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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)

VOLUNTARY ANNOUNCEMENT

CONSTRUCTION AND DEVELOPMENT OF THE YIHAI HEADQUARTERS COMPLEX

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The Board is pleased to announce that on 22 July 2021, Yihai Shanghai has entered into the Investment And Cooperation Agreement with the Chengdu Eastern New Area Management Committee, pursuant to which Yihai Shanghai shall, among others, acquire the land use right of the Target Land in accordance with laws and regulations, construct and develop the Target Land as the Yihai Headquarters Complex. The construction of the Project is expected to complete in five years. The total investment amount of the Project shall not be less than RMB600 million.

As there is uncertainty as to whether the Group would make a successful bidding for the Target Land, the Project may or may not materialise wholly or partly, shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

THE INVESTMENT AND COOPERATION AGREEMENT

The Board is pleased to announce that on 22 July 2021, Yihai Shanghai has entered into the Investment And Cooperation Agreement with the Chengdu Eastern New Area Management Committee, pursuant to which (i) Yihai Shanghai shall, among others, acquire the land use right of the Target Land in accordance with laws and regulations, construct and develop the Target Land as the Yihai Headquarters Complex, and (ii) Chengdu Eastern New Area Management Committee shall assist Yihai Shanghai in the development and construction of the Yihai Headquarters Complex mainly by, among others, assisting in the business and tax registration as well as various approval and filing requirements in accordance with applicable laws and regulations and providing the infrastructure construction supports. The construction of the Project is expected to complete in five years. The total investment amount shall not be less than RMB600 million.

PRINCIPAL TERMS OF THE INVESTMENT AND COOPERATION AGREEMENT

The principal terms of the Investment And Cooperation Agreement are set out as follows:

- Date:** 22 July 2021
- Parties:** (1) Yihai Shanghai; and
(2) the Chengdu Eastern New Area Management Committee* (成都東部新區管理委員會)
- Term:** The Project is divided in two phases and is expected to complete in June 2026 (subject to the actual progress of construction works).
- Proposed Geographical Location:** Baijinshan Reservoir Area, Gaoming Town, Chengdu Eastern New Area, the PRC (中國成都東部新區高明鎮白金山水庫片區)
- Proposed Site Area:** Approximately 300 acres (subject to further adjustments as stated in the transfer contract of state-owned construction land use right (國有建設用地使用權出讓合同) to be entered into by the competent authorities and the Yihai Shanghai)
- Details of the Project:** Yihai Shanghai shall, among others, acquire the land use right of the Target Land in accordance with laws and regulations, construct and develop the Target Land as the Yihai Headquarters Complex. The Yihai Headquarters Complex shall mainly comprise headquarters offices, conference centre, the supply chain and research centre, and related ancillary facilities, etc.
- The Chengdu Eastern New Area Management Committee shall assist Yihai Shanghai in the development and construction of the Yihai Headquarters Complex mainly by, among others, assisting in the business and tax registration as well as various approval and filing requirements in accordance with applicable laws and regulations and providing the infrastructure construction supports.
- The Project will be carried out by the Project Company. The registered capital of Project Company shall be no less than RMB25 million, among which RMB8 million shall be paid up within 60 days from the date of registration. The remaining registered capital shall be fully paid up before the operation of the Yihai Headquarters Complex. The acquisition of the land use right of the Target Land is subject to the completion of the relevant legal procedures. If Yihai Shanghai is unable to successfully acquire the land use right of the Target Land by bidding, the Investment And Cooperation Agreement shall terminate automatically.

Investment Amount

Pursuant to the Investment And Cooperation Agreement, the total investment amount shall not be less than RMB600 million, which includes the costs of the acquisition, construction and development of the Target Land. The overall construction period of the Project is around five years in two phases. The investment amount will be utilized in instalments on a progressive basis during the overall period.

The Board considers that the investment amount to be paid under the Investment And Cooperation Agreement is fair and reasonable having taken into account the estimated costs of the acquisition, construction and development of the Target Land, the location of the Target Land, the current market conditions, business prospects and growth potential of Chengdu. The investment amount will be satisfied mainly by the Group's internal resources.

INFORMATION OF THE PARTIES INVOLVED

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Chengdu Eastern New Area Management Committee is a PRC governmental body (as defined in Rule 19A.04 of the Listing Rules) and a third party independent from the Company and its connected persons (as defined in the Listing Rules).

The Group is principally engaged in the manufacture and sales of hot pot condiment products, Chinese-style compound condiment products and convenient ready-to-eat food products in the PRC.

REASONS FOR AND BENEFITS OF THE INVESTMENT AND COOPERATION AGREEMENT

The Group currently leases properties for its own use as offices. The Company believes that the establishment of facilities such as office premises, conference centre and related ancillary facilities in the Yihai Headquarters Complex will provide employees with better environment to facilitate their office work and life. The research centre in the Yihai Headquarters Complex will also enable the Group to increase its investment in research so as to enhance the Group's strength in this respect, and thus better supporting the Group's operation and the expansion of the Group's business and laying a solid foundation for the strategic growth of the Group.

The Board considers that the terms and conditions of the Investment And Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

If the Group is successful in the bidding process of the Target Land, the Company will comply with the applicable requirements under the Listing Rules if and when the Group acquires the Target Land.

The total investment cost of the Project is an estimate and may involve various transactions with different parties, including the acquisition of the Target Land and construction of the Yihai Headquarters Complex. The Company will comply with the applicable requirements of the Listing Rules where appropriate.

As there is uncertainty as to whether the Group would make a successful bidding for the Target Land, the Project may or may not materialise wholly or partly, shareholders of the Company and public investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

Term	Definition
“Board”	the board of Directors
“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, and the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Investment And Cooperation Agreement”	an investment and cooperation agreement dated 22 July 2021 (together with a supplemental agreement dated 22 July 2021) entered into between Yihai Shanghai and the Chengdu Eastern New Area Management Committee* (成都東部新區管理委員會)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Target Land”	the land with an area of approximately 300 acres located in Baijinshan Reservoir Area, Gaoming Town, Chengdu Eastern New Area, the PRC (中國成都東部新區高明鎮白金山水庫片區), used for the Project in accordance with the Investment And Cooperation Agreement
“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
“Project”	the construction and development of the Yihai Headquarters Complex
“Project Company”	the project company to be established in Chengdu Eastern New Area as the Company’s wholly-owned subsidiary
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Yihai Headquarters Complex”	the headquarters complex of the Group to be constructed on the Target Land
“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
“%”	per cent

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

Shanghai, the PRC
22 July 2021

As at the date of this announcement, the executive directors of the Company are Mr. Shi Yonghong, Mr. Guo Qiang, Mr. Sun Shengfeng, Ms. Shu Ping and Mr. Zhao Xiaokai; the non-executive director of the Company is Mr. Zhang Yong; and the independent non-executive directors of the Company are Mr. Yau Ka Chi, Mr. Qian Mingxing and Ms. Ye Shujun.

* *For identification purposes only*