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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

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



References are made to the Previous Circular and Announcement in relation to, inter alia, the Jarud Qi Purchase Agreement, the Master Human Resource Management Service Agreement, the Yihai Master Purchase Agreement, the Shuhai Agreements, and the Shuyun Dongfang Agreements (collectively, the “**Existing CCT Agreements**”). As the Existing CCT Agreements will expire on December 31, 2023, and the Company will continue the transactions under the Existing CCT Agreements subsequent to December 31, 2023, the Company, on behalf of itself and its subsidiaries, entered into the Renewed CCT Agreements with Jarud Qi Haidilao, Weihai Holding, Yihai, Shuhai and Shuyun Dongfang, respectively, on October 17, 2023.

As the highest of the applicable percentage ratios calculated with reference to the respective annual cap of the Renewed Jarud Qi Purchase Agreement and the Renewed Master Human Resource 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 (together, the “**Non-exempt CCT Agreements**”), the transactions thereunder and the respective annual caps for the three years ending December 31, 2026.

Gram Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt CCT Agreements, the transactions thereunder and the respective annual caps for the three years ending December 31, 2026.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Non-exempt CCT Agreements, the transactions and the respective annual caps thereunder for the three years ending December 31, 2026.

A circular containing, among others, further details of the Non-exempt CCT 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 Gram Capital 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 November 8, 2023.

BACKGROUND

References are made to the Previous Circular and Announcement in relation to, inter alia, the Jarud Qi Purchase Agreement, the Master Human Resource Management Service Agreement, the Yihai Master Purchase Agreement, the Shuhai Agreements and the Shuyun Dongfang Agreements. As the Existing CCT Agreements will expire on December 31, 2023, and the Company will continue the transactions under the Existing CCT Agreements subsequent to December 31, 2023, the Company, on behalf of itself and its subsidiaries, entered into the Renewed CCT Agreements with Jarud Qi Haidilao, Weihai Holding, Yihai, Shuhai and Shuyun Dongfang, respectively, on October 17, 2023.

SUMMARY OF THE RENEWED CCT AGREEMENTS

Transaction	Connected Persons	Connected Relationship	Proposed Annual Caps (RMB'000) for the year ending December 31,		
			2024	2025	2026
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.	296,895	318,694	318,694
Renewed Master Human Resource 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.	464,500	569,750	673,590
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.	2,880,000	3,420,000	3,990,000
Renewed Shuhai Agreements	Shuhai	Shuhai was held as to 42.72% by Leda Haisheng, our connected person, and approximately 26.17% by Jinghai Investment, as of the date of this announcement.	3,947,656	5,369,372	7,169,869
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.	2,704,640	2,815,120	2,950,340

Each of the Renewed CCT Agreements has a term commencing from January 1, 2024 and ending on December 31, 2026. The details of each of the Renewed CCT Agreements are set out as follows.

THE RENEWED CCT AGREEMENTS

The Renewed Jarud Qi Purchase Agreement

As the Jarud Qi Purchase Agreement will expire on December 31, 2023, and the Company will continue the transactions under the Jarud Qi Purchase Agreement subsequent to December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and Jarud Qi Haidilao, entered into a new Jarud Qi Purchase Agreement (the “**Renewed Jarud Qi Purchase Agreement**”) on October 17, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive). The Jarud Qi Purchase Agreement will be terminated once the Renewed Jarud Qi Purchase Agreement takes effect.

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

Date:	October 17, 2023
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, 2024 to December 31, 2026 (both days inclusive). 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 dated December 7, 2020.

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 expansion over the years and the demand for food ingredients has 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:

For the year ended December 31,		For the six months ended June 30,	
2020	2021	2022	2023
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
116,673	213,025	123,743 ^{Note 1}	69,542

Note:

1. The decrease in the historical transaction amounts for the year ended December 31, 2022 was primarily due to (i) the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulted from the impact of the COVID-19 pandemic in 2022; and (ii) the decrease in the number of restaurants due to the implementation of the “Woodpecker” plan.

The Company estimates that the proposed annual caps for the continuing transactions contemplated under the Renewed Jarud Qi Purchase Agreement for the three years ended December 31, 2026 are as below:

Proposed new annual cap for the year ending December 31,		
2024	2025	2026
<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
296,895	318,694	318,694

Reasons for the Proposed Annual Caps and Basis of Determination

The proposed annual caps have been estimated based on (i) historical product purchase volume by our Group from Jarud Qi Haidilao; (ii) Jarud Qi Haidilao’s maximum production capacity per annum; (iii) the expected increase in the Group’s demand of the products supplied by 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. Sean Shi and 8.00% by Ms. Hailey Lee. 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. Sean Shi and 16.00% by Ms. Hailey Lee. 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 Service Agreement

As the Master Human Resource Management Service Agreement will expire on December 31, 2023, and the Company will continue the transactions under the Master Human Resource Management Service Agreement subsequent to December 31, 2023, the Company and Weihai Holding (each for itself and on behalf of its subsidiaries), entered into a new Master Human Resource Service Agreement (the "**Renewed Master Human Resource Service Agreement**") on October 17, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive). The Master Human Resource Management Service Agreement will be terminated once the Renewed Master Human Resource Service Agreement takes effect.

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

- Date:** October 17, 2023
- Parties:**
- (1) Our Company
 - (2) Weihai Holding
- (each for itself and on behalf of its subsidiaries)

Terms: The Renewed Master Human Resource Service Agreement has an initial term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive). Subject to compliance with Listing Rules and applicable laws and regulations, the Renewed Master Human Resource 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 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 Service Agreement, Weihai Holding agreed to provide human resource management and consulting services, including but not limited to, employee recruitment services, training and restaurant performance assessment services, labour outsourcing services, SaaS system services and other customized human resource management consulting services, to our Group.

Pricing basis: The service fee under the Renewed Master Human Resource Service Agreement will be determined through the parties' negotiation based on the type of the service and the quantity of such service provided by Weihai Group (for the employee recruitment service, means the number of people successfully recruited), and with reference to the cost incurred by Weihai Group for providing the relevant services and the comparable market rate. The specific service fee will be finally determined in the separate execution agreements to be entered into by both parties, the terms of which shall be in line with the Renewed Master Human Resource Service Agreement.

The terms of the Renewed Master Human Resource Service Agreement are substantially the same as the Master Human Resource Management Service Agreement dated December 7, 2020, save and except for the increase in the types of services provided, such as labour outsourcing services and SaaS system services.

Reasons for and Benefits of the Transactions

Weihai Group primarily conducts the provision of human resource management and consulting services business, and is experienced in providing human resource management and consulting services for catering business. Considering (i) the terms of the Renewed Master Human Resource Service Agreement are substantially the same as that of the Master Human Resource Management Service Agreement dated December 7, 2020, save and except for the increase in the types of services provided, such as labour outsourcing services and SaaS system services, which is needed by the Company to improve the operational efficiency and further the restaurant network expansion, (ii) Weihai Group is experienced in providing human resource management and consulting services 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 (iii) Weihai Group has been providing satisfying services at reasonable price during the term 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 services we obtained from Weihai Holding:

For the Year ended December 31,			For the Six Months
2020	2021	2022	Ended June 30,
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
			<i>RMB'000</i>
			<i>(unaudited)</i>
167,696	260,138	70,211 ^{Note 1}	56,064

Note:

1. The decrease in the historical transaction amounts for the year ended December 31, 2022 was primarily due to the decrease in the demand of human resource management and consulting services resulted from (i) the impact of the COVID-19 pandemic in 2022; (ii) the decrease in the number of restaurants due to the implementation of the “Woodpecker” plan; and (iii) the adjustment to the scope of service according to the Group’s actual needs.

The Company estimates that the proposed annual caps for the continuing transactions contemplated under the Renewed Master Human Resource Service Agreement for the three years ended December 31, 2026 are as below:

Proposed new annual cap for the year ending December 31,		
2024	2025	2026
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
464,500	569,750	673,590

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; (ii) the estimated increase in the Group's demand of the human resource management and consulting service as a result of the anticipated expansion of the Group's restaurant network and the potential employee turnover; and (iii) the increase in the types of services provided under the Renewed Master Human Resource Service Agreement.

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 36.9% by ZY WH LTD and approximately 13.0% 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 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 Service Agreement is more than 0.1% but less than 5%, the transactions under the Renewed Master Human Resource 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

As the Yihai Master Purchase Agreement will expire on December 31, 2023, and the Company will continue the transactions under the Yihai Master Purchase Agreement subsequent to December 31, 2023, the Company and Yihai, each for itself and on behalf of its subsidiaries, entered into a new Yihai master purchase agreement (the "**Renewed Yihai Master Purchase Agreement**") on October 17, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), subject to the independent shareholders' approval of both Yihai and the Company. The Yihai Master Purchase Agreement will be terminated once the Renewed Yihai Master Purchase Agreement takes effect.

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

Date: October 17, 2023

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, 2024 to December 31, 2026 (both days inclusive), 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, subject to compliance with our requirements on mass production and standardization, Yihai Group is our supplier of Haidilao Customized Products for use in our hot pot restaurants in mainland China, Hong Kong, Macao, and Taiwan regions. 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. Payment will be made based on the purchase volume per individual order on a monthly basis or at other periods as agreed by both parties.

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.

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 the joint efforts of Yihai Group and us.

For any upgrades and developments in the 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 Renewed 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 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 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 and instant self – serving products*

The purchase price of Yihai Retail Products and instant self-serving 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 instant self-serving products, and (ii) the prevailing market price of similar products.

To ensure that the purchase price of Yihai Retail Products and instant self-serving 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.

The terms of the Renewed Yihai Master Purchase Agreement are substantially the same as the Yihai Master Purchase Agreements.

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 regions, 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 RMB1,929 million, RMB1,475 million and RMB834 million for the years ended December 31, 2021 and 2022 and the six months ended June 30, 2023, respectively, which accounted for approximately 32.5%, 24.0% and 31.9% 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 may further increase as a result of our anticipated expansion. Given the top market player status of our Group in the catering 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 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. The pricing terms of the Haidilao Customized Products 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 ^{Note 1} of the transaction amounts our purchase from Yihai Group for the three years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023:

For the year ended December 31,			For the six months
2020	2021	2022	ended June 30,
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
			<i>RMB'000</i>
			<i>(unaudited)</i>
1,399,634	1,928,954	1,475,163 ^{Note 2}	833,970

Notes:

1. In December 2022, Super Hi was spun-off and listed separately on the Main Board of the Stock Exchange (the “**Spin-off**”) by way of introduction through a distribution in specie to the Shareholders. Super Hi and its subsidiaries (the “**Super Hi Group**”) are principally engaged in the operation of restaurant business outside mainland China, Hong Kong, Macau, and Taiwan regions. Upon completion of the Spin-off, the business of Super Hi and its subsidiaries was classified as discontinued operations of the Group. The historical transaction amounts set out above also included the purchases from Yihai Group for the discontinued operations of Super Hi Group before the Spin-off.
2. The decrease in the historical transaction amounts for the year ended December 31, 2022 was primarily due to (i) the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulted from the impact of the COVID-19 pandemic in 2022; and (ii) the decrease in the number of restaurants due to the implementation of the “Woodpecker” plan.

The Company estimates that the proposed annual caps for the continuing transactions contemplated under the Renewed Yihai Master Purchase Agreement for the three years ending December 31, 2024, 2025 and 2026 are as below:

Proposed new annual cap for the year ending December 31,		
2024	2025	2026
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2,880,000	3,420,000	3,990,000

Reasons for the Proposed Annual Caps and Basis of Determination

The proposed annual caps under the Renewed Yihai Master Purchase Agreement have been estimated based on the following factors:

- (i) the historical transaction amounts with Yihai Group and the Spin-off;
- (ii) the estimated increase in demand for Haidilao Customized Products and sales volume of Yihai Retail Products and instant self-serving products, reflecting the expected increase in (i) the customer flow and operating performance of the restaurants and (ii) the number of restaurants following the re-opening of certain previously suspended restaurants under the “Hard Bone” plan and the new restaurants opening plan;
- (iii) the supply capacity of Yihai Group; and
- (iv) the strong growth and extensive market potential of the catering industry and the market of instant self-serving products in mainland China.

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 regions.

Listing Rules Implications

As of the date of this announcement, Yihai was held as to approximately 31.44% 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 Shuhai Agreements will expire on December 31, 2023, and the Company will continue the transactions under the Shuhai Agreements subsequent to December 31, 2023, 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 October 17, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (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.

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

Date:	October 17, 2023
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, 2024 to December 31, 2026 (both days inclusive).

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:

The service fee under the Renewed Warehouse Storage and Logistics Service Agreement 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 warehouse storage and logistics; (ii) the geographical location and the actual transaction amount for storage; and (iii) fees charged by Independent Third Parties for similar and comparable services.

The purchase price under the Renewed Shuhai Master Purchase Agreement 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 more 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. 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, 2020, 2021 and 2022 and the six months ended June 30, 2023:

	For the year ended December 31,			For the six months ended
	2020	2021	2022	June 30, 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>
Shuhai Agreements	<u>2,739,584</u>	<u>3,466,446</u>	<u>2,096,482^{Note 1}</u>	<u>1,077,269</u>

Note:

1. The decrease in the historical transaction amounts for the year ended December 31, 2022 was primarily due to (i) the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulted from the impact of the COVID-19 pandemic in 2022; and (ii) the decrease in the number of restaurants due to the implementation of the "Woodpecker" plan.

The Company estimates that the proposed annual caps for the continuing transactions contemplated under the Renewed Shuhai Agreements for the three years ending December 31, 2024, 2025 and 2026 are as below:

	Proposed new annual cap		
	for the year ending December 31,		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Renewed Warehouse Storage and Logistics Service Agreement	696,000	835,200	1,002,240
Renewed Shuhai Master Purchase Agreement	3,251,656	4,534,172	6,167,629
Total	3,947,656	5,369,372	7,169,869

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 and the historical purchase volume;
- (ii) the estimated increase in our demand of Commodity Ingredients, Processed Ingredients and the storage and logistics service, reflecting the expected increase in (i) the customer flow and operating performance of the restaurants and (ii) the number of restaurants following the re-opening of certain previously suspended restaurants under the “Hard Bone” plan and the new restaurants opening plan; 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 engaged 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 42.72% by Leda Haisheng and approximately 26.17% 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 Shuyun Dongfang Agreements will expire on December 31, 2023, and the Company will continue the transactions under the Shuyun Dongfang Agreements subsequent to December 31, 2023, 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 October 17, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), subject to the Independent Shareholders’ approval. The Shuyun Dongfang Agreements will be terminated once the renewed Shuyun Dongfang Agreements take effect.

The principal terms of the Renewed Shuyun Dongfang Agreements are summarized below:

- Date:** October 17, 2023
- Parties:** (1) Our Company
(2) Shuyun Dongfang
(each for itself and on behalf of its subsidiaries)
- Terms:** The Renewed Shuyun Dongfang Agreements have an initial term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive).

Subject to compliance with the Listing Rules and applicable laws and regulations, the Renewed Shuyun Dongfang Agreements 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 Shuyun Dongfang Agreements, 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, 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 restaurants located in mainland China.

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 in connection with the interior decoration and renovation of our restaurants located in Hong Kong, Macau and Taiwan Regions.

Pricing basis:

The general contract service fee under the Renewed Master Decoration Project General Contract Service Agreement 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 management service fee under the Renewed Master Decoration Project Management Service Agreement 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 Shuyun Dongfang Agreements are substantially the same as the Shuyun Dongfang Agreements.

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 Previous Circular and Announcement, we have tried two different transaction arrangements with Shuyun Dongfang in the past, i.e., the general contract arrangement and the project management arrangement.

We decided to adopt the general contract arrangement for our restaurants located in mainland China for the following reasons:

- Shuyun Dongfang has obtained all necessary licenses to provide decoration project general contract services in mainland China;
- 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 restaurants in Hong Kong, Macau and Taiwan regions, since Shuyun Dongfang has not obtained the relevant licenses required for general contractor, we will continue with the 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 restaurants in Hong Kong, Macau and Taiwan regions. 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 restaurants in Hong Kong, Macau and Taiwan regions can be completed and delivered timely and with high quality.

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 restaurants located in mainland China and the project management arrangement for our restaurants in Hong Kong, Macao and Taiwan regions and can tailor to the Group's decoration demands.

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 providers 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 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 ^{Note 1} 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, 2020, 2021 and 2022 and the six months ended June 30, 2023:

	For the year ended December 31,			For the six months ended June 30,
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
Decoration project management and related services	43,872	30,391	21,961	3 ^{Note 2}
Decoration general project contract services	3,295,159	2,163,235	247,481 ^{Note 3}	13,837 ^{Note 3}
Total	3,339,031	2,193,626	269,442	13,840

Notes:

1. The historical transaction amounts set out above also included the purchases from Shuyun Dongfang Group for the discontinued operations of Super Hi Group before the Spin-off.
2. Under the Master Decoration Project Management Service Agreement, the Group used to purchase decoration project management and related services for all overseas restaurants. Upon completion of the Spin-off in December 2022, the Group only purchased the decoration project management and related services for the restaurants located in Hong Kong, Macau and Taiwan regions.
3. The significant decrease in historical amounts for the year ended December 31, 2022 and six months ended June 30, 2023 is primarily due to the slowdown in the Company's business expansion.

The Company estimates that the proposed annual caps for the continuing transactions contemplated under the Renewed Shuyun Dongfang Agreements for the three years ending December 31, 2024, 2025 and 2026 are as below:

	Proposed new annual cap		
	for the year ending December 31,		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Renewed Shuyun Dongfang Agreements	<u>2,704,640</u>	<u>2,815,120</u>	<u>2,950,340</u>

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 estimated number of new restaurants we plan to open and decorate and the estimated number of existing 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 and the Spin-off.

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 Gram Capital) 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, Mr. Zhang Yong is deemed to have material interests in the transactions contemplated under the Renewed CCT Agreements.

Mr. Zhang Yong 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, 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 Yihai Master Purchase Agreement, Renewed Shuhai Agreements and Renewed Shuyun Dongfang Agreements (the "**Non-exempt CCT Agreements**"), the transactions contemplated thereunder and their respective proposed annual caps. In respect of the Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective proposed annual caps, the Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders, and Gram Capital, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to the Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective 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 Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective proposed annual caps.

In accordance with the Listing Rules, any Shareholder with a material interest in the transactions under the Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective 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, 1,148,739,121 Shares and 410,962,014 Shares, representing approximately 32.33%, 20.61% and 7.37% 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 60.31% 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 their respective proposed annual caps at the Extraordinary General Meeting; and
- ii. SYH NP (a company controlled by Mr. Sean Shi) and LHY NP (a company controlled by Ms. Hailey Lee) held 169,632,014 Shares and 335,155,014 Shares, representing approximately 3.04% and 6.01% of the issued share capital of the Company. Ms. Hailey Lee directly held 37,500,000 Shares. Mr. Sean Shi (through SYH NP) and Ms. Hailey Lee (by herself and through LHY NP), the spouse of Mr. Sean Shi, are collectively interested in approximately 9.73% of the total issued share capital of our Company. Each of Mr. Sean Shi and Ms. Hailey Lee 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 their respective proposed annual caps at the Extraordinary General Meeting.

Apart from the above, there is no other Shareholder who has any material interest in the proposed resolutions. As of the Latest Practicable Date, Futu Trustee Limited, the trustee of the the share award scheme adopted by the Company on October 8, 2019 (the “**Share Award Scheme**”), held 159,000,000 Shares (representing 2.85% of the issued shares capital of the Company) for the purpose of unvested awards under the Share Award Scheme. Futu Trustee Limited will abstain from voting on the Extraordinary General Meeting according to Chapter 17 of the Listing Rules.

Save as disclosed above, 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 Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt CCT Agreements, the transactions contemplated thereunder and their respective 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 November 8, 2023.

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. Relevant internal control measures include:

- (i) The Company has designated a team of senior management from business operation, legal, risk control and finance departments and Board office to monitor the continuing connected transactions and ensure that the continuing connected transactions with the abovementioned connected persons are on arm's length basis and that the annual caps are not exceeded. Such team of senior management continuously traces and regularly monitors the progress of the continuing connected transactions and reports to management of the Company;
- (ii) The team of senior management and the internal control department of the Group organizes and runs internal control tests regularly to evaluate the completeness and effectiveness of the internal control measures in relation to continuing connected transactions;
- (iii) The Company has set up a specialized team of experienced employees specializing in restaurant management and operation to assess, amongst others, the professional qualifications team size, capabilities and historical experience of the product and/or service providers. In addition, to avoid potential conflict of interest and ensure fairness of the assessment, members in the aforesaid specialized team cannot be the key contact persons reaching out to the relevant product and/or service providers. As the date of this announcement, Yihai, Shuhai, Shuyun Dongfang, Jarud Qi Haidilao and Weihai Holding, have passed the supplier review process of our Group and have been added into the "Qualified Supplier List" maintained by our Group;
- (iv) The legal department of the Group is responsible for identifying connected persons of the Group from new customers or suppliers on a regular basis and update the connected persons list. The finance department of the Group would monitor on an on-going basis the actual transaction amounts with the connected persons to ensure that such amounts do not exceed the relevant annual caps;
- (v) Before conducting any transactions contemplated under, or enter into any subcontract pursuant to, an agreement for continuing connected transactions, the legal department and finance department of the Group would review the terms of the proposed transactions and the draft sub-contracts to ensure that the transactions would be conducted in accordance with the terms of the agreement and in accordance with the Company's pricing policy;
- (vi) The procurement department of the Company will conduct regular checks on the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the pricing basis for the relevant continuing connected transactions. The marketing team will from time to time (on a regular basis and/or prior to price negotiation) gather market intelligence by way of research and investigation to ascertain the quality of the products compared to similar products/services in the market and the reference price of each type of the products/services in the market;

- (vii) The team of senior management of the Group collects and reviews continuing connected transactions each month in order to guarantee that (a) the connected parties have fulfilled the terms of the agreements in relation to continuing connected transactions during the relevant month; and (b) the actual transaction amounts incurred and estimated to be incurred between the Company and the connected parties are within the annual caps;
- (viii) The Board conducts annual review on the implementation of continuing connected transactions and conducts review of financial statements which include the disclosure of continuing connected transactions semi-annually. The review mainly includes a review on whether the Group and the connected parties have fulfilled the terms of the agreements in relation to continuing connected transactions during the relevant year or semi-annually and whether the actual transaction amounts incurred between the Group and the connected persons are within the annual caps;
- (ix) The independent non-executive Directors conduct annual review of continuing connected transactions and provide annual confirmations in the Company’s annual report on whether the continuing connected transactions are conducted (a) in the Group’s ordinary course of business; (b) in accordance with normal commercial terms or better and on terms that are fair and reasonable; (c) in accordance with the terms of the relevant agreements; and (d) in the interests of the Company and the Shareholders as a whole;
- (x) The audit committee of the Company conducts review of the annual financial statements, annual report, interim financial statements and interim report which include the disclosure and analysis of the implementation of continuing connected transactions and opine on continuing connected transactions as disclosed in such financial statements and reports, including whether the terms of the continuing connected transactions are fair and reasonable and whether the transaction amounts are within the relevant annual caps; and
- (xi) To assist the Company in complying with the applicable rules listed in Chapter 14A of the Listing Rules, the external auditor of the Company performs work in accordance with the regulations in the “Hong Kong Standard on Assurance Engagements 3000 – “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the “Practice Note 740 – Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants, on the Company’s continuing connected transactions and issue a letter in respect of the continuing connected transactions disclosed in the Company’s annual report in accordance with the applicable accounting standards and the Listing Rules.

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
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held
“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, the hot pot dipping source 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
“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, Mr. Qi Daqing, Dr. Ma Weihua and Mr. Wu Xiaoguang, established to advise the Independent Shareholders on the Non-exempt CCT Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the Independent Financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Non-exempt CCT Agreements and the transactions contemplated thereunder (including the proposed annual caps)

“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules; and in relation to approving the Non-exempt Connected Transactions and their respective proposed annual caps at the Extraordinary General Meeting, means the Shareholders other than (i) NP United, ZY NP, SP NP, SYH NP and LHY NP with respect to the Renewed Yihai Master Purchase Agreement and Renewed Shuhai Agreements; or (ii) NP United, ZY NP and SP NP with respect to the Renewed Shuyun Dongfang Agreements
“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”	instant self-serving food products including the self-serving instant small hot pot products, self-serving instant rice products, instant powder and snacks, and other related 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 December 7, 2020 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 fresh lamb and beef, lamb and beef byproducts and relevant meat 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. Sean Shi and 16.00% by Ms. Hailey Lee 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.* (北京宜涵管理諮詢有限公司) (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. Sean Shi, 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. Hailey Lee (李海燕), which directly held approximately 6.01% 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. Sean Shi and Ms. Hailey Lee 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. Sean Shi, Ms. Hailey Lee 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 December 7, 2020 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 December 7, 2020 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
“NP United”	an investment holding company incorporated in the BVI and controlled by Mr. Zhang Yong, which was owned as to approximately 51.778% by ZY NP and 16.074% 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
“Previous Circular and Announcement”	the previous circular and announcement of the Company dated December 7, 2020 in relation to the renewal of continuing connected transactions

“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, 2024, 2025 and 2026
“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, 2024 to December 31, 2026, namely, the Renewed Jarud Qi Purchase Agreement, the Renewed Master Human Resource 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 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 was held as to 42.72% by Leda Haisheng and approximately 26.17% 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 December 7, 2020 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 50.00% by Jingyuan Investment, 25.50% by Mr. Zhang Yong, 8.00% by Ms. Shu Ping, 8.00% by Mr. Sean Shi, 8.00% by Ms. Hailey Lee (李海燕), 0.20% by Ms. June 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. The entire share capital of SP NP Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Rose Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Rose Trust. Rose Trust is a discretionary trust set up by Ms. Shu Ping as the settlor and protector on August 22, 2018 for the benefit of herself, Mr. Zhang Yong and their families. Ms. Shu Ping (as the founder of the Rose Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by SP NP Ltd. under the SFO
“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. The entire share capital of SYH NP Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Cheerful Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Cheerful Trust. Cheerful Trust is a discretionary trust set up by Mr. Sean Shi and Ms. Hailey Lee as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Sean Shi and Ms. Hailey Lee (as the founders of the Cheerful Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by SYH NP Ltd. under the SFO

“US\$”	United States dollars, the lawful currency of the United States
“Warehouse Storage and Logistics Service Agreement”	the warehouse storage and logistics service agreement dated December 7, 2020 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 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 36.9% by ZY WH LTD and approximately 13.0% by SP 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 Master Purchase Agreements”	the master purchase agreement entered into among Haidilao Singapore and Yihai Group (each for itself and on behalf of its subsidiaries) on December 7, 2020, 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, 2023
“Yihai Retail Products”	the hot pot flavoring 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. The entire share capital of ZY NP Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Apple Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Apple Trust. 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 families. Mr. Zhang Yong (as the founder of the Apple Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by ZY NP Ltd. under the SFO

“%”

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, October 17, 2023

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Yong as the Chairman and Executive Director; Ms. June Yang Lijuan, Mr. Li Peng, Ms. Song Qing and Ms. Gao Jie as Executive Directors, Mr. Zhou Zhaocheng as Non-executive Director and Dr. Chua Sin Bin, Mr. Hee Theng Fong, Mr. Qi Daqing, Dr. Ma Weihua and Mr. Wu Xiaoguang as Independent Non-executive Directors.