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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Haidilao International Holding Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) CONNECTED TRANSACTION INVOLVING GRANT OF  
SHARES TO CONNECTED PERSONS  
UNDER SHARE AWARD SCHEME  
PURSUANT TO SPECIFIC MANDATE  
AND  
(2) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING  
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD  
COMMITTEE AND THE INDEPENDENT SHAREHOLDERS



The notice convening the Annual General Meeting of Haidilao International Holding Ltd. was published by the Company on April 27, 2021 and a supplemental notice of Annual General Meeting is set out on pages 49 to 51 of this circular. The AGM will be held at 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou Town, Changping District, Beijing, PRC on Friday, June 11, 2021 at 10:00 a.m. A supplementary form of proxy for use at the Annual General Meeting is also enclosed.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting if they so wish.

The English and Chinese versions of this circular and the accompanying form of proxy are available on the Company's website at [www.haidilao.com](http://www.haidilao.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

### PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of the Shareholders and to prevent the spread of the COVID-19 pandemic at the AGM venue, the following precautionary measures will be implemented at the AGM:

1. compulsory body temperature checks on each attendee;
2. compulsory health declaration by each attendee;
3. compulsory wearing of a surgical face mask by each attendee;
4. physical distancing at the venue; and
5. no distribution of refreshments or drinks, or corporate gifts or gift coupons.

Shareholders are advised to read page 42 of this circular for further details of the precautionary measures for the AGM.

Any person who, among other things, does not comply with the precautionary measures will be denied entry to the AGM venue. In view of the evolving COVID-19 pandemic situation, the Company may be required to change the meeting arrangement at short notice. Shareholders should constantly visit the websites of the Stock Exchange and the Company for further announcements and updates on the meeting arrangements. The Company reminds the Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

May 21, 2021

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## DEFINITIONS

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

“Announcements”	the announcement of the Company dated October 8, 2019 in relation to the adoption of the Share Award Scheme and appointment of trustee and the announcement of the Company dated May 20, 2021 in relation to the Grant
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou Town, Changping District, Beijing, PRC on Friday, June 11, 2021 at 10:00 a.m., to consider and, if thought fit, to approve the resolutions contained in the notice of the meeting published by the Company on April 27, 2021, and for the Independent Shareholders to consider, and if thought fit, to approve the resolutions contained in the supplemental notice of meeting as set out on pages 49 to 51 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region and Taiwan
“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
“Connected Grantee(s)”	the Grantee(s) who is/are connected person(s) of the Company, where “connected person(s)” has the meaning ascribed thereto under the Listing Rules
“Connected Shares”	15,900,000 Shares proposed to be granted by the Company to the Connected Grantees
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Eligible Participant(s)”	any individual, being an Employee, a director, an adviser or a consultant of any member of the Group who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term Eligible Person
“Employee”	any employee (whether full-time or part-time employee) of any members of the Group provided that the Grantee shall not cease to be an Employee in the case of (a) any leave or absence approved by the Company; or (b) transfer amongst the Company or any successor, and provided further that an Employee shall, for the avoidance of doubt, cease to be an Employee with effect from (and including) the date of termination of his employment
“First Shanghai” or “Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the issue and allotment of Connected Shares
“Fuhai”	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 Latest Practicable Date
“Grant”	the grant of the Grant Shares to the Grantees on May 20, 2021
“Grant Date”	May 20, 2021
“Grant Shares”	an aggregate of 159,000,000 Shares to be granted to the Grantees pursuant to the Grant

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## DEFINITIONS

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“Grantee(s)”	the selected participant(s) granted or proposed to be granted the Grant Shares under the Scheme
“Group”	the Company and its subsidiaries
“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 board committee of the Board comprising Dr. Chua Sin Bin, Mr. Hee Theng Fong and Mr. Qi Daqing, the independent non-executive Directors who are not Connected Grantees, established for the purpose of advising the Independent Shareholders on the issue and allotment of the Connected Shares to the Connected Grantees, the Specific Mandate and transactions contemplated thereunder
“Independent Shareholders”	independent Shareholders other than the Connected Grantees and their respective associates
“Latest Practicable Date”	May 20, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Non-connected Grantee(s)”	the Grantee(s) who are not connected person(s) of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme” or “Share Award Scheme”	the share award scheme adopted by the Company in accordance with the Scheme Rules on October 8, 2019
“Scheme Rules”	the rules of the Scheme as amended from time to time

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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 registered holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the Annual General Meeting to grant the authority to the Board for the issue and allotment of the Connected Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission as amended from time to time
“Trustee”	the trustee for the time being of the Scheme, being Computershare Hong Kong Trustees Limited (which is independent and not connected with the Company and connected persons of the Company)
“US”	The United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“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)
“Yihai Shanghai”	Yihai (Shanghai) Food Co., Ltd. (頤海(上海)食品有限公司), a wholly-owned subsidiary of Yihai

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## DEFINITIONS

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“2020 AGM”	the annual general meeting of the Company held on May 27, 2020
“2020 General Mandate”	the general mandate approved and granted by the Shareholders to the Directors to issue, allot and otherwise deal with new Shares at the 2020 AGM
“%”	per cent.



**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)**

***Executive Directors:***

Mr. Zhang Yong (*Chairman*)

Mr. Shi Yonghong

Mr. Zhou Zhaocheng

Ms. Gao Jie

***Registered Office:***

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

***Non-executive Director:***

Ms. Shu Ping

***Corporate Headquarters in the PRC:***

7th Floor, No. 1 Building

No. 398 Yard, Zhongdong Road

Dongxiaokou Town, Changping district

Beijing, PRC

***Independent non-executive Directors:***

Dr. Chua Sin Bin

Mr. Hee Theng Fong

Mr. Qi Daqing

***Principal Place of Business in***

***Hong Kong:***

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai, Hong Kong

May 21, 2021

*To the Shareholders*

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION INVOLVING GRANT OF  
SHARES TO CONNECTED PERSONS  
UNDER SHARE AWARD SCHEME  
PURSUANT TO SPECIFIC MANDATE**

**AND**

**(2) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcements.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the proposed grant of Connected Shares and the Specific Mandate; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders;



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## LETTER FROM THE BOARD

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(iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the issue and allotment of Connected Shares to the Connected Grantees; and (iv) information in respect of certain resolutions to be proposed at the Annual General Meeting.

First Shanghai has been appointed as the Independent Financial Adviser to advise the Independent Shareholders in relation to the grant of Connected Shares to the Connected Grantees.

### **CONNECTED TRANSACTION INVOLVING GRANT OF SHARES TO CONNECTED PERSONS UNDER SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE**

On May 20, 2021, the Board has resolved to grant an aggregate of 159,000,000 Shares to the Grantees, of which (i) 143,100,000 Shares are granted to over 1,500 Non-connected Grantees and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2020 General Mandate and in accordance with the terms of the Scheme Rules; and (ii) 15,900,000 Shares are proposed to be granted to 17 Connected Grantees and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the Specific Mandate and in accordance with the terms of the Scheme Rules. The Grantees include, among others, the management members, regional coordinating coaches, some of the group leaders and the restaurant managers, some of the key business and technical personnel, and were selected based on their roles, responsibilities, years of service, work experience, contributions, remuneration packages and prevailing compensation of similar positions in the market. The Connected Grantees and the Non-connected Grantees were determined based on the same criteria.

The new Shares so issued will be held on trust for the Grantees until the end of each vesting period which may differ among the Grantees and be transferred to the Grantees upon satisfaction of the relevant vesting conditions as specified by the Board at the time of making the Grant. The Board has established an incentive evaluation committee and drafted specific vesting conditions (mainly including future performance indicators and contributions to the Group's innovative projects, etc.). Whether the incentive shares are vested in the Grantees will be determined based on whether the corresponding vesting conditions are met. The vesting period will be ten years from the Grant Date. Based on the closing price of HK\$44.00 per Share as quoted on the Stock Exchange as of May 20, 2021, being the Grant Date and the Latest Practicable Date, the market value of 143,100,000 new Shares to be issued and allotted to the Non-connected Grantees, and the 15,900,000 new Shares to be issued and allotted to the Connected Grantees are HK\$6,296.40 million and HK\$699.60 million, respectively. The aggregate nominal value of the new Shares is US\$795. The average closing price of the Shares for the five consecutive trading days immediately preceding the Grant Date as quoted on the Stock Exchange is approximately HK\$44.43 per Share.

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## LETTER FROM THE BOARD

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Upon the issue and allotment of the new Shares, the Trustee will hold the new Shares in trust for the Grantees and such new Shares shall be vested as set out below.

### Conditions precedent

The issue and allotment of the Connected Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the Annual General Meeting in respect of the issue and allotment of the Connected Shares, the Specific Mandate and the transactions contemplated therein; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Shares.

### Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, an aggregate of 15,900,000 new Connected Shares.

The new Connected Shares will be issued and allotted to the Connected Grantees with details as follows:

Name of the Connected Grantees	Position	Number of Connected Shares	Approximate market value of the Connected Shares as of May 20, 2021 HK\$ (Note 1)	Approximate percentage of total number of Shares in issue as of the Latest Practicable Date
Zhang Yong (張勇)	Executive Director	1,987,500	87,450,000	0.04%
Shi Yonghong (施永宏)	Executive Director	1,987,500	87,450,000	0.04%
Zhou Zhaocheng (周兆呈)	Executive Director	1,987,500	87,450,000	0.04%
Gao Jie (高潔)	Executive Director	1,987,500	87,450,000	0.04%
Shao Zhidong (邵志東)	Chief information officer, coach and director of subsidiaries of the Company	795,000	34,980,000	0.02%

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**LETTER FROM THE BOARD**

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Name of the Connected Grantees	Position	Number of Connected Shares	Approximate market value of the Connected Shares as of May 20, 2021 HK\$ (Note 1)	Approximate percentage of total number of Shares in issue as of the Latest Practicable Date
Yang Li (楊立)	Coach and director of subsidiaries of the Company	795,000	34,980,000	0.02%
Yang Hua (楊華)	Regional coordinating coach and director of subsidiaries of the Company	795,000	34,980,000	0.02%
Xie Ying (謝英)	Coach and chief executive of subsidiaries of the Company	795,000	34,980,000	0.02%
Song Qing (宋青)	Regional coordinating coach and director of subsidiaries of the Company	795,000	34,980,000	0.02%
Liu Linyi (劉林毅)	Regional coordinating coach and director of subsidiaries of the Company	795,000	34,980,000	0.02%
Liang Yangbing (梁楊兵)	Coach, director and chief executive of subsidiaries of the Company	795,000	34,980,000	0.02%
Li Yu (李瑜)	Regional coordinating coach, group leader, director and chief executive of subsidiaries of the Company	397,500	17,490,000	0.01%

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## LETTER FROM THE BOARD

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Name of the Connected Grantees	Position	Number of Connected Shares	Approximate market value of the Connected Shares as of May 20, 2021 HK\$ (Note 1)	Approximate percentage of total number of Shares in issue as of the Latest Practicable Date
Jiang Bingyu (蔣冰遇)	Regional coordinating coach, group leader and director of subsidiaries of the Company	397,500	17,490,000	0.01%
Wang Jinping (王金平)	Regional coordinating coach, group leader and director of subsidiaries of the Company	397,500	17,490,000	0.01%
Miao Xiqing (苗喜慶)	Group leader and chief executive of subsidiaries of the Company	397,500	17,490,000	0.01%
Zhang Xiaojun (張小軍)	Regional coordinating coach, group leader and director of subsidiaries of the Company	397,500	17,490,000	0.01%
Li Min (李敏)	Regional coordinating coach, group leader and director of subsidiaries of the Company	397,500	17,490,000	0.01%
<b>Total Connected Shares</b>		<b><u>15,900,000</u></b>	<b><u>699,600,000</u></b>	<b><u>0.30%</u></b>

Notes:

- The market value of the Connected Shares is calculated based on the closing market price of HK\$44.00 per Share as of May 20, 2021, being the Grant Date and the Latest Practicable Date.

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## LETTER FROM THE BOARD

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A total of 15,900,000 new Connected Shares to be issued and allotted by the Company, represent (i) approximately 0.30% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.29% of the total number of Shares in issue as enlarged by the issue and allotment of the new Connected Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the issue and allotment of the new Connected Shares).

The grant of the Connected Shares to the Connected Grantees has been approved by the Board. The Board determined the Grantees (including the Connected Grantees) and the number of Shares granted to each of them with reference to their respective roles, responsibilities (especially the restaurants, region or the business segment they are responsible for), years of services, work experience, contributions (especially the operating performance of the restaurants, region or the business segment they are responsible for), remuneration packages and prevailing compensation of similar positions in the market.

The positions, roles, responsibilities and years of services of the Connected Grantees of the Group are set out as follows:

Name of the Connected Grantees	Position	Years of Service	Responsibility <sup>Note</sup>
Zhang Yong (張勇)	Executive Director	27	Overseeing the management and strategic development of the Group
Shi Yonghong (施永宏)	Executive Director	27	Participating in and supervising the management and strategic development of the Group
Zhou Zhaocheng (周兆呈)	Executive Director	3	Assisting the chief executive officer in developing our growth strategy and is responsible for risk control and legal affairs, brand and public relationship of our Group
Gao Jie (高潔)	Executive Director	4	Operation of the Haidilao APP and the membership system
Shao Zhidong (邵志東)	Chief information officer, coach and director of subsidiaries of the Company	11	Technology innovation and development of the Group
Yang Li (楊立)	Coach and director of subsidiaries of the Company	9	Technology innovation and development of the Group

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## LETTER FROM THE BOARD

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Name of the Connected Grantees	Position	Years of Service	Responsibility <sup>Note</sup>
Yang Hua (楊華)	Regional coordinating coach and director of subsidiaries of the Company	21	Managing and being responsible of the overall operation of 203 restaurants located in mainland China
Xie Ying (謝英)	Coach and chief executive of subsidiaries of the Company	22	Operation of the delivery business of the Group
Song Qing (宋青)	Regional coordinating coach and director of subsidiaries of the Company	20	Managing and being responsible of the overall operation of 129 restaurants located in mainland China
Liu Linyi (劉林毅)	Regional coordinating coach and director of subsidiaries of the Company	17	Managing and being responsible of the overall operation of 201 restaurants located in mainland China
Liang Yangbing (梁楊兵)	Coach, director and chief executive of subsidiaries of the Company	22	In charge of the fast food business of the Company
Li Yu (李瑜)	Regional coordinating coach, group leader, director and chief executive of subsidiaries of the Company	13	Managing and being responsible of the overall operation of 40 restaurants located in Taiwan and overseas

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## LETTER FROM THE BOARD

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Name of the Connected Grantees	Position	Years of Service	Responsibility <sup>Note</sup>
Jiang Bingyu (蔣冰遇)	Regional coordinating coach, group leader and director of subsidiaries of the Company	11	Managing and being responsible of the overall operation of 30 overseas restaurants
Wang Jinping (王金平)	Regional coordinating coach, group leader and director of subsidiaries of the Company	13	Managing and being responsible of the overall operation of 33 overseas restaurants
Miao Xiqing (苗喜慶)	Group leader and chief executive of subsidiaries of the Company	13	In charge of the regional supply chain management and product selection
Zhang Xiaojun (張小軍)	Regional coordinating coach, group leader and director of subsidiaries of the Company	14	Managing and being responsible of the overall operation of 6 restaurants located in Hong Kong and Macau
Li Min (李敏)	Regional coordinating coach, group leader and director of subsidiaries of the Company	7	Managing and being responsible of the overall operation of 23 overseas restaurants

*Note:* The table above sets forth the responsibilities (including the number of responsible restaurants) of the Connected Grantees as of the Latest Practicable Date, which may be further adjusted in accordance with the Group's expansion plan and the performance of such Connected Grantees.

## LETTER FROM THE BOARD

The shareholding effects of the Grant as of the Latest Practicable Date and immediately after the issue, allotment and full vesting of the Grant Shares (assuming no other change in the issued share capital of the Company other than the issue, allotment and full vesting of the Shares) is as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Grant Shares (assuming no other change in the issued share capital of the Company)	
	No. of Shares	%	No. of Shares	%
ZY NP Ltd. <sup>(1)</sup>	3,201,539,229 (L)	60.41%	3,201,539,229 (L)	58.65%
NP United Holding Ltd. <sup>(1)</sup>	1,801,970,108 (L)	34.00%	1,801,970,108 (L)	33.01%
SYH NP Ltd. <sup>(2)</sup>	434,462,014 (L)	8.20%	434,462,014 (L)	7.96%
SP NP Ltd. <sup>(3)</sup>	410,962,014 (L)	7.75%	410,962,014 (L)	7.53%
LHY NP Ltd. <sup>(4)</sup>	335,962,014 (L)	6.34%	335,962,014 (L)	6.15%
<b>Connected Grantees</b>				
Zhang Yong (張勇) <sup>(1),(2) and (3)</sup>	3,612,501,243 (L)	68.16%	3,614,488,743 (L)	66.21%
Shi Yonghong (施永宏) <sup>(2) and (4)</sup>	770,424,028 (L)	14.54%	772,411,528 (L)	14.15%
Zhou Zhaocheng (周兆呈) <sup>(5)</sup>	100,000 (L)	0.00%	2,087,500 (L)	0.04%
Gao Jie (高潔)	0	0.00%	1,987,500 (L)	0.04%
Shao Zhidong (邵志東)	0	0.00%	795,000 (L)	0.01%
Yang Li (楊立)	0	0.00%	795,000 (L)	0.01%
Yang Hua (楊華)	0	0.00%	795,000 (L)	0.01%
Xie Ying (謝英)	0	0.00%	795,000 (L)	0.01%
Song Qing (宋青)	0	0.00%	795,000 (L)	0.01%
Liu Linyi (劉林毅)	0	0.00%	795,000 (L)	0.01%
Liang Yangbing (梁楊兵)	0	0.00%	795,000 (L)	0.01%
Li Yu (李瑜)	0	0.00%	397,500 (L)	0.01%
Jiang Bingyu (蔣冰遇)	0	0.00%	397,500 (L)	0.01%
Wang Jinping (王金平)	0	0.00%	397,500 (L)	0.01%
Miao Xiqing (苗喜慶)	0	0.00%	397,500 (L)	0.01%
Zhang Xiaojun (張小軍)	0	0.00%	397,500 (L)	0.01%
Li Min (李敏)	0	0.00%	397,500 (L)	0.01%
<b>Non-connected Grantees</b>	0	0.00%	143,100,000 (L)	2.62%
<b>Public Shareholders</b>	<b>917,074,729</b>	<b>17.30%</b>	<b>1,060,174,729</b>	<b>19.42%</b>
<b>Total</b>	<b>5,300,000,000</b>	<b>100%</b>	<b>5,459,000,000</b>	<b>100%</b>

(L) denotes a long position



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## LETTER FROM THE BOARD

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*Notes:*

1. NP United Holding Ltd. is an investment holding company incorporated in the BVI and is owned as to approximately 51.778% by ZY NP Ltd. and 16.074% by each of SP NP Ltd., SYH NP Ltd. and LHY NP Ltd., respectively. Therefore, Mr. Zhang Yong, ZY NP Ltd. and UBS Trustees (B.V.I.) Limited are deemed to be interested in the Shares in which NP United Holding Ltd. is interested under the SFO.

ZY NP Ltd. is 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. 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.

2. SYH NP Ltd. is 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. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Shi Yonghong and Ms. Li Haiyan (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.
3. SP NP Ltd. is 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. 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.
4. LHY NP Ltd. is an investment holding company incorporated in the BVI. The entire share capital of LHY NP Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Cheerful Trust. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Shi Yonghong and Ms. Li Haiyan (as the founders of the Cheerful Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by LHY NP Ltd. under the SFO.
5. Mr. Zhou Zhaocheng is the spouse of Ms. Chen Ying. Therefore, Mr. Zhou Zhaocheng is deemed to be interested in the Shares owned by Ms. Chen Ying.

### REASONS FOR THE GRANT OF CONNECTED SHARES

Haidilao is a globally leading and fast-growing Chinese cuisine restaurant brand focused on hot pot cuisine. The Haidilao brand has become a cultural phenomenon in Chinese cuisine that is synonymous with an unparalleled level of service and dining experience.

The catering service industry is a labor intensive industry, and its main pain point, we believe, is achieving scalability while maintaining quality consistency and ensuring food safety. We have been addressing this challenge through our operating paradigm of “aligned interests and disciplined management” (“連住利益,鎖住管理”) – the interests of our employees are highly aligned to ours, motivating them to propel our dynamic, bottom-up driven growth, and our disciplined management ensures our strategic direction and controls food safety and other risks. The Board considers that the grant of the Shares to the Connected Grantees is to (i) recognize and reward the contributions made by Connected Grantees; (ii) encourage, motivate and retain the Connected Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Connected Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Connected

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## LETTER FROM THE BOARD

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Grantees to the Shareholders through ownership of Shares. The grant recognizes their past contribution to the Group's business performance and aims to secure their long term support and commitment to the Group which are vital to the future development of the Group. As the Group's business is undergoing rapid expansion, the Company believes that the grant of the Connected Shares to the Connected Grantees serves as an important incentive to motivate them to bring a higher return to the Company. In addition, certain of the Connected Grantees, namely Mr. Zhang Yong, Mr. Shi Yonghong, Mr. Zhou Zhaocheng, Ms. Gao Jie, Mr. Shao Zhidong, Mr. Yang Li, Ms. Yang Hua, Ms. Liu Linyi, Mr. Li Yu, Ms. Jiang Bingyu, Mr. Wang Jinping, Mr. Li Min and Ms. Song Qing are members of our innovation committee responsible for the innovation projects of the Group. Granting Connected Shares to such Connected Grantees also reflects our strategy to empower our further development with new technologies and innovative businesses.

The Board is of the view that the grant of the Connected Shares is in line with the Company's remuneration policy, which includes base salary, discretionary bonus and other benefits such as the Scheme and share options. Such grant aligns the interests of the Connected Grantees directly with the interests of the Shareholders through ownership of the Shares and helps to further encourage them to devote their efforts to the Group's development. The number of Connected Shares being granted to each Connected Grantee is being derived at based on the commercial assessment of the Board having taken into account a number of factors, including, without limitation, the roles and responsibilities, seniority, the specific expertise and relevant experiences, marketing and business strategies, financial management and human resources management, and their historical and expected contributions to the Group.

The grant of the Connected Shares serves as a discretionary bonus which forms part of their remuneration package. Each of the Connected Grantees is a core member of the Group's management and operation team who led the Company to achieve various remarkable milestones. With their great efforts, the Group has experienced growth at an unprecedented speed. In 2020, we opened 544 new Haidilao restaurants, expanding our global network to 1,298 restaurants, including 1,205 restaurants in mainland China, and 93 restaurants outside mainland China, including 14 countries and regions such as Hong Kong, Macao and Taiwan regions, Singapore, Vietnam, Malaysia, Indonesia, South Korea, Japan, the United Kingdom, the United States, Canada and Australia, making the brand of Haidilao known to more customers around the world and making Chinese catering become "branded catering" and promoting the spread of Chinese style service overseas, which depends very much on the contribution of the Connected Grantees who oversee the daily management and operations of the Group.

Further, the Company plans to continue expanding its restaurant network. It is, therefore, important for the Group to retain its executive management team and encourage them to commit in the long term into the Group's development.

It is not uncommon for companies to adopt share-based compensation (including the Share Award Scheme or share option scheme) for their key personnel and employees. Taking into account the contribution of the Directors and other key personnel and employees of the Group, the Board considers that their remuneration package are fair and reasonable.

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## LETTER FROM THE BOARD

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### ISSUE AND ALLOTMENT OF THE CONNECTED SHARES

The Company considers that the grant of Connected Shares is an appropriate incentive method and in the interest of the Company and its Shareholders as a whole. Unlike giving a cash bonus, the grant of the Shares will enable the Company to prevent cash outflow of the Group, while at the same time aligning the interests of the Connected Grantees with the Company and its Shareholders.

As a result of the issue and allotment of a total of 159,000,000 Shares, taking into account of 15,900,000 Connected Shares that may be issued, the shareholding interests of existing public Shareholders will be increased from 17.30% to approximately 19.42% of the total issued share capital of the Company as of the Latest Practicable Date, and the dilution effect on the shareholdings of the existing public Shareholders is immaterial. Accordingly, the Directors consider that the grant of the Connected Shares and the issue and allotment of new Connected Shares are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Upon the issue and allotment of the new Connected Shares, the Trustee will hold the new Shares on trust for the Connected Grantees and such new Connected Shares shall be transferred to the Connected Grantees at nil consideration until the end of each vesting period which may differ among the Connected Grantees and subject to the satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the Grant. As such, no fund will be raised by the Company as a result of the issue and allotment of the new Shares.

### LISTING RULES IMPLICATIONS

The Connected Grantees are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the proposed issue and allotment of Connected Shares to the Connected Grantees under the Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to the announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising Dr. Chua Sin Bin, Mr. Hee Theng Fong and Mr. Qi Daqing, the independent non-executive Directors who are not Connected Grantees, has been formed to advise the Independent Shareholders on the issue and allotment of the Connected Shares to the Connected Grantees.

Each of Mr. Zhang Yong, Mr. Shi Yonghong, Mr. Zhou Zhaocheng and Ms. Gao Jie has abstained from approving the relevant board resolution on the issue and allotment of the Connected Shares to them under the Scheme. Save as disclosed above, none of the other Directors had any interest in the Scheme and therefore no other Director abstained from voting on the relevant resolutions of the Board in respect of the Scheme.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Directors, save for the Connected Grantees and their respective associates, no other Shareholder is required to abstain from voting on the resolution(s) to approve, among other things, the issue and allotment of Connected Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated thereunder at the Annual General Meeting.

### ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting was published by the Company on April 27, 2021 (the “**Original AGM Notice**”) and a supplemental notice of Annual General Meeting is set out on pages 49 to 51 of this circular (the “**Supplemental AGM Notice**”). The Annual General Meeting will be convened and held at 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou Town, Changping District, Beijing, PRC on Friday, June 11, 2021 at 10:00 a.m., for the Shareholders to consider and, if thought fit, to approve the resolutions contained in the Original AGM Notice and, the resolution contained in the Supplemental AGM Notice. A supplemental form of proxy for the Annual General Meeting (the “**Supplemental Form of Proxy**”) is enclosed with this circular.

**Important Notice: The Supplemental Form of Proxy will not affect the validity of the form of proxy dated April 26, 2021 in relation to the Annual General Meeting (the “Original Form of Proxy”) in respect of the resolutions set out in the Original AGM Notice. If you have already validly appointed a proxy to act for you at the Annual General Meeting under the Original Form of Proxy but have not completed and returned the Supplemental Form of Proxy of Annual General Meeting, your proxy will have the right to vote at his/her discretion with respect to the supplemental resolutions set out in the Supplemental AGM Notice. If you do not duly complete and deliver the Original Form of Proxy but have duly completed and delivered the Supplemental Form of Proxy and validly appointed a proxy to attend and act for you at the Annual General Meeting, your proxy will be entitled to vote at his/her discretion on resolutions set out in the Original Form of Proxy.**

Shareholders who intend to appoint a proxy to attend the Annual General Meeting and to vote on the resolutions set out in the Original AGM Notice and/or the Supplemental AGM Notice are requested to complete and return the Original Form of Proxy and/or Supplemental Form of Proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Annual General Meeting (i.e. 10:00 a.m. on Wednesday, June 9, 2021) or any adjournment thereof (as the case may be). Completion and return of the Original Form of Proxy and/or Supplemental Form of Proxy shall not preclude a Shareholder from attending and voting in person at the Annual General Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

For particulars of other resolutions proposed at the Annual General Meeting, appointment of proxy and other relevant matters, please refer to the Original AGM Notice and the circular dated April 27, 2021.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors (excluding the Independent Non-executive Directors, whose views are set out in the Letter from the Independent Board Committee of this circular) are of the view that proposed issue and allotment of Connected Shares pursuant to Specific Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, such Directors recommend that you vote in favor of the relevant resolution to be proposed at the Annual General Meeting to approve relevant resolutions to be proposed at the Annual General Meeting to approve the issue and allotment of the Connected Shares, the Specific Mandate, and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the recommendations from First Shanghai, the Independent Financial Adviser, considers that the issue and allotment of Connected Shares pursuant to Specific Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the Annual General Meeting to approve relevant resolutions to be proposed at the Annual General Meeting to approve the issue and allotment of the Connected Shares, the Specific Mandate, and the transactions contemplated thereunder.

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



**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)**

May 21, 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING GRANT OF SHARES TO CONNECTED PERSONS UNDER SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE**

We refer to the circular (the “**Circular**”) dated May 21, 2021 issued by the Company of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the issue and allotment of Connected Shares and the Specific Mandate. First Shanghai has been appointed by the Company as the Independent Financial Adviser to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 21 to 41 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in Appendix I of the Circular.

After taking into account the factors and reasons considered by First Shanghai and its conclusion and advice, we concur with its views and consider that the issue and allotment of the Connected Shares and the Specific Mandate are (i) on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) conducted under the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting to approve the issue and allotment of the Connected Shares, the Specific Mandate, and the transactions contemplated thereunder.

Yours faithfully,

For an on behalf of the  
Independent Board Committee

**Dr. Chua Sin Bin**

**Mr. Hee Theng Fong**

**Mr. Qi Daqing**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter to the Independent Board Committee and the Independent Shareholders received from the Independent Financial Adviser setting out its advice and opinion in respect of the allotment and issue of the Connected Shares to the Connected Grantees, for the purpose of inclusion in this circular.*



19th Floor  
Wing On House  
71 Des Voeux Road Central  
Hong Kong

May 21, 2021

*To the Independent Board Committee and  
the Independent Shareholders*

Haidilao International Holding Ltd.  
7th Floor, No. 1 Building  
No. 398 Yard, Zhongdong Road  
Dongxiakou Town  
Changping District  
Beijing  
China

Dear Sirs,

### **CONNECTED TRANSACTION INVOLVING GRANT OF SHARES TO CONNECTED PERSONS UNDER SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Shareholders in respect of the allotment and issue of the Connected Shares to the Connected Grantees (the “**Connected Award Shares Grant**”), details of which are set out in the “Letter from the Board” contained in the circular dated May 21, 2021 (the “**Board Letter**”) issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On May 20, 2021, the Board has resolved to grant an aggregate of 159,000,000 Shares to the Grantees, of which (i) 143,100,000 Shares are granted to over 1,500 Non-Connected Grantees and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2020 General Mandate and in accordance with the terms of the Scheme Rules; and (ii) 15,900,000 Shares are proposed to be granted to 17 Connected Grantees, four of whom are executive Directors and 13 of whom are directors and/or chief executives of certain subsidiaries of the Company and hence they are therefore connected persons of the Company, and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the Specific Mandate and in accordance with the terms of the Scheme Rules. The Grantees include, among others, the management members, regional coordinating coaches, some of the group leaders and the restaurant managers, some of the key business and technical personnel, and were selected based on their roles, responsibilities, years of service, work experience, contributions, remuneration packages and prevailing compensation of similar positions in the market. The Connected Grantees and the Non-connected Grantees were determined based on the same criteria.

### LISTING RULES IMPLICATIONS

The Connected Grantees are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the proposed issue and allotment of Connected Shares to the Connected Grantees under the Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to the announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

Each of Mr. Zhang Yong, Mr. Shi Yonghong, Mr. Zhou Zhaocheng and Ms. Gao Jie has abstained from approving the relevant board resolution on the issue and allotment of the Connected Shares to them under the Scheme. Save as disclosed above, none of the other Directors had any interest in the Scheme and therefore no other Director abstained from voting on the relevant resolutions of the Board in respect of the Scheme.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Group (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, were true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management, which have been provided to us. Our opinion is based on the Directors'



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Connected Award Shares Grant. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Connected Grantees or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Connected Award Shares Grant. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or re-affirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Finally, where information in this letter has been extracted from published or otherwise publicly available sources, it is our responsibility to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **THE INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee comprising Dr. Chua Sin Bin, Mr. Hee Theng Fong and Mr. Qi Daqing, being all the three independent non-executive Directors who are not Connected Grantees, has been formed to advise the Independent Shareholders in relation to the Connected Award Shares Grant under the Share Award Scheme.

We have been appointed as the Independent Financial Adviser to advise Independent Shareholders on (i) whether the Connected Award Shares Grant is conducted in the ordinary and usual course of business of the Group; (ii) whether the terms of the Connected Award Shares Grant are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Connected Award Shares Grant is in

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Connected Award Shares Grant, the Specific Mandate and the transactions contemplated thereunder at the Annual General Meeting.

### OUR INDEPENDENCE

Independent Shareholders should note that, within the past two years from the Latest Practicable Date, we were engaged as the independent financial advisers by the Company to the then Independent Board Committee and Independent Shareholders for the provision of independent financial advice for the following two occasions:

1. new continuing connected transactions and proposed renewal of annual caps under the Shuyun Dongfang Agreements (as defined therein) in respect of 2019 and 2020, as detailed in the circular of the Company dated October 28, 2019; and
2. proposed renewal of existing non-exempt continuing connected transactions, as detailed in the circular of the Company dated December 8, 2020.

Given (i) our independent roles in the previous two engagements; (ii) none of the members of our parent group is a direct party to, or has material interest in, the Connected Award Shares Grant; and (iii) our independent financial advisory fees for this present engagement in addition to the previous two engagements represented an insignificant percentage of revenue of our parent group, we consider that the previous two engagements by the Company would not affect our independence to form our opinion this time in respect of the Connected Award Shares Grant.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Connected Award Shares Grant, we have taken into consideration the following principal factors and reasons:

#### 1. Background information of the Group

The Group (or commonly known as “Haidilao” in the PRC) is principally engaged in the hot pot restaurant operations under the well-known brand name and trademark of “Haidilao (海底捞)”, delivery business and sales of condiment products and food ingredients located in the PRC and overseas.

Haidilao is a globally leading and fast-growing Chinese cuisine restaurant brand focusing on hot pot cuisine. The Group’s “Haidilao” brand has become a cultural phenomenon in Chinese cuisine that is synonymous with an unparalleled level of service and dining experience.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on our independent review of the 2020 中國餐飲業年度報告 (2020 China Restaurant Industry Survey Report) published by 中國飯店協會 (China Restaurant Association), Haidilao was ranked first in the Chinese cuisine restaurant market in the PRC and globally in terms of revenue in 2019. Haidilao was also the fastest-growing major Chinese cuisine restaurant brand in the PRC and globally, with a strong revenue growth rate of approximately 56.5% from Year 2018 to 2019, but which inevitably slowed down in Year 2020 at merely 7.8% mainly due to the outbreak of the COVID-19 pandemic all over the world (the “**Pandemic**”). As at the end of Year 2020, the Group owned and operated 1,298 hot pot restaurants, which comprised 1,205 hot pot restaurants in the Mainland China and 93 hot pot restaurants in Hong Kong, Macao and Taiwan regions, and internationally in Singapore, Vietnam, Malaysia, Indonesia, South Korea, Japan, the United Kingdom, the United States of America, Canada and Australia.

Haidilao had served more than 250 million customers in Year 2020, with an average annual table turnover rate of 3.5 times per day, and Haidilao members increased to 71 million as at December 31, 2020. The Group’s pursuit of the perfect Haidilao dining experience has become the foundation of its brand and the guiding principle of its business. The Group is a pioneer in the industry to offer services that make the dining experience more attentive, personal, comfortable and fun, that deliver to its guests that extra warmth and sincere attention services that have now become iconic to Haidilao. The Group also seeks to provide a high quality, diversified, and dynamic menu, and is constantly developing new menu items, soup bases and dipping sauces, and customizing its menu to different taste preferences to enhance guest experience.

### 2. Information on the Connected Grantees

Set out below are the details of the present position, years of services, and major responsibilities of each of the Connected Grantees together with number of the Connected Shares to be allotted and issued to each of them:

Name of the Connected Grantees	Position	Year of services	Major responsibilities (Note)	Number of Connected Shares to be granted	Approximate percentage of total Shares in issue as at the Latest Practicable Date %
Mr. Zhang Yong (張勇)	Chairman, executive Director and chief executive officer	Founder since 1994 (27)	Overseeing the management and strategic development of the Group	1,987,500	0.04

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of the Connected Grantees	Position	Year of services	Major responsibilities (Note)	Number of Connected Shares to be granted	Approximate percentage of total Shares in issue as at the Latest Practicable Date %
Mr. Shi Yonghong (施永宏)	Executive Director	Founder since 1994 (27)	Participating in and supervising the management and strategic development of the Group	1,987,500	0.04
Mr. Zhou Zhaocheng (周兆呈)	Executive Director	3	Assisting the chief executive officer in developing our growth strategy and is responsible for legal affairs, brand and public relationship of our Group	1,987,500	0.04
Ms. Gao Jie (高潔),	Executive Director	4	Operation of the Haidilao APP and the membership system	1,987,500	0.04
Mr. Shao Zhidong (邵志東)	Chief information officer, coach and director of subsidiaries of the Company	11	Technology innovation and development of the Group	795,000	0.02
Mr. Yang Li (楊立)	Coach and director of subsidiaries of the Company	9	Technology innovation and development of the Group	795,000	0.02
Ms. Yang Hua (楊華)	Regional coordinating coach and director of subsidiaries of the Company	21	Managing and being responsible for the overall operation of 203 restaurants located in Mainland China	795,000	0.02
Ms. Xie Ying (謝英)	Coach and chief executive of one subsidiary	22	Operation of the delivery business of the Group	795,000	0.02

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of the Connected Grantees	Position	Year of services	Major responsibilities (Note)	Number of Connected Shares to be granted	Approximate percentage of total Shares in issue as at the Latest Practicable Date %
Ms. Song Qing (宋青)	Regional coordinating coach and director of subsidiaries of the Company	20	Managing and being responsible for the overall operation of 129 restaurants located in Mainland China	795,000	0.02
Ms. Liu Linyi (劉林毅)	Coach, regional coordinating coach, and director of subsidiaries of the Company	17	Managing and being responsible for the overall operation of 201 restaurants located in Mainland China	795,000	0.02
Mr. Liang Yangbing (梁楊兵)	Coach, director and chief executive of subsidiaries of the Company	22	In charge of the fast food business of the Company	795,000	0.02
Mr. Li Yu (李瑜)	Regional coordinating coach, group leader, director and chief executive of subsidiaries of the Company	13	Managing and being responsible for the overall operation of 40 restaurants located in Taiwan and overseas	397,500	0.01
Ms. Jiang Bingyu (蔣冰遇)	Regional coordinating coach, group leader and director of subsidiaries of the Company	11	Managing and being responsible for the overall operation of 30 overseas restaurants	397,500	0.01
Mr. Wang Jinping (王金平)	Regional coordinating coach, group leader and director of subsidiaries of the Company	13	Managing and being responsible for the overall operation of 33 overseas restaurants	397,500	0.01
Mr. Miao Xiqing (苗喜慶)	Group leader and chief executive of subsidiaries of the Company	13	In charge of the regional supply chain management and product selection	397,500	0.01

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of the Connected Grantees	Position	Year of services	Major responsibilities (Note)	Number of Connected Shares to be granted	Approximate percentage of total Shares in issue as at the Latest Practicable Date %
Mr. Zhang Xiaojun (張小軍)	Regional coordinating coach, group leader and director of subsidiaries of the Company	14	Managing and being responsible for the overall operation of 6 restaurants located in Hong Kong and Macau	397,500	0.01
Mr. Li Min (李敏)	Regional coordinating coach, group leader and director of subsidiaries of the Company	7	Managing and being responsible for the overall operation of 23 overseas restaurants	397,500	0.01
<b>Total</b>				<b>15,900,000</b>	<b>0.30</b>

*Note:* The table above sets forth the responsibilities (including the number of responsible restaurants) of the Connected Grantees as of the Latest Practicable Date, which may be further adjusted in accordance with the Group's expansion plan and the performance of such Connected Grantees.

The aggregate of 15,900,000 Connected Shares to be allotted and issued by the Company to the Connected Grantees, represent (i) approximately 0.30% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.299% of the total number of Shares in issue as enlarged by the Connected Award Shares Grant (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the allotment and issue of the new Connected Shares).

The grant of the Connected Shares to the Connected Grantees has been approved by the Board. The Board has determined the Grantees (including the Connected Grantees) and the number of Connected Shares granted to each of them with reference to their respective roles, responsibilities (especially the restaurants, region or the business segment they are responsible for), years of services, working experience, contributions (especially the operating performance of the restaurants, regions or the business segment they are responsible for), remuneration packages and prevailing compensation of similar positions in the market.

We have enquired with the Management regarding the Connected Grantees' past performance and contribution to the business operation and growth of the Group and further reviewed a schedule of their responsible number of hot pot restaurants widespread in different provinces/ cities in the PRC and overseas countries, and understand that all of them have been

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playing key management roles which are essential to the operations and development of the Group; and given that the Connected Grantees have been the major contributors for the Group in achieving the tremendous growth in its revenue and net profit over the Years, we consider that the respective grant of Connected Shares is justifiable, realistic, fair and reasonable in terms of remuneration packages and could serve as a recognition of the contributions of the Connected Grantees and as an incentive to retain talents for the continuing development of the Group.

Upon allotment and issue of the Connected Shares, the Trustee will hold the Connected Shares on trust for the Grantees and such Connected Shares shall be transferred to the Grantees at no consideration on the vesting dates. As such, no fund will be raised by the Company as a result of the Connected Award Shares Grant.

### **3. Reasons for and benefits of the Connected Award Shares Grant**

As mentioned in the Board Letter, Haidilao is a globally leading and fast-growing Chinese cuisine restaurant brand focused on hot pot cuisine. The Haidilao brand has become a cultural phenomenon in Chinese cuisine that is synonymous with an unparalleled level of service and dining experience.

The catering service industry is a labor intensive industry, and its main pain point, the Company believes, is achieving scalability while maintaining quality consistency and ensuring food safety. The Group has been addressing this challenge through its operating paradigm of “aligned interests and disciplined management” (“連住利益,鎖住管理”) – the interests of its employees are highly aligned to that of the Group itself, motivating them to propel the Group’s dynamic, bottom-up driven growth, and its disciplined management ensures its strategic direction and controls food safety and other risks. The Board considers that the grant of the Shares to the Connected Grantees is to (i) recognize and reward the contributions made by Connected Grantees; (ii) encourage, motivate and retain the Connected Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Connected Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Connected Grantees to the Shareholders through ownership of Shares. The grant recognizes their past contribution to the Group’s business performance and aims to secure their long term support and commitment to the Group which are vital to the future development of the Group. As the Group’s business is undergoing rapid expansion, the Company believes that the grant of the Connected Shares to the Connected Grantees serves as an important incentive to motivate them to bring a higher return to the Company. In addition, certain of the Connected Grantees, namely Mr. Zhang Yong, Mr. Shi Yonghong, Mr. Zhou Zhaocheng, Ms. Gao Jie, Mr. Shao Zhidong, Mr. Yang Li, Ms. Yang Hua, Ms. Liu Linyi, Ms. Li Yu, Ms. Jiang Bingyu, Mr. Wang Jinping, Mr. Li Min and Ms. Song Qin are members of the Company’s Innovation Committee responsible for the innovation projects of the Group. Granting Connected Shares to such Connected Grantees also reflects the Group’s strategy to empower its further development with new technologies and innovative businesses.

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The Board is of the view that the grant of the Connected Shares is in line with the Company's remuneration policy, which includes base salary, discretionary bonus and other benefits such as the Scheme and share options. Such grant aligns the interests of the Connected Grantees directly with the interests of the Shareholders through ownership of the Shares and helps to further encourage them to devote their efforts to the Group's development. The number of Connected Shares being granted to each Connected Grantee is being derived at based on the commercial assessment of the Board having taken into account a number of factors, including, without limitation, the roles and responsibilities, seniority, the specific expertise and relevant experiences, marketing and business strategies, financial management and human resources management, and their historical and expected contributions to the Group.

The grant of the Connected Shares serves as a discretionary bonus which forms part of their remuneration package. Each of the Connected Grantees is a core member of the Group's management and operation team who led the Company to achieve various remarkable milestones. With their great efforts, the Group has experienced growth at an unprecedented speed. In 2020, the Group has opened 544 new Haidilao restaurants, expanding its global network to 1,298 restaurants, including 1,205 restaurants in mainland China, and 93 restaurants outside mainland China, including 14 countries and regions such as Hong Kong, Macao and Taiwan regions, Singapore, Vietnam, Malaysia, Indonesia, South Korea, Japan, the United Kingdom, the United States, Canada and Australia, making the brand of Haidilao known to more customers around the world and making Chinese catering become "branded catering" and promoting the spread of Chinese style service overseas, which depends very much on the contribution of the Connected Grantees who oversee the daily management and operations of the Group.

Further, the Company plans to continue expanding its restaurant network. It is, therefore, important for the Group to retain its executive management team and encourage them to commit in the long term into the Group's development.

It is not uncommon for companies to adopt share-based compensation (including the Share Award Scheme or share option scheme) for their key personnel and employees. Taking into account the contribution of the Directors and other key personnel and employees of the Group, the Board considers that their remuneration package are fair and reasonable.

We also consider that the Connected Award Shares Grant could recognize and motivate the contributions by those Connected Grantees, enhance their devotion to the Group and to give incentives to them in order to retain them for the continual operation and long-term development of the Group.



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Based on the above understanding, since the Connected Award Shares Grant represents an minimal dilution to the existing Shareholders, and would preserve the Group's cash resources for implementation of its business plan, we concur with the Directors' view that the Connected Award Shares Grant is in the interests of Group and the Shareholders as a whole, and fair and reasonable so far as the Independent Shareholders are concerned.

#### **4. Principal terms of the Connected Award Shares Grant**

The new Grant Shares shall be allotted and issued to the Grantees by the Trustee at nominal value of US\$0.000005 each.

The new Shares so issued will be held on trust for the Grantees until the end of each vesting period which may differ among the Grantees and be transferred to the Grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the Grant.

Based on the closing price of HK\$44.00 per Share as quoted on the Stock Exchange as of the Grant Date as well as the Latest Practicable Date, the market value of 143,100,000 new Shares to be issued and allotted to the Non-connected Grantees, and the 15,900,000 new Shares to be issued and allotted to the Connected Grantees are HK\$6,296.4 million and HK\$699.6 million, respectively.

The aggregate nominal value of the new Shares is US\$795. The average closing price of the Shares for the five consecutive trading days immediately preceding the Grant Date as quoted on the Stock Exchange is approximately HK\$44.43 per Share.

Upon issue and allotment of the new Shares, the Trustee will hold the new Shares in trust for the Grantees and such new Shares shall be vested as set out below.

#### ***Conditions for vesting***

The Board has established an incentive evaluation committee and drafted specific vesting conditions (mainly including future performance indicators and contributions to the Group's innovative projects, etc.). Whether the incentive shares are vested in the Grantees will be determined based on whether the corresponding vesting conditions are met. The vesting period will be ten years from the Grant Date.

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### *Ranking of the Grant Shares*

The new Grant Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date when such Shares are allotted to the Grantees.

### *Conditions precedent*

The allotment and issue of the 15,900,000 Connected Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the Annual General Meeting in respect of the allotment and issue of the Connected Shares, the Specific Mandate and the transactions contemplated thereunder; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Connected Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 15,900,000 new Connected Shares.

### **5. Assessment of the Connected Award Shares Grant**

For our due diligence purpose, we have researched from the Stock Exchange's website to ascertain the market practice of granting award/restricted shares to key personnel and/or employees of listed companies with particular focus of award/restricted shares to be granted to their directors/chief executives/directors of subsidiaries, all of whom have their respective similar key management roles therein and were regarded as connected persons thereof and to the best of our knowledge and as far as we are aware of, we found the following grant of award/restricted shares by Hong Kong listed companies pursuant to their respective share award schemes announced from September 1, 2020 to May 20, 2021, (i.e. being eight complete calendar months preceding to the date of announcement of the Connected Award Shares Grant) (the "**Relevant Period**"), which represented the most recent period prior to the Latest Practicable Date to demonstrate the prevailing market practice to grant award/restricted shares under the similar market condition (the "**Comparable Grants**"). Accordingly, we consider the Comparable Grants to be fair and representative.

Independent Shareholders should focus on considering whether the Connected Award Shares Grant would have (i) material dilution effect to their existing shareholding in the Company; (ii) material adverse impacts on the Group's earning capability, cash flow and financial position as a whole; and (iii) possible benefits for its long-term business development, as a result thereof. Accordingly, market capitalization, profitability and financial positions of the Comparable Grants are not directly relevant for consideration thereunder so as only comparing dilution effect on existing shareholding attributable to the relevant grants of award/ restricted shares on their own under the Comparable Grants with the Connected Award Shares Grant would not affect the comparability. In fact, there has been no catering-related listed company on the Stock Exchange with comparable size of market capitalization and profitability issuing award/restricted shares that can be available for comparison during the Relevant Period.

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Although the listed issuers involved in implementing the Comparable Grants have different principal business activities in a wide variety of industries, market capitalizations, profitability and financial positions as compared to those of the Group and the sizes of the grant/restricted shares to be granted to the grantees under the Comparable Grants vary, we consider that the Comparable Grants can provide a general reference to the market practice of recent grant/restricted share incentive scheme proposals and their dilution effect to existing shareholding as well as a sufficient sample size for comparison purpose, so as determine whether the terms of the Connected Award Shares Grant is in line with the prevailing market practice. Set out below is a comparison of the Comparable Grants:

Date of announcement	Company name (stock code)	Number of award/restricted shares granted	Percentage of total number of issued shares as at the date of the relevant announcement	Number of award/restricted shares issued to individual directors as a percentage of total issued share capital	Number of award/restricted shares issued to individual senior management as a percentage of total issued share capital
				%	%
20/4/2021	China Environmental Technology and Bioenergy Holdings Limited (中科生物控股有限公司) (1237)	29,648,016	3.78	3.78	N/A
6/4/2021	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (1349)	4,600,000	0.44	Ranged from 0.10 to 0.12	0.12
31/3/2021	Hong Kong Television Network Limited (香港電視網絡有限公司) (1137)	45,799,285	5.00	5.00	N/A
31/3/2021	C&D International Investment Group Limited (建發國際投資集團有限公司) (1908)	35,300,000	3.00	Not more than 1.00	N/A
31/3/2021	Fosun International Limited (復星國際有限公司) (656)	7,995,000	0.096	Ranged from 0.0003 to 0.0229	Ranged from 0.0014 to 0.0070
24/3/2021	Wuxi Biologics (Cayman) Inc. (藥明生物技術有限公司) (2269)	1,493,141	0.0355	Ranged from 0.00006 to 0.02245	Ranged from 0.00041 to 0.00371
16/3/2021	Chong Hing Bank Limited (創興銀行有限公司) (1111)	49,837	0.00512	Ranged from 0.0017 to 0.0025	0.0009
14/3/2021	Shanghai Fosun Pharmaceutical (Group) Co. Ltd. (上海復星醫藥(集團)股份有限公司) (2196)	1,118,900	0.044	0.00938	Ranged from 0.00068 to 0.00512
28/1/2021	NagaCorp Ltd. (金界控股有限公司) (3918)	10,226,667	0.2356	Ranged from 0.00023 to 0.13822	N/A
28/1/2021	Great Wall Motor Company Limited (長城汽車股份有限公司) (2333)	650,000	0.0071	N/A	Ranged from 0.002 to 0.004

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Date of announcement	Company name (stock code)	Number of award/restricted shares granted	Percentage of total number of issued shares as at the date of the relevant announcement	Number of award/restricted shares issued to individual directors as a percentage of total issued share capital	Number of award/restricted shares issued to individual senior management as a percentage of total issued share capital
				%	%
26/1/2021	Frontage Holdings Corporation (方達控股公司) (1521)	3,100,000	0.152	0.0614	0.0908
17/11/2020	Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司) (2899)	9,700,000	0.0382	Ranged from 0.0030 to 0.0043	Ranged from 0.0030 to 0.0043
27/10/2020	Aidigong Maternal & Child Health Limited (愛帝宮母嬰健康股份有限公司) (286)	200,000,000	5.22	5.22	N/A
5/10/2020	Home Control International Limited (1747)	2,382,760	0.475	0.250	Ranged from 0.050 to 0.100
30/9/2020	Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司) (1877)	6,050,000	0.694	Ranged from 0.09 to 0.23	0.00345
21/9/2020	Shanghai Kindly Medical Instruments Co., Ltd. (上海康德萊醫療器械股份有限公司) (1501)	5,000,000	3.012	1.506	1.506
8/9/2020	Powerlong Commercial Management Holdings Limited (寶龍商業管理控股有限公司) (9909)	11,250,000	1.81	1.81	N/A
		<b>Maximum</b>	<b>5.22</b>	<b>5.22</b>	<b>1.506</b>
		<b>Average</b>	<b>1.4146</b>	<b>N/A</b>	<b>N/A</b>
		<b>Minimum</b>	<b>0.00512</b>	<b>0.00006</b>	<b>0.00042</b>
20/5/2021	The Company (6862)	15,900,000	0.30	0.04	Ranged from 0.01 to 0.02

With reference to the above table, we note that (i) the issue size of the Connected Award Shares Grant of 0.30% of the total issued share capital of the Company as at the Latest Practicable Date is in the middle, and pretty closer to the low end, of those of the Comparable Grants; (ii) each the four executive Directors is allocated evenly of 12.5% of the 15,900,000 Connected Shares, representing approximately 0.04% of the total issued share capital, and such issue size is pretty closer to the low-end of the issues to individual directors under the Comparable Grants; and (iii) the other Connected Grantees (i.e. being 13 senior management staff and/or directors of subsidiaries of the Group) are individually allocated 397,500 or 795,000 Connected Shares, representing approximately 0.01% to 0.02% of the issued share capital of the Company respectively and such issue size is within the range of the issues to individual senior management under the Comparable Grants.

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We are advised by the Management that the positions of the Connected Grantees in the Group, which reflects the importance and contribution of the Connected Grantees, is a major factor considered for the allocation of the Connected Shares. We have reviewed the list consisting the name, position, length of service and number of allotted Connected Shares of all of the Connected Grantees and, based on our review and advice by the Management, we understand that (i) the 17 Connected Grantees are classified into three categories based on the position, importance and contribution of the Connected Grantees; (ii) the first category is the highest and is allocated 50% of the Connected Shares, followed by the second and third categories with 35% and 15% respectively; (iii) the Connected Grantees in the first category are the four executive Directors, two of whom were the founders of the Group and each of whom is allocated 1,987,500 Connected Shares, representing approximately 0.04% of the total issued share capital; (iv) all of the seven Connected Grantees in the second category are relatively senior management currently taking up greater responsibilities when compared to the third category of the remaining six Connected Grantees and each of them are allocated 795,000 Connected Shares, representing approximately 0.02% of the total issued share capital, which is lower than that for the first category but higher than those for the third category; and (v) the remaining six Connected Grantees in the third category are allocated the same number of 397,500 Connected Shares, representing approximately 0.01% of the total issued share capital.

Taking into account, particularly, (i) the issue size and share allocation of the Connected Award Shares Grant are not excessive in scale as compared with the Comparable Grants as aforesaid; (ii) the issue size represents a small percentage of the total number of issued share capital of the Company, which will not have a material dilution impact on the share capital of the Company; (iii) the maximum number of Connected Shares to be granted to such Connected Grantees represents less than 0.04% of the total number of issued share capital of the Company; (iv) none of the Connected Grantees would be entitled to a significant share of the 159,000,000 Grant Shares; (v) the particular importance and contribution of the Connected Grantees are considered for the allocation of the Grant Shares; (vi) the first category is the highest and is allocated the 50% of Connected Shares, followed by the second and third categories correspondingly; (vii) for the first category, the issue size to the four executive Directors (including two founders of the Group), is relatively closer to the low-end of the issues to individual directors under the Comparable Grants; (viii) the Connected Grantees within their respective second and third categories are allocated the same number of Connected Shares in the same category; and (ix) the Connected Award Shares Grant can align the interests of the key management of the Group with that of the Shareholders to enhance the performance and the value of the Company in the long-term future, we consider the issue size and the allocation of the Connected Grant to be justifiable, acceptable, fair and reasonable.

We have also noted from the prospectus of a listed company in the catering industry in December 2014, namely Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (stock code: 520), that it had granted 12,997,767 and 5,836,287 pre-IPO share options (which were slightly different from award shares) to its one executive director and three senior management staff, representing approximately 1.23% and 0.56% of the then issued share capital of that company at the time of listing. Based on our review of the prospectus of the Company dated September 12, 2018, the Company has not adopted any similar pre-IPO share option schemes

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before and after the Listing, other than this Share Award Scheme in October 2019; and it is the first grant of share incentives to the Connected Grantees and other staff members of the Group since its listing in September 2018. The current market price of HK\$44.00 per Share is almost 1.5 times over the Company's offer price of HK\$17.80 at the time of listing in September 2018.

Based on the above finding and observation, we noted that it has not been exceptional for listed companies in Hong Kong to adopt share award schemes and grant award shares to their directors, senior management, key personnel and employees. Accordingly, we consider that the Connected Award Shares Grant under the Share Award Scheme is in line with the market practice, and the Connected Shares to be allotted and issued to the Connected Grantees account for a relatively smaller proportion of the total number of issued Shares as at the date of the Company's announcement in relation thereto when compared to the average of approximately 1.4146% resulting from the 17 Comparables Grants listed in the above.

Based on our independent review of the terms of the Comparable Grants, we noted that the vesting period of which ranged from immediate to 10 years, with an average of 3.7 years. As discussed with the Management, we understand that the vesting period the Connected Award Shares Grant would last for 10 years, and therefore is much longer than the average of 3.7 years of the Comparable Grants. In addition, we noted that the market value of the Connected Award Shares Grant spreading over the coming 10 years would not be too excessive when compared to their annual cash remuneration for the Year 2020. On such basis and given that the longer vesting period would provide extended incentives for those Connected Grantees to promote long-term business growth of the Group, we consider that the vesting period attributable to the Connected Award Shares Grant is fair and reasonable.

We were advised by the Management that the Group's remuneration policy consists of three parts:

- employees are paid a monthly basic salary which is set with reference to market standards and subject to annual review;
- certain selected employees are also awarded a discretionary bonus each quarter (provided that the Company has made a profit in the quarter) as an incentive on the basis of their performance in the year; and
- the Company had also adopted the Share Award Scheme in October 2019 as an alternative long-term incentive to selected key personnel on the basis of their performance in the years, but no Award Shares have yet been granted to any employees/grantees/connected persons prior to the Latest Practicable Date.

The Company did not adopt any share option scheme or share incentive plan prior to the Listing, and first adopted the Share Award Scheme in October 2019. After discussion with the Management, we concur with their view that the Connected Award Shares Grant under the Share Award Scheme is in line with the remuneration policy of the Group.

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Having considered that (i) the Connected Grantees are all management members of the Group (i.e. executive Directors and directors and/or chief executives of the subsidiaries of the Group) who have contributed and are expected to contribute to the success, business growth and development of the Group, (ii) the reasons and benefits of the Connected Award Shares Grant as mentioned above, (iii) it is not exceptional for listed companies in Hong Kong to adopt share award scheme and grant award shares to their key personnel and employees, and (iv) the Connected Award Shares Grant is in line with the remuneration policy of the Group and the market practice, we concur with the Directors' view that the Connected Award Shares Grant is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have enquired with the Company as to the experience, roles and responsibilities of the Connected Grantees, and were advised that the Connected Grantees include four executive Directors and 13 directors and/or chief executives of the Group's subsidiaries. As advised by the Management, the number of Connected Shares granted to each Connected Grantees was determined based on various factors, including their roles and responsibilities, years of services in the Group, individual work performances and contributions made to the overall operation or business development of the Group. Based on the information provided by the Company, we noted that the Connected Grantees have been working in the Group from approximately three years and up to 27 years (i.e. Mr. Zhang Yong and Mr. Shi Yonghong who being the founders of the Group) with an average of almost 15 years, and their responsibilities mainly include overseeing the overall management of business operation or development of the Group, and providing intensive training in various aspects for operation of the Group's hot pot restaurants. Each of the Connected Grantees also possesses sound and extensive experience in the catering-related industries.

Based on our independent review of the Company's prospectus dated September 12, 2018 in relation to the Listing (the "**Prospectus**") and its annual reports over the years after the Listing (the "**Annual Report(s)**"), except for the Year 2020 where the Group's business operation and performance were significantly distorted by the Pandemic spreading across the nation which led to temporary suspension of all the Haidilao hot pot restaurants for almost one and a half months in the first quarter of Year 2020, the Group had generally recorded continuous satisfactory operating and financial performance from Years 2015 to 2019, and got successful Listing in September 2018. In terms of revenue and net profit, the Group had its tremendous (i) revenue growth from approximately RMB5,757 million in the Year 2015 to RMB26,556 million in the Year 2019, representing a compound annual growth rate ("**CAGR**") of approximately 46.6%; and (ii) net profit growth from approximately RMB273 million in the Year 2015 to RMB2,345 million in the Year 2019, representing a CAGR of approximately 71.2%, during the period. In Year 2020, the Group had recorded revenue and net profit of approximately RMB28,614 million and RMB309 million, respectively, which implied a much slower revenue growth of merely 7.8% and a profit decline by about 86.8% between the two Years 2019 and 2020 mainly due to the Pandemic.

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Furthermore, the Group also had a historical tremendous CAGR in terms of opening new hot pot restaurants of approximately 72.1% from Year 2015 (i.e. opened 36 new hot pot restaurants) to Year 2020 (i.e. opened 544 hot pot restaurants), and has its business plan for further increasing its restaurant density and expanding the geographical coverage of its hot pot restaurants in the PRC and overseas countries in the coming three Years from 2021 to 2023. According to the Annual Report, the Group has been expanding the global restaurant network with 1,298 hot pot restaurants as at December 31, 2020, among which 1,205 hot pot restaurants are located in nation-wide of the PRC while 93 are located in Hong Kong, Macao and Taiwan and other overseas countries, including Singapore, Vietnam, Malaysia, Indonesia, South Korea, Japan, the United Kingdom, the United States of America, Canada and Australia. As advised by the Management, each of the Connected Grantees has been a major contributor to the Group's success who has been overseeing the overall operation with a vast number of existing, and rapidly increasing number of newly opened, hot pot restaurants located in the PRC and overseas countries which contributed to the achievement of such satisfactory operating and financial results, and is expected to continue to play important roles in the future business development of the Group. Having regard to the key management roles of the Connected Grantees which are essential to the operations and development of the Group, and given that the Connected Grantees have been the major contributors for the Group in achieving the tremendous growth in its revenue and net profit over the Years as discussed above, we consider that the grant of Connected Shares is justifiable and realistic and could serve as a recognition of the contributions of the Connected Grantees and as an incentive to retain talents for the continuing development of the Group. We noted that the grant of the Connected Shares to the Connected Grantees has also been approved by all members of the Remuneration Committee of the Company.

Given the Connected Grantees' extensive work experience and past contributions to the Group, the Directors believe that the Connected Grantees are valuable to the future development of the Group and the grant of Connected Shares will further motivate the Connected Grantees to maximize the Group's long-term interests as it highlights the principle of performance-based awards and stimulate other employees to create more value for the Group. In addition, the grant of the Connected Shares shall ensure the stable operation of the Group as the Connected Shares shall motivate the Connected Grantees to continue serving in the Group as long as they are still holding the Connected Shares. Based on the published remuneration information as disclosed in the Annual Report, we noted that the remuneration packages (including director's fee, salaries, allowances, performance-based bonuses and benefits in kind) of the Connected Grantees who were the executive Directors for the two Years 2019 and 2020 were not too excessive having regarded the Group's operating and financial performance with net profit of approximately RMB2,345 million for the Year 2019 and strong profit growth of approximately 71.2% over the past five Years from 2015 to 2019, notwithstanding the Group's operating results were significantly distorted by the Pandemic all over the world in Year 2020 which we consider to be very exceptional. Taking into consideration that the remuneration packages of the Connected Grantees, and the Connected Shares will entitle the Connected Grantees to potential upside benefits from the future growth of the Group, we consider the value of the Connected Shares to be reasonable and not too excessive for serving the above purposes as an incentive.



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Given the above, we consider that the grant of Connected Shares to the Connected Grantees fulfilled its objectives and selection criteria of the Share Award Scheme in terms of (i) recognizing and motivating the contributions of the Connected Grantees, and retaining the Connected Grantees for the continual operation and development of the Group; and (ii) providing the Connected Grantees an economic benefit in attaining a long-term relationship with the Group. Furthermore, there will not be any actual cash outflow by the Group under the Connected Shares Grant to provide incentives to the Connected Grantees; whilst the potential dilution effect of the Connected Shares is minimal at merely 0.3% of the existing issued Shares. In this regard, we concur with the Directors' view that the terms and conditions of the Connected Award Shares Grant are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have also discussed with the Management regarding the benefits of adopting the Share Award Scheme as an incentive scheme as compared to other alternatives, and were advised that the Company considers the Share Award Scheme to be the most appropriate as compared to various alternatives, including cash bonuses and share options, given that (i) cash bonuses will incur cash outflow from the Group thereby imposing undue pressure on the Group's cash flow position, in particular regard of its current aggressive business plan to open many more new hot pot restaurants in the coming three Years from 2021 to 2023; (ii) granting share options is a less effective method to serve the purpose of providing immediate incentives as rewards to the employees' contributions to the Group, as the grantees are required to pay the exercise price upon exercise of the share options and the timing of exercise of the share options will be subject to the Share prices; (iii) it is a usual market practice for listed companies in Hong Kong to adopt share award scheme to incentivize and/or reward their key personnel and employees; and (iv) the Share Award Scheme can preserve the Group's cash resources and prevent cash outflow while providing additional/alternative incentives to the Connected Grantees for making contribution to the Group. In determining the grant of options or Connected Shares to the Connected Grantees, we were advised by the Management that since the Connected Shares serve as a more effective and direct method of incentives as compared to share options under a share option scheme, it is more preferable to grant the Connected Shares to the Directors, senior management and key personnel of the Group.

The Board considers that the cost of granting the Connected Shares as part of the remuneration package of the respective Directors and key personnel is justifiable and in line with the remuneration policy taking into account the following factors: (i) it is presently expected that the Group's overall operating and financial performance in the current Year 2021 will be improved when compared to that of Year 2020, based on the existing circumstances and business environment; and (ii) the number of the Connected Shares granted to each Eligible Participants, including the Connected Grantees and Non-connected Grantees, reflects the value and benefits to the Group considering his/her role and contribution to the strategic and sustainable development of the Group.

For our due diligence, we have also reviewed the Scheme Rules, and noted that the terms of the Connected Award Shares Grant have complied with the Scheme Rules, in particular the scheme limit and individual limit, if any. The total number of Connected Shares amounted to

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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15,900,000, representing approximately 0.3% of total issued Shares as at the Latest Practicable Date which is less than the 5% (i.e. 265,000,000 Award Shares) scheme limit adopted and allowed by the Scheme Rules on October 8, 2019. In addition, none of the Connected Grantees was awarded with any Connected Shares since the date of adoption of the Share Award Scheme.

### **6. Potential dilution effects on the existing public Shareholders**

Upon allotment and issue of the Connected Shares to the Connected Grantees, the shareholding interests of the existing public Shareholders at around 17.3% would not be obviously diluted to a lower percentage, because of the minimal dilutive effect attributable to the Connected Award Shares Grant.

Taking into account (i) the aforementioned reasons for and possible benefits of the Connected Award Shares Grant; and (ii) the terms of the Connected Award Shares Grant being fair and reasonable, we are of the view that the said minimal dilution effect on the public shareholding would never be detrimental to the interests of the public Shareholders, and therefore is acceptable.

### **7. Financial effects of the Connected Award Shares Grant**

#### *Earnings*

Based on the closing price of HK\$44.00 per Share as quoted on the Stock Exchange on May 20, 2021, being the date on which the Board resolved to approve the Connected Award Shares Grant, the aggregate grant date value of the Connected Shares is approximately HK\$699.6 million. Upon granting of the Connected Shares to the Connected Grantees, the grant date value of such Connected Shares would be charged as expenses (commonly known as share-based payment) to the Group's consolidated statements of profit or loss for the Year 2021 and thereafter based on their actual vesting date(s) in the coming 10 years, but which would be merely notional and one-off expenses in nature and do not involve cash outflow of the Group. Accordingly, the Group's normal business operations and financial position would never be adversely affected thereby.

According to the Annual Report, the Group had recorded net profit of approximately RMB2,345 million and RMB309 million (the latter was exceptionally lower as the Group's operating results were significantly distorted by the Pandemic in Year 2020) for the Year 2019 and 2020, respectively, the said share-based payment of approximately HK\$699.6 million attributable to the Connected Award Shares Grant would represent 29.8% of the net profit for the Year 2019. On such basis, it is currently anticipated that the Group's operating and financial results in the coming years would not be adversely affected in material respect having considered (i) its historical strong profit growth over the past five Years from 2015 to 2019; and (ii) the Connected Shares will be granted to the relevant Connected Grantees in different coming Years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Cash flow*

It is anticipated that there will be no (i) cash outlay attributable to the Connected Award Shares Grant; or (ii) cash resources to be received from the Connected Grantees, as a result of the allotment and issue of the Connected Shares, so there will be no material adverse effect on the cash flow of the Group relating to the Connected Award Shares Grant.

### *Conclusion*

Based on the above analyses and observation from different angles, we consider that the Connected Award Shares Grant shall be mutually beneficial to the Group and the Shareholders as a whole and the Connected Grantees themselves on the basis that the Company grants Connected Shares to them with no cash outlay and minimal dilutive effect in the shareholding of the Company, in return for those key personnel in providing significant contribution to the Group's success in terms of rapidly growing operating and financial performance over the years, and further business development in the foreseeable future.

### **RECOMMENDATION**

Having considered the principal factors and reasons as referred to above, we are of the opinion that, although the Connected Award Shares Grant is not conducted in the ordinary and usual course of business of the Group, it is incidental to the Group's development of its ordinary and usual course of business, and the terms of the Connected Award Shares Grant pursuant to the Share Award Scheme are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting to approve the allotment and issue of the Connected Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**First Shanghai Capital Limited**  
**Nicholas Cheng**  
*Director*

### *Note:*

Mr. Nicholas Cheng has been the Responsible Officer of Type 6 (advising on corporate finance) regulated activity under the SFO and has extensive experience in corporate finance industry. He has been participating in the provision of independent financial advisory services for, and completed, numerous connected transactions involving companies listed in Hong Kong.

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## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

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In view of the coronavirus disease 2019 (COVID-19) pandemic and in an attempt to protect the health of our Shareholders who might be attending the AGM, our staff and other participants, the Company will implement the following precautionary measures at the meeting venue:

- (a) Compulsory body temperature checks will be conducted for every Shareholder, proxy and other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue and be requested to leave the meeting venue.
- (b) Attendees may be required to complete the health declaration forms. Anyone who responds positively to any of the questions in the health declaration form may be denied entry into the meeting venue and be requested to leave the meeting venue.
- (c) Attendees are required to wear surgical face masks throughout the AGM including anytime inside the meeting venue before and after the AGM. Attendees are also advised to maintain social distancing and to observe good personal hygiene.
- (d) No refreshments or drinks will be provided to attendees at the AGM.

Shareholders are reminded that physical attendance in person at the meeting venue is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person by completing and returning the proxy form attached to this document.

If Shareholders have any question relating to the AGM, please contact Computershare Hong Kong Investor Services Limited, the Hong Kong Share Registrar of the Company, as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong  
Contact us : [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)  
Tel : (852) 2862 8555  
Fax : (852) 2865 0990

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE**

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

**(i) Interest in the Company**

<b>Name of Director/Chief Executive</b>	<b>Capacity/Nature of Interest</b>	<b>Number of ordinary Shares</b>	<b>Approximate percentage of shareholding in the total issued share capital (%)</b>
Mr. Zhang Yong Note 1, 2, 3 and 6	Founder of a discretionary trust Interest in a controlled corporation Interest of spouse Beneficiary of a trust	3,612,501,243 (L)	68.16 (L)
Ms. Shu Ping Note 1, 2 and 3	Founder of a discretionary trust Interest in a controlled corporation Interest of spouse Beneficiary of a trust	3,612,501,243 (L)	68.16 (L)
Mr. Shi Yonghong Note 4 and 5	Founder of a discretionary trust Interest in a controlled corporation	770,424,028 (L)	14.54 (L)
Mr. Zhou Zhaocheng Note 7	Interest of spouse	100,000 (L)	0.00 (L)

(L) denotes a long position

*Notes:*

- (1) Ms. Shu Ping is the spouse of Mr. Zhang Yong. Therefore, Ms. Shu Ping is deemed to be interested in the Shares in which Mr. Zhang Yong is interested and Mr. Zhang Yong is deemed to be interested in the Shares in which Ms. Shu Ping is interested under the SFO.
- (2) ZY NP Ltd. is 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. 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. for the under the SFO.
- (3) SP NP Ltd. is 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. 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. for the under the SFO.
- (4) SYH NP Ltd. is 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. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Shi Yonghong and Ms. Li Haiyan (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. for the under the SFO.
- (5) LHY NP Ltd. is an investment holding company incorporated in the BVI. The entire share capital of LHY NP Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Cheerful Trust. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Shi Yonghong and Ms. Li Haiyan (as the founders of the Cheerful Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by LHY NP Ltd. for the under the SFO.
- (6) NP United Holding Ltd. is an investment holding company incorporated in the BVI and is owned as to approximately 51.778% by ZY NP Ltd. and 16.074% by each of SP NP Ltd., SYH NP Ltd. and LHY NP Ltd., respectively. Therefore, Mr. Zhang Yong, ZY NP Ltd. and UBS Trustees (B.V.I.) Limited are deemed to be interested in the Shares in which NP United Holding Ltd is interested under the SFO.
- (7) Mr. Zhou Zhaocheng is the spouse of Ms. Chen Ying. Therefore, Mr. Zhou Zhaocheng is deemed to be interested in the Shares in which Ms. Chen Ying is interested in.

**(ii) Interest in associated corporations**

Name of Director/ Chief Executive	Name of Associated Corporation	Capacity/Nature of Interest	Percentage of Shareholding in the Associated Corporation
Mr. Zhang Yong <sup>Note 2</sup>	Fuhai <sup>Note 1</sup>	Founder of a discretionary trust	60%
Ms. Shu Ping <sup>Note 2</sup>	Fuhai <sup>Note 1</sup>	Founder of a discretionary trust	60%

*Notes:*

- (1) Fuhai is held as to 40% by the Shanghai Xinpai and 60% by Yihai Shanghai, a wholly-owned subsidiary of Yihai, and therefore is an associated corporation of the Company under the SFO.
- (2) Yihai is held as of approximately 35.59% by ZYSP YIHAI Ltd. The entire share capital of ZYSP YIHAI Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the ZYSP Trust, a discretionary trust set up by Mr. Zhang Yong and Ms. Shu Ping as the settlors and protectors on June 1, 2016 for their own benefit. Mr. Zhang Yong and Ms. Shu Ping (as founders of the ZYSP Trust) are deemed to be interested in the shares of Fuhai held by Yihai Shanghai under the SFO.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or chief executive of the Company and their respective associates has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**DIRECTORS' INTERESTS**

- (a) The Directors are not aware of any Director or his respective associates having, As of the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.
- (b) Save as disclosed in the section headed "Connected Transactions" of the Prospectus, the announcement of the Company dated December 7, 2020 and the circular of the Company dated December 7, 2020, no Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant to the business of the Group taken as a whole.
- (c) Since December 31, 2020, being the date of the latest published audited consolidated accounts of the Company, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

**SERVICE CONTRACTS**

As of the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group referred to in Rule 13.68 of the Listing Rules (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the shares and underlying shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
UBS Trustees (B.V.I.) Limited <small>Note 1, 2, 4, 5 and 6</small>	Trustee	4,382,925,271 (L)	82.70 (L)
Ms. Li Haiyan (李海燕) <small>Note 3, 4 and 5</small>	Founder of a discretionary trust Interest in a controlled corporation	770,424,028 (L)	14.54 (L)
NP United Holding Ltd. <small>Note 1 and 6</small>	Beneficial owner	1,801,970,108 (L)	34.00 (L)
ZY NP Ltd. <small>Note 2</small>	Beneficial owner	3,201,539,229 (L)	60.41 (L)
SP NP Ltd. <small>Note 4</small>	Beneficial owner	410,962,014 (L)	7.75 (L)
SYH NP Ltd. <small>Note 5</small>	Beneficial owner	434,462,014 (L)	8.20 (L)
LHY NP Ltd. <small>Note 6</small>	Beneficial owner	335,962,014 (L)	6.34 (L)
Credit Suisse Trust Limited	Trustee	291,352,615 (L)	5.50 (L)

(L) denotes a long position

## Notes:

- ZY NP Ltd. is 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. 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. for the under the SFO.
- SP NP Ltd. is 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. 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. for the under the SFO.
- Ms. Li Haiyang is the spouse of Mr. Shi Yonghong. Therefore, Ms. Li Haiyang is deemed to be interested in the Shares in which Mr. Shi Yonghong is interested and Mr. Shi Yonghong is deemed to be interested in the Shares in which Ms. Li Haiyang is interested under the SFO.
- SYH NP Ltd. is 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. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Shi Yonghong and Ms. Li Haiyan (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. for the under the SFO.



- (5) LHY NP Ltd. is an investment holding company incorporated in the BVI. The entire share capital of LHY NP Ltd. is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Cheerful Trust. Cheerful Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on August 22, 2018 for their own benefit and the benefit of their families. Mr. Shi Yonghong and Ms. Li Haiyan (as the founders of the Cheerful Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by LHY NP Ltd. for the under the SFO.
- (6) NP United Holding Ltd. is an investment holding company incorporated in the BVI and is owned as to approximately 51.778% by ZY NP Ltd. and 16.074% by each of SP NP Ltd., SYH NP Ltd. and LHY NP Ltd., respectively. Therefore, Mr. Zhang Yong, ZY NP Ltd. and UBS Trustees (B.V.I.) Limited are deemed to be interested in the Shares in which NP United Holding Ltd. is interested under the SFO.

Save as disclosed above, as of the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

#### **MATERIAL ADVERSE CHANGE**

As of the Latest Practicable Date, the Directors confirmed that there was not any material adverse change in the financial or trading position of the Group since December 31, 2020, the date to which the latest published consolidated financial statements of the Company were made up.

#### **LITIGATION**

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

#### **QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
First Shanghai	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As of the Latest Practicable Date, First Shanghai did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which had, since December 31, 2020 (being the date to which the

latest published consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

**GENERAL**

- (a) The Company's share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (b) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

**DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection during normal business hours at the principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting:

- (a) a copy of the Share Award Scheme;
- (b) the letter from the Independent Board Committee, the full text of which is set out in page 20 of this circular;
- (c) the letter from First Shanghai to the Independent Shareholders in respect of the grant of the Connected Shares to the Connected Grantees and the Specific Mandate, the text of which is set out in pages 21 to 41 of this circular;
- (d) the letter of consent referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix;
- (e) the memorandum and articles of association of the Company; and
- (f) this circular.



**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)**

**CHANGE OF DATE OF ANNUAL GENERAL MEETING,  
DATE OF DIVIDEND DISTRIBUTION AND BOOK CLOSURE PERIOD  
AND  
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

Reference is made to the circular of Haidilao International Holding Ltd. (the “**Company**”) dated April 27, 2021 (the “**Circular**”) and the notice (the “**Original AGM Notice**”) of the 2021 annual general meeting (the “**AGM**”) of the Company dated April 27, 2021. This supplemental notice shall be read together with the Original AGM Notice. Unless otherwise indicated, the capitalized terms used in this supplemental notice shall have the same meaning as those defined in the supplemental circular of the AGM of the Company (the “**Supplemental Circular**”) dated May 21, 2021.

Details of Resolutions 1 to 11 to be considered at the AGM are stated in the Original AGM Notice.

Due to the matters as set out in the Supplemental Circular, **SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT**, the AGM of the Company, which was originally scheduled to be held on Friday, May 28, 2021 at 10:00 a.m. will be held on Friday, June 11, 2021 at 10:00 a.m. at 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou, Changping District, Beijing, PRC, to consider and approve the following resolution in addition to the resolutions set out in the Original AGM Notice:

**AS ORDINARY RESOLUTIONS**

12. “**THAT:**

- (a) conditional upon the Stock Exchange granting the listing of and permission to deal in an aggregate of 15,900,000 new Shares, the Directors be and are hereby granted the Specific Mandate for the issue and allotment of the Connected Shares to Computershare Hong Kong Trustees Limited to hold on trust for selected participants who are Connected Grantees, and are selected by the Board for participation in the Scheme; and
- (b) any one of the Directors be and is hereby authorized for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the issue and allotment of the Connected Shares under the Specific Mandate and the transactions contemplated thereunder.”

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## NOTICE

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13. “**THAT** the grant of 15,900,000 Connected Shares pursuant to the Scheme to the Connected Grantees be and is hereby approved and confirmed.”

### **CHANGE OF DATE OF DIVIDEND DISTRIBUTION AND BOOK CLOSURE PERIOD**

Due to the postponement of the AGM, the period during which the register of members will be closed in order to determine the identity of the Shareholders who are entitled to attend the AGM and the entitlement of the shareholders to the final dividend (during which period no share transfers will be registered) will also be changed. The register of members will no longer be closed from Tuesday, May 25, 2021 to Friday, May 28, 2021 (both days inclusive) and from Thursday, June 3, 2021 to Monday, June 7, 2021 (both days inclusive) as set out in the Original AGM Notice.

The register of members of the Company will be closed from Tuesday, June 8, 2021 to Friday, June 11, 2021, both days inclusive, in order to determine the eligibility of the shareholders to attend and vote at the AGM. The shareholders whose names appear on the register of members of the Company at the close of business on Monday, June 7, 2021 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, June 7, 2021.

The register of members of the Company will also be closed from Friday, June 18, 2021 to Wednesday, June 23, 2021, both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. The shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, June 23, 2021 will be entitled to the final dividend. In order to be eligible to be entitled to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, June 17, 2021. Subject to the consideration and approval of the Shareholders at the AGM, the final dividend of 2020 will be distributed on or around Friday, July 2, 2021.

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

Beijing, PRC  
May 21, 2021

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## NOTICE

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*Notes:*

- (1) Save as disclosed herein, there are no other changes to the Original AGM Notice. For details of Resolutions 1 to 11 to be considered at the AGM, registration procedures for attending the AGM, appointment of proxy and other relevant matters, please refer to the Original AGM Notice.
- (2) As the form of proxy published by the Company on the website of the Stock Exchange on April 26, 2021 (the “**Original Proxy Form**”) sent together with the Original AGM Notice does not contain the additional ordinary resolution set out in this Supplemental AGM Notice, a Supplemental Proxy Form (the “**Supplemental Proxy Form**”) has been uploaded on the website of the Stock Exchange on May 20, 2021 and will be dispatched to the shareholders of the Company together with this Supplemental AGM Notice.
- (3) Completion and return of the Original Proxy Form and/or the Supplemental Proxy Form will not preclude a shareholder from attending in person and voting at the AGM or any adjournment thereof should he/she so wish.