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Xiabuxiabu Catering Management (China) Holdings Co., Ltd.

呷哺呷哺餐飲管理(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 520)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF INTEREST IN AN INVESTMENT FUND

THE SUBSCRIPTION

The Board is pleased to announce that on 26 March 2019 (after trading hours), Xiabuxiabu Restaurant Management (Shanghai), a directly wholly-owned subsidiary of the Company (the “**Fund Investor**”) and HT Cathay Rock (the “**Fund Manager**”), and China Merchants Securities (the “**Fund Custodian**”) entered into the Hang Tang Wealth Secure Number 26 Private Equity Investment Fund Contract (恒天財富穩裕26號私募投資基金基金合同) (the “**Fund Contract**”), pursuant to which the Fund Investor has applied to subscribe for the shares at the amount of RMB160.0 million. The Investment Fund is managed by the Fund Manager with the objective of generating steady, continual and long term capital appreciation for its shareholders.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

The Board is pleased to announce that on 26 March 2019 (after trading hours), the Fund Investor has entered into the Fund Contract with the Fund Manager and the Fund Custodian.

FUND CONTRACT

The principal terms of the Fund Contract are as follows:

Date

26 March 2019

Parties to the Fund Contract

- (1) The directly wholly-owned subsidiary of the Company as the Fund Investor;
- (2) HT Cathay Rock as the Fund Manager; and
- (3) China Merchants Securities as the Fund Custodian.

Fund Name

Hang Tang Wealth Secure Number 26 Private Equity Investment Fund (恒天財富穩裕26號私募投資基金)

Mode of Operation

Open operation during the term of the Investment Fund

Minimum Size of the Investment Fund

During the term of the Investment Fund, the minimum size shall not be lower than RMB1.0 million.

Place of Registration

The PRC

Capital Investment Amount

The Fund Investor has agreed to subscribe for the shares of the Investment Fund at the amount of RMB160.0 million. The Company funded the Subscription utilizing idle cash of the Group and the Subscription amount will be transferred to the Fund Manager on the date of the Fund Contract.

Investment Objective and Scope

To generate steady, continual and long term capital appreciation for its shareholders and the Investment Fund will seek to achieve the investment objective primarily by investing in the Hang Tang Wealth Secure Private Equity Fund, and supplemented by investing idle funds in monetary funds, bank issued wealth management products, bank deposits, and contractual private equity funds managed by private equity fund managers who are registered with the fund industry association and managed by relevant qualifying agencies.

Fund Manager

HT Cathay Rock

Fund Custodian

China Merchants Securities

Filling of the Fund

The Fund Manager shall handle the fund filing and registration procedures with the Asset Management Association of China within 20 working days after establishment of the Investment Fund. The Investment Fund will only carry out investment operation after completion of the filing and registration procedures with Asset Management Association of China.

Redemption

The Investment Fund's open day is 26th of each month (if the 26th falls on a date that is not a business day, then the open day will be automatically extended to the next business day). The open day allows fund investors to subscribe and redeem the Investment Fund, except when the Fund Manager issues a suspension of subscription or redemption notice in accordance with relevant laws and regulations or under the requirements of the China Securities Regulatory Commission or under the provisions of the Fund Contract. The Fund Manager may add an open day on a temporary basis in observance of the actual situation (the number of the temporary open days shall not exceed 4 working days during each calendar year in general, and the temporary open day shall not be opened on 2 consecutive working days). The specific opening date is subject to Fund Manager's notice.

Investment Return

The annualized benchmark rate of return of the Investment Fund is 4.8%, and the Investment Fund is categorised as a stable investment suitable for qualified investors with stable, balanced and enterprising risk identification and assessment abilities.

Based on the expected redemption date of 29 April 2019 and the benchmark rate of return, the Company expects to generate an income of approximately RMB0.69 million.

Initial Nominal Value

RMB1.00

Subscription Fee of the Investment Fund

No subscription fee

Management Fee of the Investment Fund

No management fee

Custodian Fee of the Investment Fund

No custodian fee

Investment Term

The proposed term of the Fund Contract shall be 33 days, as the Fund Investor will redeem the Subscription on the thirty-third day of the Fund Contract, which is 29 April 2019.

Distribution of Profits

(1) Composition of fund profits

Fund profit refers to the balance of the Fund's interest income, investment income, profits and losses from changes in fair value and other income deductions subtracting relevant expenses. The Fund has realized a balance with the Fund's profit subtracting the profits and losses from changes in fair value.

(2) Distribution principles of the fund income

- i) In the event the net value of the fund share is greater than RMB1.00, the Fund Manager shall distribute the profits of the Fund on each of the open day. If the Fund Manager distributes the profits, all the profits above RMB1.00 must be distributed to the shareholders (realizing the restoration of the net value of the share to RMB1.00);
- ii) The Fund may distribute profits up to 12 times per calendar year;
- iii) The profits of the Fund are distributed as cash dividends;
- iv) After the fund profits are distributed, the net value of the fund share shall equal to the face value;
- v) Each unit of the fund share enjoys the same distribution rights;
- vi) For the calculation method on accrual of performance remuneration at the time of distribution, please refer to the correlation sections on performance remuneration in Chapter XVII, section 2.4;
- vii) Where the laws, regulations or regulatory authorities stipulate otherwise, the relevant laws, regulations or regulatory authorities stipulations shall prevail.

(3) Income distribution plan

The plan on distribution of profits shall include, as at the distribution date, the available profit for distribution, distribution targets, distribution time, distribution amount and proportion, distribution method and etc.

Listing Rules implications

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Fund Contract entered into amongst the Fund Investor, HT Cathay Rock and China Merchants Securities concerning the Subscription is more than 5% but all are less than 25%, the Subscription of the Investment Fund's shares constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

As at the date of this announcement, the Company does not hold any other interest in any other investment funds managed by HT Cathay Rock.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription was made for treasury management purpose to maximize the return on the unutilized funds of the Company after taking into account, among others, the level of risk, return on investment and the term to maturity. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products.

The Investment Fund is categorised as an stable investment that has relatively low associated risks managed by a reputable private equity fund. The underlying investments of the Investment Fund were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group as the Company had, in the past, totally recovered the principal and received the expected returns upon the redemption of the fund investments, which nature are very similar to the Investment Fund's investment policies. In addition, the Fund Contract is with a flexible redemption option, and which is considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return. However, in accordance with the relevant accounting standards, the Subscription will be accounted for as short-term investments in the consolidated financial statements of the Company.

In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the relatively low risk nature and flexible redemption option of the Fund, the Directors are of the view that the Subscription poses little risk to the Group and the terms and conditions of the Fund Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION ON THE PARTIES

The Company

The Company is incorporated in the Cayman Islands as an exempted company with limited liability whose shares is listed on the main board of the Stock Exchange. The Group is a leading casual restaurant operator in China, focusing primarily on providing bar-style hotpot cuisine and offering customers a casual dining experience.

Xiabuxiabu Restaurant Management (Shanghai)

Xiabuxiabu Restaurant Management (Shanghai) is a directly wholly-owned subsidiary of the Company. It is incorporated in the PRC with limited liability, and is a leading casual restaurant operator in China, focusing primarily on providing bar-style hotpot cuisine and offering customers a casual dining experience.

HT Cathay Rock

HT Cathay Rock is a company incorporated the PRC with limited liability. HT Cathay Rock is a registered fund manager with the Asset Management Association of China, dedicated in asset management and committed to create a sustainable, stable and good return on investment for their clients, helping their clients achieve the preservation and appreciation of wealth.

China Merchants Securities

China Merchants Securities is incorporated the PRC with limited liability whose shares is listed in the Shanghai Securities Exchange. China Merchants Securities provides investors with all-round professional services of securities investment and financing, including securities trading, securities financing and loan, securities issuance and underwriting, merger & acquisition, asset restructuring, financial consultation, asset management, asset custody and fund administration and investment consultation.

DEFINITIONS

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

“Board”	the board of Directors
“China Merchants Securities”	China Merchants Securities Co., Ltd. (招商證券股份有限公司), a company incorporated in the PRC with limited liability, and an independent third party
“Company”	Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (呷哺呷哺餐飲管理(中國)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 May 2008
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Fund” or “Investment Fund”	Hang Tang Wealth Secure Number 26 Private Equity Fund (恒天財富穩裕26號私募投資基金) managed by HT Cathay Rock

“Fund Contract”	the Fund Contract entered into amongst the Fund Investor, HT Cathay Rock and China Merchants Securities in respect of the Subscription
“Fund Custodian”	China Merchants Securities
“Fund Investor”	Xiabuxiabu Restaurant Management (Shanghai)
“Fund Manager”	HT Cathay Rock
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HT Cathay Rock”	HT Cathay Rock Investment Management Co., Ltd. (恒天中岩投資管理有限公司), a company registered in the PRC with limited liability, also a registered fund manager with the Asset Management Association of China, and an independent third party
“independent third party”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associate(s)
“Investment Term”	the proposed term of the fund investment, during which the Fund Investor is expected to generate return, if any
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Fund Investor of the shares of the Investment Fund in accordance with the Fund Contract

“Xiabuxiabu Restaurant Management (Shanghai)” Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd. (呷哺呷哺餐飲管理（上海）有限公司), a directly wholly-owned subsidiary of the Company, incorporated in the PRC with limited liability on 10 June 2010

By order of the Board
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
HO Kuang-Chi
Chairman

Hong Kong, 26 March 2019

As at the date of this announcement, the Board comprises Mr. HO Kuang-Chi and Ms. YANG Shuling as executive Directors; Ms. CHEN Su-Yin and Mr. ZHANG Chi (Ms. LI Jie as his alternate) as non-executive Directors; and Ms. HSIEH Lily Hui-yun, Mr. HON Ping Cho Terence and Ms. CHEUNG Sze Man as independent non-executive Directors.