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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)

CONNECTED TRANSACTION SHARE TRANSFER AGREEMENT

The Board is pleased to announce that, on October 31, 2023, Newpai, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Haidilao Japan, a wholly-owned subsidiary of Super Hi, pursuant to which Haidilao Japan agreed to sell and Newpai agreed to purchase all the equity interest in JAPAN HAI held by Haidilao Japan at a consideration of JPY2,600,000,000 (equivalent to approximately USD17,388,978). Upon completion of the Share Transfer, JAPAN HAI will become a wholly-owned subsidiary of the Company.

Haidilao Japan is a wholly-owned subsidiary of Super Hi, which is an associate of our controlling shareholders, Mr. Zhang Yong and Ms. Shu Ping. Therefore, Haidilao Japan is a connected person of the Company, and the transaction contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Share Transfer Agreement is more than 0.1% but less than 5%, the transaction contemplated thereunder is subject to reporting, annual review and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. SHARE TRANSFER AGREEMENT

The Board is pleased to announce that, on October 31, 2023, Newpai, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Haidilao Japan, a wholly-owned subsidiary of Super Hi, pursuant to which Haidilao Japan agreed to sell and Newpai agreed to purchase all the equity interest in JAPAN HAI held by Haidilao Japan at a consideration of JPY2,600,000,000 (equivalent to approximately USD17,388,978). Upon completion of the Share Transfer, JAPAN HAI will become a wholly-owned subsidiary of the Company.

The major terms of the Share Transfer Agreement are summarized as below.

Date

October 31, 2023

Parties

- (1) Haidilao Japan (as seller), a wholly-owned subsidiary of Super Hi
- (2) Newpai (as purchaser), a wholly-owned subsidiary of the Company

Target

Pursuant to the Share Transfer Agreement, Haidilao Japan agreed to sell and Newpai agreed to acquire all the equity interest in JAPAN HAI held by Haidilao Japan, representing 100% of the issued shares of JAPAN HAI.

Consideration

The total consideration for the Share Transfer is JPY2,600,000,000 (equivalent to approximately USD17,388,978), which was determined between the parties through arm's length negotiation with reference to the Valuation Report issued by an independent third party. Based on the valuation standard widely adopted in Japan, the valuation was conducted using modified net asset method. According to the Valuation Report, as at August 31, 2023, the book value of JAPAN HAI's net assets was JPY2,705,302,000 (equivalent to approximately USD18,093,245) and the appraised value of JAPAN HAI was JPY2,599,767,000 (equivalent to approximately USD17,387,420).

The consideration for the Share Transfer shall be paid in cash within 30 days from the date of the Share Transfer Agreement.

2. INFORMATION ABOUT THE TARGET COMPANY

JAPAN HAI was incorporated by Haidilao Japan in Japan on September 15, 2023 with a registered capital of JPY50,000,000. It primarily engages in hotel management and operation in Japan and holds the license for developing hot springs in Japan. As of the date of this announcement, JAPAN HAI owns and manages a hotel located in Karuizawa, Nagano Prefecture, Japan. Prior to the incorporation of JAPAN HAI, such hotel business and license were directly held by Haidilao Japan. The financial information of such hotel business for the two financial years ended December 31, 2021 and 2022 is set out below:

	For the year ended December 31,	
	2021	2022
	<i>(USD, million)</i>	
Revenue of Haidilao Japan contributed from hotel business	0.55	0.60
Loss before tax contributed from hotel business	(0.82)	(0.63)
Loss after tax contributed from hotel business	(0.82)	(0.63)

3. INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the hot pot restaurant business and other catering business. Newpai is a limited liability company incorporated in the British Virgin Islands as an investment holding platform and a wholly-owned subsidiary of the Company.

Super Hi is a self-operated restaurant brand, primarily serving Haidilao hot pot in the international market outside Greater China. Haidilao Japan is a company incorporated in Japan on September 3, 2014 and a wholly-owned subsidiary of Super Hi. It principally conducts restaurant management business and manages 10 restaurants in Japan as of the date of this announcement.

4. REASONS FOR THE TRANSACTION

Over the past few years, the Group has proactively responded to the impact of COVID-19 on the restaurant industry and focused on improving our restaurant performance. Through the implementation of effective measures such as the “Woodpecker” plan and the “Hard Bone” plan, the Group achieved a net profit of RMB2,258.9 million for the six months ended June 30, 2023. Based on the Group’s positive financial performance, the Group further seeks investment and acquisition opportunities to diversify our revenue sources and strengthen our brand building. JAPAN HAI currently operates the hotel business in Japan and holds the license for developing hot spring business in Japan. It plans to develop a hybrid hot spring resort to be completed in 2027. The Group believes that the hotel business operated by JAPAN HAI has potential for future growth as the tourism industry recovers and tourist arrivals increase. Although the hot spring resort is not our main business, the service philosophy and proven management operations of the Group can help JAPAN HAI to better utilize its competitive advantages. In addition, the hot spring resort will be able to provide value-added services for our Haidilao members and loyal customers in the future, increasing the consumption scenarios to meet the diversified needs of consumers. The hot spring resort will also be utilized for hosting conferences as well as promoting our corporate culture, which is beneficial to the further diversification of our brand image and advancement of our progress to capture the evolving international market opportunities in a broader consumer industry.

Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that the Share Transfer Agreement has been entered into on normal commercial terms and that the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

5. APPROVAL BY THE BOARD

Mr. Zhang Yong, as a controlling shareholder of Super Hi, and Mr. Zhou Zhaocheng, as an executive director of Super Hi, have abstained from voting on the Board resolutions approving the transaction contemplated under the Share Transfer Agreement. Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the Share Transfer Agreement, and no other Director has abstained from voting on the relevant Board resolutions approving the Share Transfer Agreement and the transaction contemplated thereunder.

6. LISTING RULES IMPLICATIONS

Haidilao Japan is a wholly-owned subsidiary of Super Hi, which is an associate of our controlling shareholders, Mr. Zhang Yong and Ms. Shu Ping. Therefore, Haidilao Japan is a connected person of the Company, and the transaction contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Share Transfer Agreement is more than 0.1% but less than 5%, the transaction contemplated thereunder is subject to reporting, annual review and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. DEFINITIONS

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

“Board”	the board of Directors of the Company
“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, whose Shares are listed on the main board of the Stock Exchange with stock code 6862
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Greater China”	the mainland China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“Haidilao Japan”	HAIDILAO JAPAN CO., LTD., a company incorporated in Japan on September 3, 2014 with a share capital of JPY50,000,000 and a wholly-owned subsidiary of Super Hi
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JAPAN HAI”	Japan HAI Co., Ltd., a company incorporated in Japan on September 15, 2023 with a registered capital of JPY50,000,000 and a wholly-owned subsidiary of Super Hi, or, where the context so requires, in respect of the period before JAPAN HAI's incorporation, the hotel businesses operated by Haidilao Japan (as the case may be)
“JPY”	Japanese Yen, the lawful currency of Japan

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Newpai”	Newpai Ltd., a limited liability company incorporated in the British Virgin Islands on July 15, 2015 and a wholly-owned subsidiary of our Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, China; Macau, China; and Taiwan, China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer”	the transfer of all the equity interest in JAPAN HAI held by Haidilao Japan to Newpai
“Share Transfer Agreement”	the share transfer agreement entered into between Newpai and Haidilao Japan on October 31, 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Hi”	SUPER HI INTERNATIONAL HOLDING LTD. (特海国际控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on May 6, 2022, the shares of which are listed on the main board of the Stock Exchange (stock code: 9658)
“USD”	United States dollars, the lawful currency of the United States
“Valuation Report”	the valuation report dated October 2, 2023 prepared by Daiwa Real Estate Appraisal Co., Ltd., an independent asset appraiser, with respect to JAPAN HAI
“%”	per cent

For illustration purpose, amounts in JPY in this announcement have been translated into USD at the prevailing exchange rate of USD1 = JPY149.52. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in USD or JPY have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, October 31, 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.