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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) AMENDMENTS TO THE SCHEME RULES
OF THE SHARE AWARD SCHEME**
- (2) GRANT OF SHARES UNDER SHARE AWARD SCHEME**
- (3) CONNECTED TRANSACTION INVOLVING PROPOSED GRANT
OF SHARES TO CONNECTED PERSONS**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Reference is made to the Announcement in relation to the adoption of share award scheme and appointment of trustee, a summary of the principal terms of which was set out in the Announcement. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

AMENDMENTS TO THE SCHEME RULES OF THE SHARE AWARD SCHEME

The Board announces that on May 20, 2021, it has resolved to amend certain terms of the rules of the share award scheme adopted by the Company on October 8, 2019.

The scope of the participants for the Scheme has been amended to include consultants or advisers of any member of the Group, who are persons other than the employees and directors of the Group. In addition, the purpose of the Scheme has been amended to “recognizing the contributions by the Eligible Persons in order to incentivize them to remain with the Group or to provide consulting services to the Group, and to motivate them to strive for the future development and expansion of the Group.” The Board considers that it is important for the Group’s business development to have professional opinions and technical guidance from external adviser and consultants. Therefore, the inclusion of consultants or advisers who have contributed or will contribute to the Group in the list of eligible participants for the Scheme would provide the Company with the flexibility of rewarding such persons should the situation arises that such reward and incentive could encourage them to align their interests and objectives with that of the Group and work towards enhancing the value of the Company and its Shares for the long-term development of the Group.

The Awards under the Scheme form part or all of the remuneration of such consultants or adviser.

GRANT OF SHARES UNDER SHARE AWARD SCHEME AND CONNECTED TRANSACTION INVOLVING PROPOSED GRANT OF SHARES TO CONNECTED PERSONS

The Board is pleased to announce that on May 20, 2021, it has approved, subject to acceptance of the Grantees, the grant of an aggregate of 159,000,000 Shares to the Grantees, of which (i) 143,100,000 Shares are granted to over 1,500 employees and several consultants of the Company (who to the knowledge of the Directors are not connected persons of the Company) 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 directors and chief executives of the Company and its subsidiaries 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 consultants who are Grantees are mainly experts and professional advisers with extensive experience in internet and other technology sectors. Such consultants provide strategic advice, independent opinions, and information on, among others, the new technology development and application and membership management system of the Group. Details of the incentives granted to the Connected Grantees are disclosed in detail in this announcement in accordance with the relevant provisions of the Listing Rules.

The new Shares to be 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 vesting period will be ten years from the Grant Date. 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 new Shares to be issued and allotted by the Company to the Trustee pursuant to the Grant represent approximately 3.0% of the Company's issued share capital as of the date of this announcement and approximately 2.9% of the Company's enlarged issued share capital after the said issue and allotment.

Set out below are the details of the Grant:

Name of the Grantees	Number of Grant Shares
Non-connected Grantees	
Over 1,500 employees and several consultants of the Company are not connected persons of the Company	143,100,000
Subtotal	143,100,000
Connected Grantees	
Zhang Yong (張勇) <i>Executive Director</i>	1,987,500
Shi Yonghong (施永宏) <i>Executive Director</i>	1,987,500
Zhou Zhaocheng (周兆呈) <i>Executive Director</i>	1,987,500
Gao Jie (高潔) <i>Executive Director</i>	1,987,500
Shao Zhidong (邵志東) <i>Chief information officer, coach and director of subsidiaries of the Company</i>	795,000
Yang Li (楊立) <i>Coach and director of subsidiaries of the Company</i>	795,000
Yang Hua (楊華) <i>Regional coordinating coach and director of subsidiaries of the Company</i>	795,000
Xie Ying (謝英) <i>Coach and chief executive of subsidiaries of the Company</i>	795,000
Song Qing (宋青) <i>Regional coordinating coach and director of subsidiaries of the Company</i>	795,000
Liu Linyi (劉林毅) <i>Regional coordinating coach and director of subsidiaries of the Company</i>	795,000
Liang Yangbing (梁楊兵) <i>Coach, director and chief executive of subsidiaries of the Company</i>	795,000
Li Yu (李瑜) <i>Regional coordinating coach, group leader, director and chief executive of subsidiaries of the Company</i>	397,500
Jiang Bingyu (蔣冰遇) <i>Regional coordinating coach, group leader and director of subsidiaries of the Company</i>	397,500
Wang Jinping (王金平) <i>Regional coordinating coach, group leader and director of subsidiaries of the Company</i>	397,500
Miao Xiqing (苗喜慶) <i>Group leader and chief executive of subsidiaries of the Company</i>	397,500
Zhang Xiaojun (張小軍) <i>Regional coordinating coach, group leader and director of subsidiaries of the Company</i>	397,500
Li Min (李敏) <i>Regional coordinating coach, group leader and director of subsidiaries of the Company</i>	397,500
Subtotal	15,900,000
Total Grant Shares	159,000,000

Grant Date: May 20, 2021, whereas the grant to the Connected Grantees will be subject to the approval by the Independent Shareholders at the AGM

Market Price of the Shares: The closing price of the Shares on the Grant Date as quoted on the Stock Exchange is HK\$44.00 per Share. 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 HK\$44.43 per Share

Conditions for Vesting: The Board has established an incentive evaluation committee and drafted specific vesting conditions (mainly including future performance indicators and contributions to innovation fields, etc.). Whether the incentive shares are vested in the Grantees will be determined based on whether the corresponding vesting conditions are met.

Vesting Period: Ten years from the Grant Date

Conditions Precedent

The issue and allotment of 143,100,000 new Shares to the Non-connected Grantees shall be subject to the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in such Shares.

The issue and allotment of the 15,900,000 Connected Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the AGM 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.

REASONS FOR THE GRANT OF 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 Grantees is to (i) recognize and reward the contributions made by Grantees; (ii) encourage, motivate and retain the Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the 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 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 Shares to the Grantees serves as an important incentive to motivate them to bring a higher return to the Company. In addition, certain of the Grantees are members of our Innovation Committee responsible for the innovation projects of the Group. Granting Shares to such 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 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 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 the Shares being granted to each 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 Shares serves as a discretionary bonus which forms part of their remuneration package. Each of the 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 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 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.

Furthermore, there will not be any actual cash outflow by the Group under the Grant to provide incentives to the Grantees. In this regard, the Directors consider that the number of Shares, the terms and conditions of the issue and allotment of new Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Upon the issue and allotment of the new Shares, the Trustee will hold the new Shares on trust for the Grantees and such new Shares shall be transferred to the Grantees at no consideration until the end of each vesting period which may differ among the Grantees and upon 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 Scheme is not a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No approval from the Shareholders is required for the alteration of the terms of the Scheme.

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 AGM will be convened and held to consider, and if thought fit, approve, among other things, the issue and allotment of the Connected Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated therein.

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 resolutions 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 AGM.

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.

A circular containing, among other things, further details of the issue and allotment of the Connected Shares and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from First Shanghai Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the issue and allotment of Connected Shares to the Connected Grantees, other relevant resolutions to be considered at the AGM, and the supplemental notice convening the AGM will be despatched to the Shareholders on or before May 21, 2021.

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.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

First Shanghai Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the issue and allotment of Connected Shares described herein.

DEFINITIONS

“Announcement”	announcement of the Company dated October 8, 2019 in relation to the adoption of restricted share award scheme and appointment of trustee
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company

“Company”	Haidilao International Holding Ltd. (海底捞国际控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on July 14, 2015
“Connected Grantee(s)”	the Grantee(s) who are connected person(s) of the Company
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Connected Shares”	15,900,000 Shares granted by the Company to the Connected Grantees
“Director(s)”	director(s) of the Company
“Grant”	the grant of the Grant Shares to the Grantees on May 20, 2021
“Grantee(s)”	the selected participant(s) granted or proposed to be granted the Grant Shares under the Scheme
“Grant Shares”	an aggregate of 159,000,000 Shares to be granted to the Grantees pursuant to the Grant
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-connected Grantee(s)”	the Grantee(s) who are not connected person(s) of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Scheme Rules”	the rules of the Scheme as amended from time to time
“Scheme” or “Share Award Scheme”	the share award scheme adopted by the Company in accordance with the Scheme Rules on October 8, 2019

“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.000005 each
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the AGM 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
“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)
“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
“AGM”	the annual general meeting of the Company for the purpose of, among other things, considering and, if thought fit, approving, among other things, the issue and allotment of the Connected Shares, the Specific Mandate and the transactions contemplated thereunder
“%”	per cent

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

Beijing, PRC, May 20, 2021

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