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YIHAI INTERNATIONAL HOLDING LTD.

頤海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1579)

**CONTINUING CONNECTED TRANSACTIONS
VARIATION OF TERMS OF THE MASTER SALES AGREEMENT**

Reference is made to (i) the Prospectus in relation to the Master Sales Agreement, (ii) the 2017 Circular in relation to, among others, the entering into of the Supplemental Master Sales Agreement for the sale of Small Hotpot Products to the Haidilao Group and revision of annual caps under the Master Sales Agreement, and (iii) the extraordinary general meeting of the Company held on 6 November 2017, at which the resolutions provided in the 2017 Circular were passed by the then independent Shareholders of the Company. Reference is also made to the Termination Agreement pursuant to which the rights and obligations between Yihai Shanghai and Sichuan Haidilao under the Master Sales Agreement are discharged and terminated as Sichuan Haidilao had transferred its restaurant business, assets and liabilities to Singapore Haidilao.

The Company announces that, on 22 March 2018, Yihai Shanghai and Singapore Haidilao entered into the Second Supplemental Master Sales Agreement to amend certain terms of the Master Sales Agreement.

As the Proposed Amendments constitute a material change to the terms of the Master Sales Agreement, the Company is required to re-comply with the relevant requirements under Chapter 14A of the Listing Rules. Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 5%, the New Continuing Connected Transactions are subject to the announcement, circular, independent shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

The Extraordinary General Meeting will be convened to consider and, if thought fit, to approve the New Continuing Connected Transactions. In accordance with the Listing Rules, Mr. Zhang Yong, Ms. Shu Ping and Mr. Shi Yonghong have a material interest in the Second Supplemental Agreement and will abstain from voting on the ordinary resolution to approve the New Continuing Connected Transactions at the Extraordinary General Meeting.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Continuing Connected Transactions. In this respect, First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

A circular containing, among others, further information on the New Continuing Connected Transactions, a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the Extraordinary General Meeting to approve the New Continuing Connected Transactions, is expected to be dispatched to the Shareholders on or before 17 April 2018.

I. INTRODUCTION

Reference is made to (i) the Prospectus in relation to the Master Sales Agreement, (ii) the 2017 Circular in relation to, among others, the entering into of the Supplemental Master Sales Agreement for the sale of Small Hotpot Products to the Haidilao Group and revision of annual caps under the Master Sales Agreement, and (iii) the extraordinary general meeting of the Company held on 6 November 2017, at which the resolutions provided in the 2017 Circular were passed by the then independent Shareholders of the Company. Reference is also made to the Termination Agreement pursuant to which the rights and obligations between Yihai Shanghai and Sichuan Haidilao under the Master Sales Agreement are discharged and terminated as Sichuan Haidilao had transferred its restaurant business, assets and liabilities to Singapore Haidilao.

The Company announces that, on 22 March 2018, Yihai Shanghai and Singapore Haidilao entered into the Second Supplemental Master Sales Agreement to amend certain terms of the Master Sales Agreement.

II. THE SECOND SUPPLEMENTAL MASTER SALES AGREEMENT

Date: 22 March 2018

Parties: (1) Yihai Shanghai
(2) Singapore Haidilao

The Proposed Amendments to the terms of the Master Sales Agreement made by the Second Supplemental Master Sales Agreement are summarized below.

1. Sale of products:

The Master Sales Agreement currently provides that the Group is the sole supplier of Haidilao Customized Products to the Haidilao Group for use in its hotpot restaurants in the PRC, save to the extent that the Haidilao Group may engage other suppliers in the event that the Group is unable to satisfy the quantity of the products demanded, after discussion with the Group and upon obtaining the Group's written consent. Upon fulfillment of certain requirements relating to mass production and standardization and upon confirmation of the types of products required, the Group shall be recognized as the sole supplier of the Haidilao Customized Products to the Haidilao Group for use in its overseas hotpot restaurants.

It is proposed that the Group remains to be the sole supplier of Haidilao Customized Products to the Haidilao Group for use in its hotpot restaurants in the PRC. Upon fulfillment of certain requirements relating to mass production and standardization and upon confirmation of the types of products required, the Group shall be recognized as the sole supplier of the Haidilao Customized Products to the Haidilao Group for use in its overseas hotpot restaurants (including those in Hong Kong, Macau and Taiwan). However, if the Group is unable to satisfy the quantity of the products demanded, or the quality of the Haidilao Customized Products supplied by the Group does not fulfil the specifications of the Haidilao Group, and the matter cannot be resolved within a reasonable period (not longer than 30 days) after consultation with the Group, the Haidilao Group may engage other suppliers.

2. Termination

The Master Sales Agreement currently provides that subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Master Sales Agreement may be automatically renewed for a further term of three years from time to time, unless: (i) Yihai Shanghai notifies Sichuan Haidilao and Singapore Haidilao to the contrary with one month's written notice prior to the expiry of the term of the Master Sales Agreement; (ii) the parties thereto agree in writing to terminate the Master Sales Agreement during its term; or (iii) the Master Sales Agreement is terminated as required by applicable laws, regulations, requirements of the securities regulatory authorities, or judgment or decision of any competent court. Upon renewal of the Master Sales Agreement, the parties thereto may amend the terms of the Master Sales Agreement based on the then prevailing circumstances.

It is proposed that subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Master Sales Agreement may be automatically renewed for a further term of three years from time to time, unless: (a) the parties thereto agree in writing to terminate the Master Sales Agreement during its term; or (b) the Master Sales Agreement is terminated as required by applicable laws, regulations, requirements of the securities regulatory authorities, or judgment or decision of any competent court. Upon renewal of the Master Sales Agreement, the parties thereto may amend the terms of the Master Sales Agreement based on the then prevailing circumstances.

Save for the Proposed Amendments as stated above, all other principal terms and conditions of the Master Sales Agreement shall remain in full force and effect. The Annual Caps for the transactions contemplated under the Master Sales Agreement remain unchanged (please refer to the 2017 Circular and the 2017 Poll Results Announcement for details).

The Second Supplemental Master Sales Agreement is conditional upon the approval of the New Continuing Connected Transactions by the Independent Shareholders at the Extraordinary General Meeting.

III. REASONS FOR THE PROPOSED AMENDMENTS

In order to enhance the effectiveness of the cooperation between the Group and the Haidilao Group, strengthen the basis for long-term cooperation, and implement their respective businesses, management, operations and capital strategies, the parties entered into the Second Supplemental Master Sales Agreement.

The Directors (other than the independent non-executive Directors) are of the view that the terms of the Second Supplemental Master Sales Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors will form their views in respect of the New Continuing Connected Transactions after receiving advice from the Independent Financial Adviser.

IV. INFORMATION ON THE PARTIES

Yihai Shanghai is principally engaged in the sales of compound condiments in the PRC.

The Group is principally engaged in the manufacture and sales of compound condiment in the PRC.

Singapore Haidilao and its subsidiaries are primarily engaged in the hot pot restaurant business in the PRC and overseas countries, among other ancillary businesses.

V. LISTING RULES IMPLICATIONS

As the Proposed Amendments constitute material change to the terms of the Master Sales Agreement, the Company is required to re-comply with the relevant requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Zhang Yong and his wife Ms. Shu Ping together hold approximately 35.59% of the total issued share capital of the Company and are therefore controlling shareholders of the Company. Mr. Shi Yonghong, a non-executive Director, holds approximately 16.93% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company.

Singapore Haidilao is indirectly held as to approximately 62.7% by Mr. Zhang Yong and Ms. Shu Ping (the controlling shareholders of the Company) and 29.7% by Mr. Shi Yonghong (a substantial shareholder and non-executive Director) and his wife.

Singapore Haidilao is, therefore, a connected person of the Company by virtue of it being associate of the controlling shareholders, and New Continuing Connected Transactions constitute continuing connected transactions of the Company under the Listing Rules.

Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 5%, the New Continuing Connected Transactions are subject to the announcement, circular, independent shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules.

In relation to the New Continuing Connected Transactions, none of the Directors has any material interests in the New Continuing Connected Transactions or is required to abstain from voting on the Board resolution except for Mr. Zhang Yong, Ms. Shu Ping and Mr. Shi Yonghong. Mr. Zhang Yong, together with his wife Ms. Shu Ping, hold approximately 62.7% of Singapore Haidilao. Mr. Shi Yonghong together with his wife hold approximately 29.7% of Singapore Haidilao.

The Extraordinary General Meeting will be convened to consider and, if thought fit, to approve the New Continuing Connected Transactions. In accordance with the Listing Rules, Mr. Zhang Yong, Ms. Shu Ping, Mr. Shi Yonghong, and their respective associates have a material interest in the New Continuing Connected Transactions and will abstain from voting on the ordinary resolution to approve the New Continuing Connected Transactions at the Extraordinary General Meeting.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Continuing Connected Transactions. In this respect, First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

A circular containing, among others, further information on New Continuing Connected Transactions, a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the Extraordinary General Meeting to approve the New Continuing Connected Transactions, is expected to be dispatched to the Shareholders on or before 17 April 2017.

VI. DEFINITIONS

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

“2017 Circular”	the circular of the Company dated 18 October 2017 in relation to the Haidilao Continuing Connected Transactions and the Annual Caps
“2017 Poll Results Announcement”	the poll results announcement of the Company dated 6 November 2017 in relation to the poll results of the resolutions provided in the 2017 Circular
“Annual Caps”	the revised annual caps for the Haidilao Continuing Connected Transactions for the years ending 31 December 2017 and 2018, as approved by the then independent Shareholders at the extraordinary general meeting of the Company held on 6 November 2017
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Yihai International Holding Ltd. (頤海國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Haidilao Continuing Connected Transactions”	the sale of Haidilao Customized Products, Haidilao Retail Products and Small Hotpot Products to the Haidilao Group pursuant to the Master Sales Agreement, which are approved by the then independent Shareholders at the extraordinary general meeting of the Company held on 6 November 2017

“Directors”	the directors of the Company
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to consider and, if thought fit, approve the New Continuing Connected Transactions
“Group”	the Company and its subsidiaries
“Haidilao Customized Products”	the hotpot soup flavoring and Chinese-style compound condiment products manufactured using formulas owned by the Haidilao Group for use in its hotpot restaurants
“Haidilao Group”	Singapore Haidilao and its subsidiaries, the principal business of which is to operate hotpot restaurant chain in the PRC and overseas countries
“Haidilao Retail Products”	the retail hotpot soup flavouring, hotpot dipping sauce and Chinese-style compound condiment products manufactured using formulas the Group owns for display and sale to consumers in Haidilao Group hotpot restaurants, which are the same products as those sold by the Group through third party distributors
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Yau Ka Chi, Mr. Qian Mingxing and Ms. Ye Shujun, established to advise the Independent Shareholders on the New Continuing Connected Transactions
“Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the New Continuing Connected Transactions

“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules, and in relation to approving the New Continuing Connected Transactions at the Extraordinary General Meeting, means the Shareholders other than Mr. Zhang Yong, Ms. Shu Ping and Mr. Shi Yonghong and their respective associates
“Jingyuan Investment”	Jiayang City Jingyuan Investment Co., Ltd.* (簡陽市靜遠投資有限公司), a limited liability company established in the PRC on 13 March 2009, which is held as to 68% by Mr. Zhang Yong and Ms. Shu Ping (the controlling shareholders) and 32% by Mr. Shi Yonghong (a non-executive Director) and his wife
“Joint Venture”	Fuhai (Shanghai) Food Technology Co., Ltd.* (馥海(上海)食品科技有限公司), a company established in the PRC and a 60% owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Sales Agreement”	the master sales agreement dated 24 June 2016 (as supplemented by the Supplemental Master Sales Agreement) entered into between Sichuan Haidilao, Singapore Haidilao and Yihai Shanghai, an indirectly wholly owned subsidiary of the Company to regulate the sale of Haidilao Customized Products, Haidilao Retail Products and Small Hotpot Products by the Group to the Haidilao Group
“New Continuing Connected Transactions”	the Second Supplemental Master Sales Agreement and the transactions contemplated thereunder
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendment(s)”	the principal proposed amendment(s) to the Master Sales Agreement pursuant to the Second Supplemental Master Sales Agreement

“Prospectus”	the Company’s prospectus dated 30 June 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Master Sales Agreement”	the second supplemental master sales agreement dated 22 March 2018 entered into between Sichuan Haidilao, Singapore Haidilao and Yihai Shanghai to vary certain terms of the Master Sales Agreement
“Shareholder(s)”	holders of Shares
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each
“Sichuan Haidilao”	Sichuan Haidilao Catering Corporation Ltd.* (四川海底捞餐饮股份有限公司), a joint stock limited liability company established in the PRC and is directly held as to approximately 33.5% by Mr. Zhang Yong and Ms. Shu Ping (the controlling shareholders), 50% by Jingyuan Investment and 16% by Mr. Shi Yonghong (the non-executive Director) and his wife
“Singapore Haidilao”	HAI DI LAO HOLDINGS PTE. LTD., a limited liability company incorporated in Singapore and is indirectly held as to approximately 62.7% by Mr. Zhang and Ms. Shu (the controlling shareholders) and 29.7% by Mr. Shi Yonghong (the non-executive Director) and his wife
“Small Hotpot Products”	the self-serving small hotpot products manufactured and sold by the Joint Venture
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Master Sales Agreement”	the supplemental master sales agreement dated 18 September 2017 entered into between Sichuan Haidilao, Singapore Haidilao and Yihai Shanghai, an indirectly wholly owned subsidiary of the Company to regulate the sale of Small Hotpot Products by the Group to the Haidilao Group

“Termination
Agreement”

the termination agreement dated 22 March 2018 entered into between Sichuan Haidilao and Yihai Shanghai pursuant to which the rights and obligations between Yihai Shanghai and Sichuan Haidilao under the Master Sales Agreement are discharged and terminated

“Yihai Shanghai”

Yihai (Shanghai) Food Co., Ltd. (頤海(上海)食品有限公司), a foreign investment enterprise established in the PRC and an indirectly wholly owned subsidiary of the Company

By Order of the Board
Yihai International Holding Ltd.
Shi Yonghong
Chairman

Hong Kong, 22 March 2018

As at the date of this announcement, the executive Directors are Ms. Dang Chunxiang, Mr. Sun Shengfeng and Ms. Shu Ping; the non-executive Directors are Mr. Shi Yonghong, Mr. Zhang Yong, and Mr. Pan Di; and the independent non-executive Directors are Mr. Yau Ka Chi, Mr. Qian Mingxing and Ms. Ye Shujun.

** For identification purposes only*