue, a wholly-owned subsidiary of Leda Haisheng, as of the date of this announcement
“Honghuotai Master Technology Development Service Agreement”	the master technology development service agreement entered into between the Company, for itself and on behalf of its subsidiaries, and Honghuotai, dated September 1, 2018, pursuant to which Honghuotai agreed to provide cloud technology development service as well as the relevant installation, testing and maintenance service for the catering information cloud technology management system in relation to the operation of our restaurants to our Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Dr. Chua Sin Bin, Mr. Hee Theng Fong and Mr. Qi Daqing, established to advise the Independent Shareholders on the Renewed CCT Agreements and the transactions contemplated thereunder and the Proposed Annual Caps
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Independent Third Party(ies)”	an individual or a company which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“instant self-serving products”	the self-serving instant small hot pot products, self-serving instant rice products and other instant self-serving food products
“Jarud Qi Haidilao”	Jarud Qi Haidilao Food Co, Ltd. (扎魯特旗海底撈食品有限公司), a limited liability company incorporated in the PRC on January 28, 2013, a company wholly owned by Sichuan Haidilao and is a connected person of our Company
“Jarud Qi Purchase Agreement”	the master purchase agreement dated September 1, 2018 entered into between the Company, for itself and on behalf of its subsidiaries, and Jarud Qi Haidilao, the wholly-owned subsidiary of Sichuan Haidilao, pursuant to which the Company agreed to purchase lamb products from Jarud Qi Haidilao
“Jinghai Investment”	Jianyang Jinghai Investment Co., Ltd.* (簡陽市靜海投資有限公司), a limited liability company incorporated in the PRC on May 11, 2011, which was a wholly-owned subsidiary of Jingyuan Investment and a connected person of our Company as of the date of this announcement
“Jingyuan Investment”	Jianyang Jingyuan Investment Co., Ltd.* (簡陽市靜遠投資有限公司), a limited liability company incorporated in the PRC on March 13, 2009, which was owned as to 52.00% by Mr. Zhang Yong, 16.00% by Ms. Shu Ping, 16.00% by Mr. Shi Yonghong and 16.00% by Ms. Li Haiyan as of the date of this announcement and is a connected person of our Company
“Leda Haisheng”	Shanghai Leda Haisheng Enterprise Management Consulting Co., Ltd.* (上海樂達海生企業管理諮詢有限公司), a limited liability company incorporated in the PRC on May 23, 2017, which was held as to approximately 62.70% by Beijing Yihan Consulting Management Co., Ltd.* (北京宜涵諮詢管理有限公司) (a company owned as to approximately 76.31% and 23.69% by Mr. Zhang Yong and Ms. Shu Ping) and approximately 14.85% by Mr. Shi Yonghong, respectively, as of the date of this announcement

“LHY NP”	LHY NP Ltd., an investment holding company incorporated in the BVI and controlled by Ms. Li Haiyan, which directly held approximately 7.75% of the equity interest in the Company and was wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Cheerful Trust as of the date of this announcement. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 with UBS Trustees (B.V.I.) Limited acting as trustee, the beneficiaries of which is Mr. Shi Yonghong, Ms. Li Haiyan and their family
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Master Decoration Project General Contract Service Agreement”	the master decoration project general contract service agreement dated October 8, 2019 entered into between the Company and Shuyun Dongfang, each for itself and on behalf of its subsidiaries, pursuant to which Shuyun Dongfang agreed to provide decoration project general contract services, including but not limited to, selecting and engaging subcontractors to carry out the decoration work and purchasing plants and equipment for the projects, to our Group in connection with the interior decoration and renovation of our PRC restaurants
“Master Decoration Project Management Service Agreement”	the master decoration project management service agreement dated September 1, 2018 entered into between the Company and Shuyun Dongfang, each for itself and on behalf of its subsidiaries, pursuant to which Shuyun Dongfang agreed to provide decoration project management and related services, including but not limited to, selecting and supervising the design and construction subcontractors, to our Group in connection with the interior decoration and renovation of our restaurants
“Mr. Shi Yonghong”	Mr. Shi Yonghong (施永宏), the executive Director and one of the founders of our Company
“Mr. Zhang Yong”	Mr. Zhang Yong (張勇), the founder, chairman, executive Director and chief executive officer of our Company
“Ms. Shu Ping”	Ms. Shu Ping (舒萍), the founder and non-executive Director of our Company. Ms. Shu Ping is the spouse of Mr. Zhang Yong
“NP United”	an investment holding company incorporated in the BVI and controlled by Mr. Zhang Yong, which was owned as to approximately 51.78% by ZY NP and 16.07% by each of SP NP SYH NP and LHY NP, respectively, as of the date of this announcement
“PRC” or “China”	People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan

“Processed Ingredients”	food ingredients which require processing, which primarily consist of meats that require processing and flavoring, vegetables that require washing and cutting, seafood paste (such as shrimp paste and fish balls)
“Proposed Annual Caps”	the proposed annual caps under each of the Renewed CCT Agreements for the three years ending December 31, 2023
“Prospectus”	the Company’s prospectus dated September 12, 2018
“Renewed CCT Agreements”	The agreements in relation to the existing continuing connected transactions to be renewed for a term of three years from January 1, 2021 to December 31, 2023, namely, the Renewed Honghuotai Master Technology Development Service Agreement, the Renewed Jarud Qi Purchase Agreement, the Renewed Master Human Resource Management Service Agreement, the Renewed Yihai Master Purchase Agreement, the Renewed Shuhai Agreements and the Renewed Shuyun Dongfang Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemental or otherwise modified from time to time
“Shanghai Haiyue”	Shanghai Haiyue Investment Management Co., Ltd.* (上海海悅投資管理有限公司), a wholly-owned subsidiary of Leda Haisheng as of the date of this announcement
“Shanghai Xinpai”	Xinpai (Shanghai) Catering Management Co., Ltd.* (新派(上海)餐飲管理有限公司), a limited liability company incorporated in the PRC on May 12, 2013 and a wholly-owned subsidiary of our Company
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.000005 each
“Shareholder(s)”	the holder(s) of the Shares of the Company
“Shuhai”	Shuhai (Beijing) Supply Chain Management Co., Ltd.* (蜀海(北京)供應鏈管理有限責任公司), a limited liability company incorporated in the PRC on June 3, 2014 and a connected person of our Company, which is held as to 45.00% by Leda Haisheng and approximately 27.56% by Jinghai Investment as of the date of this announcement
“Shuhai Agreements”	the Warehouse Storage and Logistics Service Agreement and the Shuhai Master Purchase Agreement
“Shuhai Group”	the group of companies comprising Shuhai and its subsidiaries

“Shuhai Master Purchase Agreement”	the shuhai master purchase agreement dated September 1, 2018 entered into between our Group and Shuhai Group pursuant to which Shuhai Group agreed to supply to our Group the Processed Ingredients
“Shuyun Dongfang”	Beijing Shuyun Dongfang Decoration Project Co., Ltd.* (北京蜀韻東方裝飾工程有限公司), a limited liability company incorporated in the PRC on May 10, 2006, which was held as to 80.00% by Mr. Zhang Shuoyi (張碩軼), as of the date of this announcement
“Shuyun Dongfang Agreements”	the Master Decoration Project Management Service Agreement and the Master Decoration Project General Contract Service Agreement
“Sichuan Haidilao”	Sichuan Haidilao Catering Co., Ltd* (四川海底撈餐飲股份有限公司), previously known as Sichuan Jianyang Haidilao Catering Co., Ltd.* (四川省簡陽市海底撈餐飲有限責任公司) a limited company incorporated in the PRC on April 16, 2001 and a connected person of our Company, which was owned as to 50% by Jingyuan Investment, 25.50% by Mr. Zhang Yong, 8.00% by Ms. Shu Ping, 8.00% by Mr. Shi Yonghong, 8.00% by Ms. Li Haiyan (李海燕), 0.20% by Ms. Yang Lijuan (楊利娟), 0.10% by Mr. Yuan Huaqiang (袁華強), 0.10% by Mr. Gou Yiqun (苟軼群), 0.06% by Mr. Chen Yong (陳勇) and 0.04% by Mr. Yang Bin (楊賓), and its predecessor (as the case may be) as of the date of this announcement
“SP NP”	SP NP Ltd., an investment holding company incorporated in the BVI and controlled by Ms. Shu Ping, which directly held approximately 7.75% of the equity interest in the Company and was wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Rose Trust as of the date of this announcement. Rose Trust is a discretionary trust set up by Ms. Shu Ping as the settlor and protector on August 22, 2018 with UBS Trustees (B.V.I.) Limited acting as trustee, the beneficiaries of which is Ms. Shu Ping, Mr. Zhang Yong and their family
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meanings ascribed thereto in the Listing Rules
“substantial shareholder(s)”	has the meanings ascribed thereto in the Listing Rules
“SYH NP”	SYH NP Ltd., an investment holding company incorporated in the BVI and controlled by Mr. Shi Yonghong, which directly held approximately 8.20% of the equity interest in the Company and was wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Cheerful Trust as of the date of this announcement. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlor and protector on August 22, 2018 with UBS Trustees (B.V.I.) Limited acting as trustee, the beneficiaries of which is Mr. Shi Yonghong, Ms. Li Haiyan and their family

“US\$”	United States dollars, the lawful currency of the United States
“Waiver”	the waiver granted in September 2018 by the Stock Exchange to the Company in respect of, inter alia, the continuing connected transactions thereunder the Existing CCT Agreements from strict compliance with the announcement and, where applicable, the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Warehouse Storage and Logistics Service Agreement”	the warehouse storage and logistics service agreement dated September 1, 2018 entered into between the Company and Shuhai pursuant to which Shuhai Group agreed to provide warehousing facilities and storage services and logistic services to our Group in connection with the Commodity Ingredients
“we”, “us” or “our”	the Company or the Group, as the context requires
“Weihai Consulting”	Beijing Weihai Management and Consulting Co., Ltd. (北京微海管理諮詢有限公司), a limited liability company incorporated in the PRC on March 25, 2015, which is held as to 98.00% by Mr. Zhu Xiacong (朱小聰) and 2.00% by Mr. Shao Zhidong (邵志東), as of the date of this announcement
“Weihai Group”	Weihai Holding and all of its subsidiaries or, where the context so requires, Weihai Consulting and all of its subsidiaries before the its reorganization
“Weihai Holding”	Wei Hai International Holding Ltd., an exempted company with limited liability incorporated in the Cayman Islands on January 15, 2020, which was held as to approximately 30.15% by ZY WH LTD, approximately 10.61% by SP WH LTD and approximately 16.23% by SYH WH LTD and is a connected person of the Company as of the date of this announcement
“Yihai”	Yihai International Holding Ltd. (頤海國際控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on October 18, 2013 and listed on the main board of the Stock Exchange (stock code: 1579) (which was controlled by Mr. Zhang Yong and Ms. Shu Ping as of the date of this announcement) and our connected person
“Yihai Group”	the group of companies comprising Yihai and its subsidiaries
“Yihai Shanghai”	Yihai (Shanghai) Food Co., Ltd.* (頤海(上海)食品有限公司), a wholly-owned subsidiary of Yihai as of the date of this announcement

“Yihai Master Purchase Agreements”	(i) the master purchase agreement entered into among Sichuan Haidilao, Haidilao Singapore and Yihai Group, each for itself and on behalf of its subsidiaries, on June 24, 2016, which was subsequently amended on April 27, 2018, pursuant to which Haidilao Singapore agreed to purchase Haidilao Customized products, Yihai Retail Products and instant self-serving products from Yihai Group; (ii) the supplemental agreement to the master purchase agreement entered into among Sichuan Haidilao, Haidilao Singapore and Yihai Group on September 18, 2017, pursuant to which Haidilao Singapore agreed to purchase instant self-serving products from Fuhai Shanghai under the terms of the master purchase agreement; (iii) the master purchase agreement entered into among Haidilao Singapore and Yihai Group on July 6, 2018, which was subsequently amended on February 25, 2019, pursuant to which the Group agreed to purchase Haidilao Customized Products, Yihai Retail Products and instant self-serving products from Yihai Group for a term ending December 31, 2020
“Yihai Retail Products”	the hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products supplied by Yihai Group manufactured using formulae owned by Yihai Group for display and sales to consumers in our hot pot restaurants and on our various online platforms (e.g. the Haidilao App)
“ZY NP”	ZY NP Ltd., an investment holding company incorporated in the BVI and controlled by Mr. Zhang Yong, which was wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Apple Trust as of the date of this announcement. Apple Trust is a discretionary trust set up by Mr. Zhang Yong as the settlor and protector on August 22, 2018 for the benefit of himself, Ms. Shu Ping and their family
“%”	percentage

\* English translations of company names are for identification purposes only.

By order of the Board  
**Haidilao International Holding Ltd.**  
**Zhang Yong**  
*Chairman*

Hong Kong, December 7, 2020

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Yong as the Chairman and Executive Director and Mr. Shi Yonghong, Mr. Zhou Zhaocheng and Ms. Gao Jie as Executive Directors, Ms. Shu Ping as the Non-executive Director, and Dr. Chua Sin Bin, Mr. Hee Theng Fong and Mr. Qi Daqing as Independent Non-executive Directors.*