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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018

The board of directors (the “**Board**”) of Haidilao International Holding Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2018 (the “**Reporting Period**”), together with comparative figures for the same period of 2017.

In this announcement, “we”, “us”, and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

KEY FINANCIAL HIGHLIGHTS

	For the year ended	
	December 31,	
	2018	2017
	RMB'000	RMB'000
Revenue	16,969,100	10,637,170
Revenue from restaurant operation	16,491,223	10,388,097
Profit before tax	2,261,830	1,625,050
Profit for the year	1,648,846	1,194,342
Net profit attributable to owners of the Company	1,646,156	1,027,845
Basic earnings per share (RMB)	0.33	0.21

KEY BUSINESS HIGHLIGHTS

	As of and for the year ended December 31,	
	2018	2017
Number of restaurants	466	273
Average table turnover rate (times/day)	5.0	5.0
Average spending per guest (RMB)	101.1	97.7
Same store sales (RMB'000)	8,106,526	7,630,028
Same store sales growth	6.2%	

2018 PERFORMANCE REVIEW

In 2018, with the management philosophy of “aligned interests and disciplined management”, the Group, on the one hand, achieved the interests of our employees highly aligned to ours, motivating them to propel our dynamic, bottom-up driven growth, and, on the other hand, ensured our strategic direction and controlled food safety and other risks.

In 2018, we opened 200 new restaurants, and our global restaurant network increased from 273 at the end of 2017 to 466^{Note} at the end of 2018, among which 430 were located in 109 cities in mainland China, and 36 were located in Taiwan, Hong Kong and overseas, including Singapore, South Korea, Japan, the United States and Canada. We believe that the ongoing organizational restructuring over the years helped us balance and manage the relationship between our employees and restaurants, among our restaurants and between our headquarters and restaurants, and our relationship with third-party service providers, and laid a solid foundation for high-quality organic growth in terms of talent, management and supply chain.

Note: We closed seven restaurants in 2018 due to the expiration of leases and other commercial reasons.

Starting from “guest satisfaction” and “employees’ efforts”, we continued to optimize operational management to comprehensively enhance the guests’ dining experience. In 2018, we served more than 160 million guests, with an average annual table turnover rate of 5.0 times per day. In 2018, we also restructured our membership system to optimize our membership levels, rights and value-added services. At the same time, we launched the “Haidilao Super APP” and provided our member guests with better online experience such as queuing for tables, making reservations, making delivery orders, credit redemption and community interactions on mobile devices. By the end of 2018, we had more than 36 million members.

We have also made significant progress in terms of the application of new technology. In 2018, we opened our first smart restaurant in Beijing, which achieved a number of hardware and technology innovations. For example, the kitchen achieved automatic serving of foods with robotic arms, further improving the level of management of food safety. The soup bases were prepared through automated assembly line operations and customized soup bases might be provided according to the personalized needs of our guests. The equipment such as smart wine reservoirs and robot waiters helped our services to be faster and more accurate. Different thematic scenes displayed on the surrounding screens in our dining areas and theater-styled patterns in our seated waiting areas provided our guests with immersive experience of sound and light.

In 2018, we continued to introduce a variety of new dishes in the whole market and different regional markets in mainland China, and started to sell beer and lactobacillus drink under the Haidilao brand, which provided guests with a richer selection of products.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The revenue of the Group increased by 59.5% from RMB10,637.2 million for the year ended December 31, 2017 to RMB16,969.1 million for the same period in 2018.

Revenue by Segment

We generate revenue from (i) our restaurant operation, (ii) our delivery business, and (iii) sales of condiment products and food ingredients. The following table sets forth the components of our revenue for the period indicated:

	For the year ended December 31,			
	2018		2017	
	<i>(RMB' 000 except percentages)</i>			
Restaurant operation	16,491,223	97.2%	10,388,097	97.6%
Delivery business	323,585	1.9%	218,762	2.1%
Sales of condiment products and food ingredients	<u>154,292</u>	<u>0.9%</u>	<u>30,311</u>	<u>0.3%</u>
Total revenue	<u>16,969,100</u>	<u>100.0%</u>	<u>10,637,170</u>	<u>100.0%</u>

Revenue from restaurant operation, the major part of our revenue which accounted for 97.2% of our total revenue in 2018, increased significantly by 58.8% from RMB10,388.1 million in 2017 to RMB16,491.2 million in 2018, mainly due to (i) the RMB2,918.7 million gross revenue generated from the 200 new restaurants opened in 2018, and (ii) revenue contribution from the full-year operation of our restaurants opened in 2017. Our same store sales increased by 6.2% from RMB7,630.0 million to RMB8,106.5 million for the same periods. Our average annual table turnover rate remained at 5.0 times per day. Our average spending per guest increased from RMB97.7 in 2017 to RMB101.1 in 2018.

Revenue from our delivery business increased by 47.9% from RMB218.8 million in 2017 to RMB323.6 million in 2018, mainly due to an increase in number of delivery orders from 703,245 in 2017 to 1,086,705 in 2018; partially offset by a decrease in average sales per delivery order from RMB311.1 in 2017 to RMB297.8 in 2018, primarily due to a higher mix of mini hot pot orders in 2018.

The following table sets forth certain key performance indicators of our restaurants for the period indicated.

	For the year ended December 31,	
	2018	2017
OVERALL		
Average spending per guest⁽¹⁾ (RMB)		
Tier 1 cities	106.1	98.3
Tier 2 cities	94.8	92.6
Tier 3 cities and below	92.1	94.5
<i>Mainland China restaurants</i>	96.9	94.6
Outside mainland China	199.3	179.6
Overall	101.1	97.7
Table turnover rate⁽²⁾ (times/day)		
Tier 1 cities	5.1	4.8
Tier 2 cities	5.3	5.2
Tier 3 and below	4.8	4.7
<i>Mainland China restaurants</i>	5.1	5.0
Outside mainland China	3.8	4.4 ⁽³⁾
Overall	5.0	5.0
NEW AND EXISTING RESTAURANTS⁽⁴⁾		
Newly-opened restaurants	4.5	4.6
Existing restaurants	5.2	5.1
Overall	5.0	5.0

Notes:

- (1) Calculated by dividing gross revenue generated from restaurant operation for the period by total guests served for the period.
- (2) Calculated by dividing the total tables served for the period by the product of total restaurant operation days for the period and average table count during the period.
- (3) The table turnover rate for restaurants outside mainland China in 2017 does not include one of our United States restaurants opened in 2017, which only provided bar-style service.
- (4) We define our existing restaurants as those that commenced operations prior to the beginning of the respective period, and remained open at the end of the same period.

The following table sets forth details of our same store sales for the period indicated.

	For the year ended December 31,	
	2018	2017
Number of same stores ⁽¹⁾		
Tier 1 cities	39	
Tier 2 cities	71	
Tier 3 cities and below	26	
Outside mainland China	9	
Overall	145	
Same store sales⁽²⁾ (in thousands of RMB)		
Tier 1 cities	2,353,581	2,106,973
Tier 2 cities	4,124,446	3,953,683
Tier 3 and below	1,113,128	1,006,057
Outside mainland China	515,371	563,315
Overall	8,106,526	7,630,028
Same store sales growth (%)		
Tier 1 cities		11.7%
Tier 2 cities		4.3%
Tier 3 and below		10.6%
Outside mainland China		(8.5)%
Overall		6.2%
Average same store sales per day⁽³⁾ (in thousands of RMB)		
Tier 1 cities	165.8	149.5
Tier 2 cities	160.0	153.0
Tier 3 and below	117.8	106.1
Outside mainland China	160.8	172.3
Overall	154.0	144.8

Notes:

- (1) Includes restaurants that commenced operations prior to the beginning of the periods under comparison and opened for more than 300 days in both 2017 and 2018.
- (2) Refers to the aggregate gross revenue from restaurant operation at our same stores for the period indicated.
- (3) Calculated by dividing the gross revenue from restaurant operation for the period by the total restaurant operation days at our same stores for the period.

Revenue from Restaurant Operation by Geographic Region

Our business is conducted in mainland China and overseas. The following table sets forth our breakdown of gross revenue from restaurant operation by location for the period indicated:

	As of and for the year ended December 31,					
	2018			2017		
	Number of	Gross		Number of	Gross	
	restaurants	Revenue/ Revenue		restaurants	Revenue/ Revenue	
		(RMB'000)			(RMB'000)	
Mainland China						
Tier 1 cities ⁽¹⁾	106	4,035,650	24.4%	65	2,959,223	28.4%
Tier 2 cities ⁽²⁾	207	7,794,845	47.2%	120	5,230,981	50.2%
Tier 3 cities and below ⁽³⁾	117	3,378,661	20.4%	69	1,518,374	14.6%
<i>Subtotal</i>	430	15,209,156	92.0%	254	9,708,578	93.2%
Outside mainland China						
Singapore	10	559,644	3.4%	6	353,993	3.4%
Taiwan	10	303,371	1.8%	5	158,449	1.5%
South Korea	6	112,459	0.7%	3	72,503	0.7%
Japan	4	124,496	0.7%	2	55,488	0.5%
United States	3	125,258	0.8%	2	46,737	0.5%
Canada	1	1,838	0.0%	—	—	—%
Hong Kong	2	95,479	0.6%	1	16,211	0.2%
<i>Subtotal</i>	36	1,322,545	8.0%	19	703,381	6.8%
Total restaurants/gross revenue generated from restaurant operation	466	16,531,701	100.0%	273	10,411,959	100.0%
Net of: Customer loyalty program		(40,478)			(23,862)	
Total restaurants/revenue generated from restaurant operation	466	16,491,223		273	10,388,097	

Notes:

- (1) Beijing, Shanghai, Guangzhou and Shenzhen.
- (2) All municipalities and provincial capitals excluding tier 1 cities, plus Qingdao, Xiamen, Ningbo, Dalian, Zhuhai, Suzhou and Wuxi.
- (3) All the cities and regions excluding tier one cities and tier two cities.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 60.8% from RMB4,313.2 million in 2017 to RMB6,935.0 million in 2018, primarily due to (i) a RMB2,505.2 million increase in food ingredients costs, and (ii) a RMB116.6 million increase in consumables, as a result of our business expansion. As a percentage of revenue, our raw materials and consumables used increased by 0.3% during these periods and remained relatively stable.

Staff Costs

Our staff costs increased by 60.8% from RMB3,119.7 million in 2017 to RMB5,016.3 million in 2018, and as a percentage of revenue, increased from 29.3% in 2017 to 29.6% in 2018, primarily due to (i) the opening of 200 new restaurants in 2018, as we generally hire a team of employees one to three months prior to the opening of our new restaurants for training purposes, and (ii) an increase in compensation levels of our restaurant staff.

Property Rent and Related Expenses

Our property rent and related expenses increased by 65.1% from RMB414.9 million in 2017 to RMB684.9 million in 2018, primarily because we opened 200 new restaurants in 2018. Our property rent and related expenses as a percentage of revenue remained relatively stable at 3.9% in 2017 and 4.0% in 2018.

Utilities Expenses

Our utilities expenses increased by 70.6% from RMB348.6 million in 2017 to RMB594.8 million in 2018, primarily because we opened 200 new restaurants in 2018. As a percentage of revenue, utilities expenses remained relatively stable at 3.3% in 2017 and 3.5% in 2018.

Depreciation and Amortization

Our depreciation and amortization increased by 91.6% from RMB359.8 million in 2017 to RMB689.3 million in 2018, primarily because we invested in more property, plant and equipment, in relation to the 200 new restaurants we opened in 2018. As a percentage of revenue, depreciation and amortization increased from 3.4% in 2017 to 4.1% in 2018, mainly due to the relative low income of new restaurants during the opening period.

Travelling and Related Expenses

Our travelling and related expenses increased by 33.3% from RMB119.6 million in 2017 to RMB159.5 million in 2018 as a result of our business expansion. As a percentage of revenue, our travelling and related expenses remained stable at 1.1% in 2017 and 0.9% in 2018.

Other Expenses

Our other expenses increased by 48.4% from RMB445.0 million in 2017 to RMB660.5 million in 2018, as a result of our business expansion, primarily due to (i) a RMB108.6 million increase in administrative expenses, (ii) a RMB81.7 million increase in storage fees, and (iii) a RMB25.2 million increase in consulting services fees. As a percentage of revenue, our other expenses decreased slightly from 4.2% in 2017 to 3.9% in 2018.

Share of Profit of an Associate and a Joint Venture

Our share of profit in relation to our associate Fuhai (Shanghai) Food Technology Co., Ltd. (“**Fuhai**”), in which we held a 40% equity interest, and our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest, increased significantly from RMB0.5 million in 2017 to RMB27.7 million in 2018, mainly due to the business expansion of Fuhai.

Other Gains and Losses

Our other gains and losses decreased by 31.5% from RMB26.1 million in 2017 to RMB17.9 million in 2018, primarily due to the decrease in the fair value of financial assets at FVTPL; partially offset by the increase in foreign exchange gains and losses.

Finance Costs

Our finance costs increased by 262.6% from RMB8.6 million in 2017 to RMB31.2 million in 2018, primarily due to an increase in borrowings in 2018.

Income Tax Expense

Our income tax expense increased by 42.3% from RMB430.7 million in 2017 to RMB613.0 million in 2018. Our effective tax rate increased from 26.5% in 2017 to 27.1% in 2018, primarily reflecting (i) a RMB18.8 million increase in the effect of different tax rates of subsidiaries operating in other jurisdictions, and (ii) a RMB13.2 million increase in the tax effect of tax losses not recognized which primarily related to certain restaurants that had a tax loss.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 38.1% from RMB1,194.3 million in 2017 to RMB1,648.8 million in 2018.

Capital Liquidity and Financial Resources

For year ended December 31, 2018, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and net proceeds from the Global Offering. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting continuing business expansion.

Cash and Cash Equivalents

Our principal uses of cash are for working capital to procure food ingredients, consumables and equipment, and to refurbish and decorate our restaurants. Our cash and cash equivalents increased significantly from RMB282.0 million as of December 31, 2017 to RMB4,118.6 million as of December 31, 2018, mainly due to the amount raised from the initial public offering in 2018.

Inventories

Our inventories mainly represented our food ingredients used in our restaurant operation. Our inventories increased from RMB95.1 million as of December 31, 2017 to RMB457.1 million as of December 31, 2018, primarily because (i) we opened 200 new restaurants in 2018, and (ii) our procurement arrangement changed in January 2018 under which we procure food ingredients that do not require processing directly from third party suppliers instead of from Shuhai (Beijing) Supply Chain Management Co., Ltd. (蜀海(北京) 供應鏈管理有限責任公司) and its subsidiaries (“**Shuhai Group**”). According to our current procurement arrangement, the food ingredients that do not require processing will maintain as our inventories. Our inventory turnover days in 2017 and 2018 equalled the average of the beginning and ending inventories for that year divided by raw materials and consumables used for that year and multiplied by 365 days and increased from 6.1 days to 14.5 days, mainly due to the aforementioned change in our procurement arrangement.

Trade Receivables

The majority of our trade receivables were in connection with bills settled through payment platforms such as Alipay or WeChat Pay. Receivables from these payment platforms were normally settled within a short period of time. Our trade receivables decreased from RMB173.0 million as of December 31, 2017 to RMB150.1 million as of December 31, 2018, reflecting the trade receivables of the Group at the respective time. The turnover days of trade receivables decreased from 4.1 days in 2017 to 3.5 days in 2018.

Trade Payables

Trade payables mainly represent the balances due to our independent third party suppliers of food ingredients and consumables. Our trade payables increased from RMB168.7 million as of December 31, 2017 to RMB729.3 million as of December 31, 2018, reflecting our increased procurement as our business grows and the aforementioned change in our procurement arrangement since January 2018. The turnover days of trade payables increased from 27.5 days for the year ended December 31, 2017 to 37.3 days for the year ended December 31, 2018.

Borrowings

As of December 31, 2018, we had bank borrowings of RMB410.4 million, which included (i) unsecured bank borrowings of RMB81.4 million, which were jointly guaranteed by our Company and Hai Di Lao Holdings Pte. Ltd.; and (ii) unguaranteed bank borrowings of RMB329.0 million, which were secured by the equity interests of Xinpai (Shanghai) Catering Management Co., Ltd. (新派(上海)餐飲管理有限公司) and Sichuan Xinpai Catering Management Co., Ltd. (四川新派餐飲管理有限公司).

Contingent Liabilities

As of December 31, 2018, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Charge of Assets

As of December 31, 2018, the Company did not charge any fixed assets as securities for borrowings.

Foreign Exchange Risk and Hedging

The Group mainly operates in mainland China with most of the transaction denominated and settled in RMB. However, the Group has certain overseas operations and cash denominated in other currencies, which is exposed to foreign currency exchange risks. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

Employees and Remuneration Policy

As at December 31, 2018, the Group had a total of 69,056 employees, of which 66,219 were located in mainland China and 2,837 were located overseas.

For year ended December 31, 2018, the Group has incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB5,016.3 million.

Material Acquisitions and Disposals

As of December 31, 2018, the Company did not have any material acquisitions or disposals.

FUTURE PROSPECT

2019 Business Outlook

Going forward, our development initiatives mainly include:

- Continue to strategically expand our restaurant network by further increasing our restaurant density and further expanding geographical coverage;
- Continue to enhance the Haidilao dining experience by further improving our service and offering more value-added services to the guests with membership;
- Increase same store growth and develop new sources of revenue, such as continuously developing new products and increasing occupancy rate of our restaurants during off-peak hours;
- Continue to invest in technology, such as further optimizing and developing our business management system and intelligent restaurant technology; and
- Strategically pursue acquisitions of high-quality assets.

Future Plans for Material Investments

As disclosed in the announcement dated March 26, 2019 in relation to the acquisition of 100% equity interest in Beijing Youdingyou Catering Co., Ltd. (北京優鼎優餐飲股份有限公司) (“**Youdingyou**”), on March 26, 2019, Hai Di Lao Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, as the buyer, and the shareholders of Youdingyou, as the sellers, entered into the equity transfer agreements, pursuant to which, the sellers have agreed to sell and the buyer has agreed to purchase the 100% of the equity interest of Youdingyou at a total consideration of RMB204,081,633.

Save as disclosed in this announcement, there is no current plan of the Group for other material investments or additions of material capital assets as at the date of this announcement.

CONSOLIDATED BALANCE SHEET

		As at	
		December 31,	
	Notes	2018	2017
		RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment		3,999,803	2,085,428
Intangible assets		51,816	10,619
Investment in an associate		34,531	4,482
Investment in a joint venture		65,331	—
Financial assets at fair value through profit or loss (“FVTPL”)		12,585	—
Deferred tax assets		91,626	52,754
Deposits placed in a financial institution		1,720,216	—
Rental deposits		232,749	120,848
		<u>6,208,657</u>	<u>2,274,131</u>
Current Assets			
Inventories		457,124	95,118
Trade and other receivables and prepayments	5	845,118	497,616
Amounts due from related parties		201,261	444,213
Financial assets at FVTPL		1,653	78,857
Deposits placed in a financial institution		103,381	—
Other financial assets		807	16,201
Pledged bank deposits		8,019	47,657
Bank balances and cash		4,118,623	282,032
		<u>5,735,986</u>	<u>1,461,694</u>
Current Liabilities			
Trade payables	7	729,328	168,719
Other payables	8	906,464	510,735
Amounts due to related parties		592,663	1,202,588
Dividend payable	13	128,416	—
Tax payable		160,724	79,752
Borrowings		410,354	347,764
Contract liabilities		378,039	308,579
		<u>3,305,988</u>	<u>2,618,137</u>
Net Current Assets (Liabilities)		<u>2,429,998</u>	<u>(1,156,443)</u>
Total Assets less Current Liabilities		<u>8,638,655</u>	<u>1,117,688</u>

		As at	
		December 31,	
	<i>Notes</i>	2018	2017
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current Liabilities			
Deferred tax liabilities		1,618	13,398
Borrowings		—	9,456
Provisions		<u>7,479</u>	<u>3,853</u>
		<u>9,097</u>	<u>26,707</u>
Net Assets		<u>8,629,558</u>	<u>1,090,981</u>
Capital and Reserves			
Share capital	6	175	107
Reserves		<u>8,624,797</u>	<u>1,088,978</u>
Equity attributable to owners of the Company		<u>8,624,972</u>	<u>1,089,085</u>
Non-controlling interests		<u>4,586</u>	<u>1,896</u>
Total Equity		<u>8,629,558</u>	<u>1,090,981</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended	
		December 31,	
	<i>Notes</i>	2018	2017
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	16,969,100	10,637,170
Other income	9	104,318	90,753
Raw materials and consumables used		(6,935,033)	(4,313,230)
Staff costs		(5,016,321)	(3,119,699)
Property rentals and related expenses		(684,910)	(414,862)
Utilities expenses		(594,772)	(348,577)
Depreciation and amortization		(689,321)	(359,839)
Travelling and related expenses		(159,470)	(119,598)
Listing expenses		(85,540)	—
Other expenses		(660,533)	(444,998)
Share of profit of an associate		30,049	482
Share of loss of a joint venture		(2,363)	—
Other gains and losses	10	17,857	26,062
Finance costs	11	<u>(31,231)</u>	<u>(8,614)</u>
Profit before tax		2,261,830	1,625,050
Income tax expense	12	<u>(612,984)</u>	<u>(430,708)</u>
Profit for the year	4	<u>1,648,846</u>	<u>1,194,342</u>

		For the year ended	
		December 31,	
	<i>Notes</i>	2018	2017
		<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>(18,501)</u>	<u>(30,507)</u>
Total comprehensive income for the year		<u>1,630,345</u>	<u>1,163,835</u>
Profit for the year attributable to:			
Owners of the Company		1,646,156	1,027,845
Non-controlling interests		<u>2,690</u>	<u>166,497</u>
		<u>1,648,846</u>	<u>1,194,342</u>
Total comprehensive income attributable to:			
Owners of the Company		1,627,655	997,338
Non-controlling interests		<u>2,690</u>	<u>166,497</u>
		<u>1,630,345</u>	<u>1,163,835</u>
EARNINGS PER SHARE			
Basic (RMB)	14	0.33	0.21
Diluted (RMB)	14	0.33	N/A

NOTES:

1. General Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on July 14, 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with the name of Newpai International Investment Ltd.. Pursuant to a special resolution of the Company dated March 14, 2018, the Company's name was changed to Haidilao International Holding Ltd.. The ultimate controlling parties are Mr. Zhang Yong and his spouse namely Ms. Shu Ping.

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from September 26, 2018 (the “**Listing**”).

The Company is an investment holding company. Its subsidiaries are engaged in restaurants operation, delivery business and sales of condiment products and food ingredients located in the PRC and overseas.

Items included in the financial statements of each of the Group's entities are recorded using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements is presented in RMB, which is also the functional currency of the Company and its subsidiaries in the PRC.

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”)

The Group has applied all International Accounting Standards (“**IASs**”), IFRSs and amendments that are effective for the Group's accounting periods beginning on or after January 1, 2018 throughout the year ended December 31, 2018 and 2017.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IFRS 3	Definition of a Business ⁴
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

Amendments to IAS 1 and IAS 8	Definition of Material ⁵
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle ¹

¹ Effective for annual periods beginning on or after January 1, 2019

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after January 1, 2021

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020

⁵ Effective for annual periods beginning on or after January 1, 2020

Except for the new IFRSs mentioned below, the directors of the Company (the “**Directors**”) consider that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest expense and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presented operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, and upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The Group will apply IFRS 16 retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application without restating comparative. The Group will recognize the right-of-use asset at the date of initial application at an amount equal to the lease liability, which is measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application, and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application.

3. Revenue and Segment Information

During the year, the Group's revenue which represents the amount received and receivable from the restaurant operation, delivery business and sales of condiment products and food ingredients, net of discounts and sales related taxes, are as follows:

	For the year ended	
	December 31,	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Restaurant operation	16,491,223	10,388,097
Delivery business	323,585	218,762
Sales of condiment products and food ingredients	<u>154,292</u>	<u>30,311</u>
Total	<u>16,969,100</u>	<u>10,637,170</u>

Information reported to Mr. Zhang Yong, who is identified as the chief operating decision maker (the “CODM”) of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented.

No revenue from individual customer contributing over 10% of total revenue of the Group during the year ended December 31, 2018 (2017: Nil).

The following tables set forth the breakdown of the Group’s revenue during the year ended December 31, 2018 and 2017, and the breakdown of the Group’s non-current assets as at December 31, 2018 and 2017 based on locations of operations:

	Revenue		Non-current assets	
	For the year ended		(Note)	
	December 31,		As at December 31,	
	2018	2017	2018	2017
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
The PRC	15,600,096	9,909,357	3,637,864	1,898,940
Overseas	<u>1,369,004</u>	<u>727,813</u>	<u>746,366</u>	<u>322,437</u>
Total	<u>16,969,100</u>	<u>10,637,170</u>	<u>4,384,230</u>	<u>2,221,377</u>

Note:

Non-current assets exclude financial assets and deferred tax assets.

4. Profit for the Year

The Group's profit for the year has been arrived at after charging:

	For the year ended	
	December 31,	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	679,590	355,377
Amortization of intangible assets	<u>9,731</u>	<u>4,462</u>
Total depreciation and amortization	<u>689,321</u>	<u>359,839</u>
Operating lease rentals in respect of		
- office premises and staff quarters (minimum lease payments)	<u>99,872</u>	<u>33,396</u>
- restaurants		
- minimum lease payments	486,031	334,033
- contingent rent (Note)	<u>99,007</u>	<u>47,433</u>
	<u>585,038</u>	<u>381,466</u>
Total property rentals	<u>684,910</u>	<u>414,862</u>
Directors' emoluments	60,295	27,775
Other staff cost		
Salaries and other allowance	4,176,131	2,594,158
Employee welfare	545,378	372,973
Retirement benefit contribution	<u>234,517</u>	<u>124,793</u>
Total staff costs	<u>5,016,321</u>	<u>3,119,699</u>
Auditor's remuneration	<u>2,700</u>	<u>2,206</u>

Note:

The contingent rent refers to the operating rentals based on pre-determined percentages of revenue less minimum rentals of the respective leases.

5. Trade and Other Receivables and Prepayments

	As at December 31,	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>150,093</u>	<u>172,951</u>
Other receivables and prepayments:		
Prepaid rental expenses	58,273	69,911
Loans to employees (Note)	17,474	22,805
Prepayment to suppliers	267,040	48,611
Prepaid operating expenses	69,537	59,942
Input value-added tax recoverable	237,860	108,734
Interest receivable	11,978	—
Others	<u>32,863</u>	<u>14,662</u>
Subtotal	<u>695,025</u>	<u>324,665</u>
Total trade and other receivables and prepayments	<u><u>845,118</u></u>	<u><u>497,616</u></u>

Note:

Loans to employees are non-interest bearing and principally repayable within 12 months. The amounts were secured by certain assets pledged by the employees or guaranteed by other employees.

Majority of trade receivables were from payment platforms for which are normally settled within 0 to 30 days. Trade receivables are aged 0 to 30 days based on the date of rendering of services. There were no trade receivables past due but not impaired.

6. Share Capital

	Par value	Number of	Nominal	Shown
	<i>USD</i>	shares	amount	in the
			<i>USD'000</i>	consolidated
				financial
				statements
				<i>RMB'000</i>
Authorized:				
At January 1, 2017	0.1	100,000	10	
Increase (Note ii)	0.1	<u>66,667</u>	<u>7</u>	
At December 31, 2017	0.1	166,667	17	
Cancellation (Note iii)	0.1	(166,667)	(17)	
Increase (Note iv)	0.000005	<u>10,000,000,000</u>	<u>50</u>	
At December 31, 2018	0.000005	<u><u>10,000,000,000</u></u>	<u><u>50</u></u>	

	Par value USD	Number of shares	Nominal amount USD'000	Shown in the consolidated financial statements RMB'000
Issued:				
At January 1, 2017	0.1	100,000	—	—
Paid-up (Note i)	0.1	—	10	63
Issue of new shares (Note ii)	0.1	<u>66,667</u>	<u>7</u>	<u>44</u>
At December 31, 2017	0.1	166,667	17	107
Share repurchased and cancelled under the Share Subdivision (Note iii)	0.1	(166,667)	(17)	(107)
Issue of ordinary shares under the Share Subdivision (Note iii)	0.000005	3,333,340,000	17	107
Issue of shares under the Global Offering (Note v)	0.000005	424,530,000	2	15
Issue of shares under the Capitalization Issue (Note vi)	0.000005	<u>1,542,130,000</u>	<u>8</u>	<u>53</u>
At December 31, 2018	0.000005	<u>5,300,000,000</u>	<u>27</u>	<u>175</u>

Notes:

- i. The Company was incorporated on July 14, 2015 with authorized share capital of United States Dollar (“USD”) 10,000, divided into 100,000 shares of USD0.1 each. These shares were issued on July 14, 2015 and were fully paid up during the year ended December 31, 2017.
- ii. According to the resolution of the Directors on April 7, 2017, it was resolved that the authorized capital of the Company be increased from USD10,000 to USD16,666.70, divided into 166,667 shares. The additional shares were issued and fully paid up during the year ended December 31, 2017. The new shares rank pari passu with the existing shares in all aspects.
- iii. According to the resolution of the shareholders of the Company on September 6, 2018, it was resolved that every issued share of USD0.1 in the share capital of the Company be subdivided into 20,000 shares of par value USD0.000005 each such that the Company shall have an authorized and issued share capital of USD16,666.70 divided into 3,333,340,000 shares (the “Share Subdivision”). Under the Share Subdivision, the authorized and issued 166,667 shares were repurchased and cancelled accordingly.

- iv. On September 6, 2018, the authorized share capital of the Company was increased from USD16,666.70 divided into 3,333,340,000 shares of USD0.000005 each to USD50,000 divided into 10,000,000,000 shares of USD0.000005 each.
- v. On September 26, 2018, 424,530,000 ordinary shares with par value of USD0.000005 each of the Company were issued at Hong Kong Dollar (“HKD”)17.80 by way of public offer with the share capital of approximately RMB15,000 recognized (the “**Global Offering**”). On the same date, the Company’s shares were listed on the Main Board of the Stock Exchange. The new shares rank pari passu with the existing shares in all aspects.
- vi. On September 26, 2018, the Company capitalize an amount of USD7,710.65 (equivalent to approximately RMB53,000) standing to the credit of the share premium of the Company by applying such sum in paying up in full at par 1,542,130,000 shares for allotment and issue to shareholders (the “**Capitalization Issue**”). The new shares rank pari passu with the existing shares in all aspects.

7. Trade Payables

Trade payables are non-interest bearing with a credit term of 30-60 days. An aged analysis of the Group’s trade payables, as at the end of the reporting period, based on the invoice date, is as follows:

	As at December 31,	
	2018	2017
	<i>RMB’000</i>	<i>RMB’000</i>
Within 60 days	715,522	152,485
61 to 180 days	7,496	9,963
More than 181 days	<u>6,310</u>	<u>6,271</u>
	<u><u>729,328</u></u>	<u><u>168,719</u></u>

8. Other Payables

	As at December 31,	
	2018	2017
	<i>RMB’000</i>	<i>RMB’000</i>
Staff cost payable	604,319	439,718
Other taxes payables	63,944	31,474
Deposits from suppliers	28,271	8,741
Renovation fee payables	158,245	20,330
Listing fee/share issue cost payables	33,669	—
Interest payable	391	972
Others	<u>17,625</u>	<u>9,500</u>
	<u><u>906,464</u></u>	<u><u>510,735</u></u>

9. Other Income

	For the year ended	
	December 31,	
	2018	2017
	RMB'000	RMB'000
Interest income on:		
- bank deposits	33,198	1,250
- loans to a related party	—	2,846
- other financial assets	321	567
- deposits placed in a financial institution	4,733	—
	<u>38,252</u>	<u>4,663</u>
Government grant (Note)	45,661	74,861
Others	<u>20,405</u>	<u>11,229</u>
	<u>104,318</u>	<u>90,753</u>

Note:

The amounts represent the subsidies received from the local governments for the Group's local business development. There were no unfulfilled conditions in the years in which they were recognized.

10. Other Gains and Losses

	For the year ended	
	December 31,	
	2018	2017
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment, net	(4,929)	(10,903)
Net foreign exchange gain (loss)	7,276	(3,742)
Net gain arising on financial assets at FVTPL	6,803	24,577
Compensation claim income	990	5,694
Others	<u>7,717</u>	<u>10,436</u>
	<u>17,857</u>	<u>26,062</u>

11. Finance Costs

	For the year ended	
	December 31,	
	2018	2017
	RMB'000	RMB'000
Interests on borrowings	<u>31,231</u>	<u>8,614</u>

12. Income Tax Expense

	For the year ended	
	December 31,	
	2018	2017
	RMB'000	RMB'000
Current tax:		
- current year		
- PRC Enterprise Income Tax (“EIT”)	645,400	419,286
- other jurisdictions	<u>14,573</u>	<u>23,734</u>
	<u>659,973</u>	<u>443,020</u>
- under (over) provision in prior year		
- PRC EIT	3,663	—
- other jurisdictions	<u>26</u>	<u>(206)</u>
	<u>3,689</u>	<u>(206)</u>
	<u>663,662</u>	<u>442,814</u>
Deferred tax	<u>(50,678)</u>	<u>(12,106)</u>
	<u>612,984</u>	<u>430,708</u>

The Company is a tax exempted company incorporated in the Cayman Islands.

Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory EIT rate of PRC subsidiaries of the Group is 25% for the year ended December 31, 2018 (2017: 25%).

Under the EIT Law, withholding tax is also imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. As at December 31, 2018, no deferred tax liability was recognized in respect of the undistributed earnings expected to be distributed in the foreseeable future (2017: RMB12,500,000). Deferred tax liabilities have not been provided for the remaining undistributed earnings amounting to RMB1,915,718,000 as at December 31, 2018 (2017: RMB684,683,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The Company’s subsidiaries incorporated overseas are subject to overseas profits tax at 10% to 35% on estimated assessable profit for the both years.

13. Dividends

On June 15, 2017, a final dividend of RMB613,765,000 was declared to Sichuan Haidilao Catering Co., Ltd. (四川海底捞餐饮股份有限公司) (“**Sichuan Haidilao**”) and non-controlling interests for the year ended December 31, 2016 by certain subsidiaries of Sichuan Haidilao. On August 8, 2017, a dividend of RMB132,702,000 was declared to Sichuan Haidilao and non-controlling interests by certain subsidiaries of Sichuan Haidilao. On November 30, 2017, a dividend of RMB5,304,000 was declared to Jianyang Jingyuan Investment Co., Ltd.

(簡陽市靜遠投資有限公司) (“**Jingyuan Investment**”). The dividends were presented as dividends to the ultimate controlling parties, Mr. Zhang Yong and his spouse namely Ms. Shu Ping, and non-controlling interests of RMB468,700,000 and RMB283,071,000, respectively in the consolidated statement of changes in equity for the year ended December 31, 2017.

On June 10, 2018, a final dividend of USD88,816,000 (equivalent to RMB584,002,000), with the dividend per share of approximately USD5,329 (equivalent to RMB35,039) was declared to shareholders for the year ended December 31, 2017 by the Company. RMB455,586,000 was paid by December 31, 2018, and the remaining balance amounting to RMB128,416,000 was recorded as dividend payable.

Subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2018 of HKD0.076 (equivalent to RMB0.065) per share, amounting to approximately HKD403,627,000 (equivalent to RMB345,000,000) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

14. Earnings Per Share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	For the year ended	
	December 31,	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>1,646,156</u>	<u>1,027,845</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	<u>4,988,290</u>	<u>4,795,376</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted retrospectively for both years for the effect of the Share Subdivision and Capitalization Issue as described in Note 6.

The calculation of diluted earnings per share for the current year does not assume the exercise of the over-allotment option granted upon the Listing since the exercise price of the option was higher than the average market price during the exercisable period of this option, and therefore, no diluted earnings per share is presented for the year ended December 31, 2018.

No diluted earnings per share for the year ended December 31, 2017 were presented as there were no potential ordinary shares in issue for the year ended December 31, 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company's shares have been listed on the Stock Exchange on September 26, 2018 (“**Listing Date**”).

Pursuant to A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang Yong currently serves as the chairman of the Board and the chief executive officer of the Company. He is one of the founders of the Group and has been operating and managing the Group since its establishment. Our Directors believe that it is beneficial to the business operations and management of the Group that Mr. Zhang Yong continues to serve as both the chairman of the Board and the chief executive officer of the Company.

Save as the above, the Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE**”) (the “**Listing Rules**”) and has complied with the code provisions in the Corporate Governance Code from the Listing Date to December 31, 2018.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code from the Listing Date to December 31, 2018.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company from the Listing Date to December 31, 2018.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's shares during the period from the Listing Date to December 31, 2018.

Audit Committee

The audit committee of the Board (the “**Audit Committee**”) has three members comprising our non-executive Director, namely Ms. Shu Ping, and two independent non-executive Directors, namely Mr. Qi Daqing (chairman of the Audit Committee) and Mr. Hee Theng Fong, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the Group’s annual results for the year ended December 31, 2018, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended December 31, 2018 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2018 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Use of Proceeds from the Global Offering

The net proceeds from the Global Offering amounted to approximately HKD7,299.3 million, which will be used for (1) our expansion plan; (2) the development and implementation of new technology; (3) the repayment of the loan facility and credit facility; and (4) working capital and general corporate purposes.

As of December 31, 2018, the Company cumulatively used approximately 19.3% of the proceeds from the Global Offering and the net proceeds have been applied in the manner as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

The following sets forth a summary of the utilisation of the net proceeds from Company's initial public offering as at December 31, 2018.

- approximately 2.8% was used to finance part of our expansion plan in 2018;
- approximately 15.0% was used to partially repay (i) the loan facility of RMB850.0 million from China Merchants Bank Co., Ltd. Hong Kong Branch, and (ii) the credit facility in the amount of US\$40.0 million from Citibank (China) Co., Ltd. Beijing Branch; and
- approximately 1.5% was used for our working capital and general corporate purposes.

Events after the End of the December 31, 2018

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2018 and up to the date of this announcement.

Principal Risks and Uncertainties

Our business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

DATE OF AGM AND FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company (the "Shareholders") in the forthcoming annual general meeting (the "AGM") on Monday, May 27, 2019 for the distribution of a final dividend of HKD0.076 (equivalent to RMB0.065) per share for the year ended December 31, 2018. The final dividend is expected to be paid on Friday, June 14, 2019 to the Shareholders whose names are listed in the register of members of the Company on Tuesday, June 4, 2019, in an aggregate of approximately HKD403,627,000 (equivalent to RMB345,000,000). The final dividend will be distributed in Hong Kong dollars and will be calculated based on the average benchmark exchange rate of RMB against Hong Kong dollar announced by the People's Bank of China in the five working days prior to but excluding the date of the Board meeting held on Tuesday, March 26, 2019. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM.

CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND

The register of members of the Company will also be closed from Friday, May 31, 2019 to Tuesday, June 4, 2019, 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 Tuesday, June 4, 2019 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 branch 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, May 30, 2019.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Wednesday, May 22, 2019 to Monday, May 27, 2019, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Monday, May 27, 2019. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch 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 Tuesday, May 21, 2019.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the HKSE (www.hkexnews.hk) and the Company (www.haidilao.com).

The annual report for the year ended December 31, 2018 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the HKSE and the Company in April 2019.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

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

Hong Kong, March 26, 2019

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. Shao Zhidong and Mr. Tong Xiaofeng 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.