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Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
呷哺呷哺餐飲管理(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 520)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF FINANCIAL PRODUCT

SUBSCRIPTION OF THE SPD FINANCIAL PRODUCT

On 12 July 2018, the Company, through its wholly-owned subsidiary Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd., subscribed for a SPD Financial Product with a principal amount of RMB250.0 million.

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

SUBSCRIPTION OF THE SPD FINANCIAL PRODUCT

On 12 July 2018, the Company, through its wholly-owned subsidiary Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd., subscribed for a SPD Financial Product with a principal amount of RMB250.0 million. Such SPD Financial Product remains outstanding as at the date of this announcement and the Company expects to receive the principal with the expected return upon the maturity of the SPD Financial Product. The major terms of the Subscription Agreement with SPD Bank of the SPD Financial Product are set out as follows:

Product name	Principal amount subscribed (in RMB)	Expected annual return rate (%)	Investment Term (days)	Subscription date	Maturity date	Expected amount to be received upon maturity (in RMB)
More Profits-Happy Profits 90-Day Plan (利多多悦盈利之90天計劃)	250,000,000	4.80	90	12 July 2018	10 October 2018	252,958,904

Other salient terms of the Subscription Agreement with SPD Bank

The Investment Term of the SPD Financial Product represents the term commencing one day after the date of the Subscription Agreement and ending on the earlier of the maturity date or the date of termination of the Subscription Agreement by SPD Bank and if the maturity date falls on a date that is not a business day, then the Investment Term will be automatically extended to the next business day. The Company mainly funded the Subscription utilizing idle cash of the Group and the Subscription amount will be transferred to SPD Bank on the date of the commencement of the Investment Term.

The underlying investments of the SPD Financial Product shall primarily consist corporate and government bonds with AA rating or above if a rating has been obtained, deposits and other money market funds.

During the Investment Term, the Company could not terminate the Subscription Agreement, redeem or withdraw the principal amount prior to the maturity date of the SPD Financial Product. SPD Bank might terminate the Subscription Agreement and the SPD Financial Product during the Investment Term for certain reasons. For instance, when there is an undersubscription of such financial product by the general public to the effect that the minimum targeted total subscription amount of such financial product could not be reached by the subscription deadline specified by SPD Bank, SPD Bank might terminate the Subscription Agreement and the SPD Financial Product during the Investment Term.

The Company shall bear certain fees and expenses including custodian fee of the SPD Financial Product, commission charge, and management fees. Such fees and charges shall be deducted from the return, and the expected annual return rate of the SPD Financial Product represents the rate of return which the Company might receive taking into account such fees and charges.

The principal amount of and the return on the SPD Financial Product shall be paid by SPD Bank to Xiabu Shanghai to the designated bank account of Xiabu Shanghai maintained at SPD Bank within five business days of the maturity date of the SPD Financial Product.

Listing Rules implications

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

As at the date of this announcement, the Company does not hold any other financial product issued by SPD Bank.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE SPD FINANCIAL PRODUCT

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

The SPD Financial Product is standard short-term financial product that has relatively low associated risks issued by a reputable commercial bank. Although the SPD Financial Product was marketed as wealth management product which is not principal protected nor with pre-determined or guaranteed return, the underlying investments were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group as the Company had, in the past, totally recovered the principal and received the expected returns upon the maturity of the financial products, which nature are very similar to the SPD Financial Product. In addition, the SPD Financial Product is with a relatively short term of maturity, and which is considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return. However, in accordance with the relevant accounting standards, the SPD Financial Product will be accounted for as short-term investments in the consolidated financial statements of the Company.

In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the low risk nature and relatively short term of maturity of the SPD Financial Product, the Directors are of the view that the SPD Financial Product poses little risk to the Group and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION ON THE PARTIES

The Company

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

Xiabu Shanghai is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in operating certain Xiabuxiabu restaurants of the Group.

SPD Bank

SPD Bank is a joint-stock company incorporated in the PRC with limited liability and an independent third party. SPD Bank and its subsidiaries are principally engaged in the commercial banking business which provides services such as accepting deposits, making loans and offering basic investment products. SPD Bank is listed on the Shanghai Stock Exchange (Stock Code: 600000). The Company has subscribed for the SPD Financial Product through its Sanlin Branch.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, SPD Bank and its ultimate substantial beneficial owners as publicly disclosed by SPD Bank are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (呷哺呷哺餐飲管理(中國)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 May 2008
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate
“Investment Term”	the term of the SPD Financial Product, during which the SPD Financial Product is expected to generate return, if any
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“SPD Bank”	Shanghai Pudong Development Bank Co., Ltd., a joint stock company incorporated in the PRC with limited liability, and an independent third party
“SPD Financial Product”	the Financial Product issued by SPD Bank and subscribed for by the Company, through Xiabu Shanghai, on 12 July 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Company, through Xiabu Shanghai, of the SPD Financial Product in accordance with the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company, through Xiabu Shanghai, and SPD Bank in respect of the Subscription

“Xiabu Shanghai”

Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd. (呷哺呷哺餐飲管理(上海)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

By order of the Board

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

HO Kuang-Chi

Chairman

Hong Kong, 12 July 2018

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