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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Haidilao International Holding Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended June 30, 2021 (the “**Reporting Period**”), together with comparative figures for the same period of 2020.

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 six months ended June 30,	
	2021 (RMB'000)	2020 (RMB'000)
Revenue	20,094,369	9,760,605
Revenue from Haidilao restaurant operation	19,418,626	9,150,653
Profit (loss) before tax	294,921	(924,418)
Profit (loss) for the period	96,508	(964,507)
Profit (loss) attributable to owners of the Company	94,529	(964,602)
Basic earnings (loss) per share (RMB)	0.02	(0.18)

KEY BUSINESS HIGHLIGHTS

	As of and for the six months ended June 30,	
	2021	2020
Number of Haidilao restaurants	1,597	935
Average table turnover rate (times/day)	3.0	3.3
Average spending per guest (RMB)	107.3	112.8

2021 INTERIM PERFORMANCE REVIEW

In the first half of 2021, our revenue was RMB20,094.4 million, increasing by 105.9% as compared to the corresponding period in 2020. The overall increase in revenue was mainly driven by the eased anti-pandemic prevention and control measures, the increase in operation days, the pickup of customer flow and the increase in the number of restaurants during the Reporting Period. Profit for the first half of 2021 amounted to RMB96.5 million, increasing by 110.0% as compared to the corresponding period in 2020. Despite that the Company's revenue and profit has experienced significant increase as compared to the corresponding period in 2020, the table turnover rate was 3.0 times per day, as compared to a table turnover rate of 3.3 times per day for the corresponding period in 2020. The operating performance was not up to the management's expectation, reflecting that the internal management and operation need to be corrected and improved on a best-effort basis. In the first half of 2021, the Group's enterprise income taxes paid was RMB468.1 million, increasing by 22.3% as compared to the corresponding period in 2020, and the enterprise income taxes paid in mainland China was RMB455.7 million.

The factors impacted our performance in the first half of 2021 mainly include that: (i) we opened many new restaurants in the second half of 2020 and in the first half of 2021. As of June 30, 2021, the number of global restaurants amounted to 1,597 with a significant increase in relevant expenses; (ii) the period of time for the newly-opened restaurants to their first breakeven and returns on cash investments was longer than prior periods; (iii) the operations of restaurants were still suffering from the continuing impact of COVID-19 pandemic. As of June 30, 2021, we have 1,491 restaurants in mainland China, and 106 restaurants located in Hong Kong, Macao and Taiwan regions, and overseas countries. In terms of pandemic prevention and control, remarkable achievement has been made in mainland China with localized rebound witnessed; nevertheless, there are still greater uncertainties in oversea countries. As a result, our oversea restaurants are still suffering from great impact.

We have made consistent efforts to find out the root causes for the less-than-expected operating performance of our restaurants and exerted every effort to improve the situation. We formulated more specific key points to restaurant management and more comprehensive appraisal standards in the first half of 2021 based on "guest satisfaction" and "employees' efforts". In term of guest satisfaction, we strive to continuously create warm and comfortable dining experience while providing customers with delicious products and well-measured services. In terms of employees' efforts, we continuously transmit the corporate culture and the value of "changing your future with your own hands" to encourage the employees to work with positive attitude. Thus, all staff throughout the Company, including the management and the employees, will make concerted efforts to improve the Company's overall operating performance.

In the first half of 2021, we persistently sought for organizational structure that can meet our management demand at present and made continuous adjustments and improvements. In June 2021, the pattern of regional coordinating coach (區域統籌教練模式) was bettered to large-small region management pattern (大、小區管理模式). Currently, Haidilao restaurants in mainland China are divided into five large regions by geographical location, with several coordinating coaches and senior family heads serving as the manager of each of the large region, who is responsible for the overall arrangement of store expansion, engineering, products selection, pricing and other work in each region. Each of the large regions is divided into various small regions. The manager of each small region is selected from experienced family head and directly carries out onsite inspection, assesses and provides guidance for restaurants within their respective regions. Through the reform in organizational structure, we are able to identify the problems of each restaurant more accurately while monitoring and providing guidance on an ongoing basis.

We believe that diversified products will enrich customers' dining experience. In this regard, power for launching new products are authorized to each region on the basis that food safety is guaranteed. Haidilao restaurants in each region will adjust dish offerings based on local consumers' preferences, in order to make sure that the customers will gain more considerate and localized dining experience. In the first half of 2021, the Company launched seasonal dishes such as chicken lobster in light of seasonal variation, and updated the snack-fruit offerings at the self-service dipping sauces table. In addition, we start to offer multiplayer packages that enable the customers to enjoy with more convenience.

In recent years, we have proactively promoted the establishment of member system to better contribute to the customers and respond to the changing demands from the customers. Since the launch of Haidilao APP, it has been upgraded to the 10th version with various functions optimized. For example, home page of the APP, community functions and points shopping mall (撈幣商城) were restructured and optimized, the payment function through APP wallet was put into use, and seven holiday-campaigns were developed and launched, with the peaked daily active users exceeding 310,000. As of June 30, 2021, we have 85 million members. In the first half of 2021, the consumption amount of members accounted for more than 80% of total revenue, which is a good evidence that Haidilao is receiving overwhelming popularity and firm support from the customers. Meanwhile, we also attach great importance to the personal privacy of our customers. We have formulated the "Haidilao Privacy Policy" and adopted reasonable and feasible security protection measures in line with industry standards to protect the personal information of members, and prevent their personal information from being accessed, publicly disclosed, used, modified, damaged or lost without authorization.

Meanwhile, we have been attaching great importance to the feelings and development prospects of our employees. It is hoped that employees will be able to realize their dream of "changing your future with your own hands" by working at Haidilao. We have established many employees communication platforms, including a full-time caring department, to communicate with employees so as to listen to their concerns about their lives and work. At store level, we regularly organize various forms of team-building and recreational activities and intensify the establishment and implementation of fair and impartial reward and punishment mechanism, such as the mentoring program, in order to increase every employee's sense of belonging and identity. We also commenced to grant award shares to key employees for the first time pursuant to the share award scheme in the first half of 2021 to encourage our employees to innovate proactively and work hard.

Our employees are encouraged to care more for their family while working hard. The Company sets up a parent-child companionship project in order to help the employees who work away from home to solve their problems of parent-child separation. By now, the parent-child companionship project has enabled nearly two thousand children from over one thousand Haidilao employees' families to reunite on an accumulative basis. In the first half of 2021, the subsidies distributed to employees under the parent-child companionship project amounted to RMB11.6 million accumulatively. In addition, the restaurant is advised to adopt flexible measures to enable the employees to leave early and go back home at non-rush hour. Meanwhile, we are trying to take advantage of the online space by developing online micro-classes and Hi parent-child mini program, in order to let the Haidilao parent and children grow up together.

In the aspect of intelligent upgrading, we have successively built and reconstructed more than 100 new-technology restaurants, further promoting various equipment and techniques nationwide such as dish supplying robotic arms, soup bases preparation machines and direct allocation of finished dishes from central kitchens. Intelligent soup bases preparation machines have been applied in more than 70 restaurants, stepping further towards the goal of "Thousand People Thousand Flavors". Robot waiters have been deployed in more than 1,000 restaurants to enrich dining experience of our customers. Intelligent under-floor exhaust equipment has been deployed in more than 600 restaurants, enabling the restaurant to achieve energy conservation and emission reduction.

Furthermore, we persistently reinforce the establishment of information system. At present, the Company has established a Haidilao big data platform, and for customer-based business, we completed the cloud-enabled and global SDWAN network layout. We will continue to intensify the investment in information safety this year. Riding the industry-leading host security detection and response platform (HIDS) and by multi-anchor-point attack monitoring, real-time intrusion warning, visualized analysis, mini-honeypot and other technologies, we have reduced the risk of suffering from attack and minimized the security management blind zone, thus improving the efficiency of the detection, identification, analysis of and response to security risk of enterprise.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The revenue of our Group increased by 105.9% from RMB9,760.6 million for the six months ended June 30, 2020 to RMB20,094.4 million for the corresponding period in 2021.

Revenue by Segment

We generate substantially all of our 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 six months ended June 30,			
	2021		2020	
	<i>(RMB'000 except percentages)</i>			
Haidilao restaurant operation	19,418,626	96.6%	9,150,653	93.7%
Other restaurant operation	91,538	0.5%	11,999	0.1%
Delivery business	345,655	1.7%	409,645	4.2%
Sales of condiment products and food ingredients	210,275	1.1%	182,150	1.9%
Others	28,275	0.1%	6,158	0.1%
Total revenue	<u>20,094,369</u>	<u>100%</u>	<u>9,760,605</u>	<u>100%</u>

Revenue from Haidilao restaurant operation, the major part of our revenue which accounted for 96.6% of our total revenue for the six months ended June 30, 2021, increasing by 112.2% from RMB9,150.7 million for the six months ended June 30, 2020 to RMB19,418.6 million for the corresponding period in 2021, mainly due to an increase in the number of restaurants and increase in operation days resulting from the improving pandemic situation. Our Haidilao restaurants' average table turnover rate for six-month period was 3.0 times per day. Our Haidilao restaurants' average spending per guest decreased from RMB112.8 for the six months ended June 30, 2020 to RMB107.3 for the corresponding period in 2021.

Revenue from our delivery business decreased by 15.6% from RMB409.6 million for the six months ended June 30, 2020 to RMB345.7 million for the corresponding period in 2021, mainly due to an decrease in number of delivery orders resulting from the improving pandemic situation.

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

	For the six months ended June 30,	
	2021	2020
Average spending per guest⁽¹⁾ (RMB)		
Tier 1 cities ⁽²⁾	114.9	118.1
Tier 2 cities ⁽³⁾	104.6	107.4
Tier 3 cities and below ⁽⁴⁾	99.0	101.8
<i>Mainland China restaurants</i>	104.3	108.0
Outside mainland China	189.5	191.3
Overall	107.3	112.8
Table turnover rate⁽⁵⁾ (times/day)		
Tier 1 cities ⁽²⁾	3.0	3.0
Tier 2 cities ⁽³⁾	3.1	3.5
Tier 3 cities and below ⁽⁴⁾	2.9	3.6
<i>Mainland China restaurants</i>	3.0	3.4
Outside mainland China	2.2	2.6
Overall	3.0	3.3
New and existing restaurants⁽⁶⁾		
Newly-opened restaurants	2.3	2.4
Existing restaurants	3.1	3.4
Overall	3.0	3.3

Notes:

- (1) Calculated by dividing gross revenue generated from restaurant operation for the period by total guests served for the period.
- (2) Beijing, Shanghai, Guangzhou and Shenzhen.
- (3) All municipalities and provincial capitals excluding tier 1 cities, plus Qingdao, Xiamen, Ningbo, Dalian, Zhuhai, Suzhou and Wuxi.
- (4) All the cities and regions excluding tier 1 cities and tier 2 cities.
- (5) Calculated by dividing the total tables served for the period by the product of total operation days for the period and average table count during the period. The average table count included the table count in the areas that were not opened due to the pandemic prevention and control during the Reporting Period.
- (6) We define our existing restaurants as those that had 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 of Haidilao restaurants for the period indicated.

	For the six months ended June 30,	
	2021	2020
Number of same stores⁽¹⁾		
Tier 1 cities	125	
Tier 2 cities	274	
Tier 3 cities and below	184	
Outside mainland China	52	
Overall	635	
Same store sales⁽²⁾ (in thousands of RMB)		
Tier 1 cities	1,775,180	1,359,057
Tier 2 cities	4,271,528	3,165,458
Tier 3 cities and below	2,787,992	2,130,321
Outside mainland China	808,480	835,083
Overall	9,643,180	7,489,919
Average same store sales per day⁽³⁾ (in thousands of RMB)		
Tier 1 cities	79.0	81.7
Tier 2 cities	87.3	87.9
Tier 3 cities and below	84.2	88.4
Outside mainland China	88.1	91.2
Overall	84.8	87.2
Average same store table turnover rate⁽⁴⁾ (times/day)		
Tier 1 cities	3.0	3.1
Tier 2 cities	3.5	3.6
Tier 3 cities and below	3.5	3.7
Outside mainland China	2.6	2.7
Overall	3.4	3.4

Notes:

- (1) Includes restaurants that had commenced operations prior to the beginning of the periods under comparison and opened for more than 120 days in both the six-month periods ended June 30, 2020 and 2021. As certain restaurants were temporarily suspended for more than 30 days due to the pandemic in the first half of 2020, we deducted 30 days from the previous standards of 150 days for selecting same stores so as to more accurately reflect real operating profile of Haidilao restaurants.
- (2) The gross revenue from restaurant operation at our same stores for the period indicated.
- (3) Calculated by dividing the gross revenue from restaurant operation at our same stores for the period by the total operation days at our same stores for the period. There are more total operation days in the first half of 2021 than in the first half of 2020.
- (4) Calculated by dividing the total tables served at our same stores for the period by the total operation days for the period and average table count during the period. The average table count includes the table count in the areas that were not opened due to the pandemic prevention and control during the Reporting Period.

Revenue from Haidilao Restaurant Operation by Geographic Region

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

	For the six months ended June 30,					
	2021			2020		
	Number of restaurants	Gross Revenue/ Revenue (RMB'000)		Number of restaurants	Gross Revenue/ Revenue (RMB'000)	
Mainland China						
Tier 1 cities	287	3,705,870	19.0 %	212	2,019,303	22.0%
Tier 2 cities	593	7,656,699	39.2 %	389	3,801,388	41.5%
Tier 3 cities and below	611	6,930,452	35.5 %	267	2,450,572	26.7%
Subtotal	<u>1,491</u>	<u>18,293,021</u>	<u>93.7 %</u>	<u>868</u>	<u>8,271,263</u>	<u>90.2%</u>
Outside mainland China						
Asia	85	1,006,537	5.2 %	56	807,015	8.8%
North America	16	142,068	0.7 %	8	61,118	0.7%
Europe	2	10,389	0.1 %	1	12,565	0.1%
Oceania	3	61,746	0.3 %	2	14,155	0.2%
Subtotal	<u>106</u>	<u>1,220,740</u>	<u>6.3 %</u>	<u>67</u>	<u>894,853</u>	<u>9.8%</u>
Total restaurants/gross revenue generated from restaurant operation	<u>1,597</u>	<u>19,513,761</u>	<u>100%</u>	<u>935</u>	<u>9,166,116</u>	<u>100%</u>
Net of: Customer loyalty program		<u>(95,135)</u>			<u>(15,463)</u>	
Total restaurants/gross revenue generated from restaurant operation	<u>1,597</u>	<u>19,418,626</u>		<u>935</u>	<u>9,150,653</u>	

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 95.5% from RMB4,348.2 million for the six months ended June 30, 2020 to RMB8,502.4 million for the corresponding period in 2021, primarily due to (i) our business expansion ; (ii) an increase in operation days of our restaurants during the Reporting Period resulting from the improving pandemic situation. As a percentage of revenue, our raw materials and consumables used decreased from 44.5% for the six months ended June 30, 2020 to 42.3% for the six months ended June 30, 2021, primarily due to the increase in revenue during the Reporting Period as compared to the corresponding period in 2020 as a result of the improving pandemic situation.

Staff Costs

Our staff costs increased by 75.8% from RMB4,074.0 million for the six months ended June 30, 2020 to RMB7,161.7 million for the corresponding period in 2021, primarily due to the increase in the number of employees and the higher compensation level of employees. As a percentage of revenue, our staff costs decreased from 41.7% for the six months ended June 30, 2020 to 35.6% for the corresponding period in 2021, primarily due to the increase in revenue during the Reporting Period compared to the corresponding period in 2020 as a result of the improving pandemic situation.

Property Rentals and Related Expenses

Our property rentals and related expenses increased by 125.2% from RMB88.1 million for the six months ended June 30, 2020 to RMB198.6 million for the corresponding period in 2021, primarily because of our business expansion. As a percentage of revenue, property rentals and related expenses remained relatively stable, and recorded 0.9% and 1.0% for the six months ended June 30, 2020 and June 30, 2021 respectively.

Utilities Expenses

Our utilities expenses increased by 92.5% from RMB360.0 million for the six months ended June 30, 2020 to RMB693.1 million for the corresponding period in 2021, primarily due to (i) the business expansion; and (ii) the increase in operation days of restaurants resulting from the improving pandemic situation during the Reporting Period. As a percentage of revenue, the utilities expenses remained relatively stable at 3.7% and 3.4% for the six months ended June 30, 2020 and June 30, 2021 respectively.

Travelling and Communication Expenses

Our travelling and communication expenses increased by 50.0% from RMB79.1 million for the six months ended June 30, 2020 to RMB118.7 million for the corresponding period in 2021, primarily due to more trips resulting from our business expansion. As a percentage of revenue, our travelling and communication expenses remained relatively stable at 0.8% and 0.6% for the six months ended June 30, 2020 and June 30, 2021 respectively.

Depreciation and Amortization

Our depreciation and amortization increased by 67.2% from RMB1,297.0 million for the six months ended June 30, 2020 to RMB2,169.1 million for the corresponding period in 2021, primarily due to our business expansion. As a percentage of revenue, depreciation and amortization decreased from 13.3% for the six months ended June 30, 2020 to 10.8% for the corresponding period in 2021, primarily due to the increase in revenue during the Reporting Period compared to the corresponding period in 2020 as a result of the improving pandemic situation.

Other Expenses

Our other expenses increased by 56.8% from RMB510.8 million for the six months ended June 30, 2020 to RMB801.0 million for the corresponding period in 2021, primarily reflecting (i) a RMB68.9 million increase in human resource and other consulting services expenses; (ii) a RMB63.6 million increase in daily maintenance expenses; and (iii) a RMB62.0 million increase in storage expenses. As a percentage of revenue, our other expenses decreased from 5.2% for the six months ended June 30, 2020 to 4.0% for the corresponding period in 2021, primarily due to the increase in revenue during the Reporting Period compared to the corresponding period in 2020 as a result of the improving pandemic situation.

Share of Profits of Associates and a Joint Venture

Our share of profits in relation to (i) our associate Fuhai (Shanghai) Food Technology Co., Ltd. (“**Fuhai**”), in which we held a 40% equity interest; (ii) our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest; and (iii) other associates invested by Beijing Youdingyou Catering Co., Ltd., decreased from RMB41.9 million for the six months ended June 30, 2020 to RMB39.6 million for the corresponding period in 2021, mainly due to a decrease in share of profits of Fuhai due to its lower gross profit during the Reporting Period.

Other Gains and Losses

Our other gains and losses decreased by 360.3% from RMB32.8 million (gain) for the six months ended June 30, 2020 to RMB85.4 million (loss) for the corresponding period in 2021, primarily because the net foreign exchange loss in the first half of 2021 was RMB85.1 million as compared to the net foreign exchange gain in the first half of 2020 of RMB59.7 million.

Finance Costs

Our finance costs increased by 65.9% from RMB183.0 million for the six months ended June 30, 2020 to RMB303.5 million for the corresponding period in 2021, primarily due to the increase in interests on lease liabilities resulting from our business expansion and the increase in interests on long-term bonds.

Income Tax Expense

Our income tax expense increased by 394.9% from RMB40.1 million for the six months ended June 30, 2020 to RMB198.4 million for the corresponding period in 2021, primarily due to an increase in our profit during the Reporting Period as a result of the improving pandemic situation.

Profit (loss) for the Period

As a result of the foregoing, our profit (loss) for the period increased by 110.0% from RMB964.5 million (loss) for the six months ended June 30, 2020 to RMB96.5 million (profit) for the corresponding period in 2021.

Capital Liquidity and Financial Resources

For the six months ended June 30, 2021, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and other borrowing. 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 renovate and decorate our restaurants. Our cash and cash equivalents increased from RMB2,682.7 million as of December 31, 2020 to RMB3,524.4 million as of June 30, 2021, mainly due to the increase in financing amount for our business needs.

Right-of-use Assets

Under International Financial Reporting Standards 16 Leases (“IFRS 16”), we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. As of June 30, 2021, we recognized right-of-use assets of RMB7,879.5 million.

Inventories

Our inventories mainly represented our condiment products and food ingredients used in our restaurant operation. Our inventories increased from RMB1,154.2 million as of December 31, 2020 to RMB1,196.8 million as of June 30, 2021, primarily due to our business expansion. Our inventory turnover days for the year ended December 31, 2020/the six months ended June 30, 2021 equaled the average of the beginning and ending inventories for the year/period divided by raw materials and consumables used for the same period and multiplied by 365 days/181 days and decreased from 35.0 days to 25.0 days, primarily due to the acceleration in the consumption of our raw materials and consumables during the Reporting Period as a result of the improving pandemic situation.

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 RMB275.2 million as of December 31, 2020 to RMB169.7 million as of June 30, 2021. The turnover days of trade receivables decreased from 3.1 days for the year ended December 31, 2020 to 2.0 days for the six months ended June 30, 2021.

Trade Payables

Trade payables mainly represent the balances due to our independent third party suppliers of food ingredients and consumables. Our trade payables decreased from RMB1,582.6 million as of December 31, 2020 to RMB1,422.0 million as of June 30, 2021, primarily affected by the decrease in the procurement as compared to the end of last year. The turnover days of trade payables decreased from 44.5 days for the year ended December 31, 2020 to 32.0 days for the six months ended June 30, 2021.

Bank Borrowings

As of June 30, 2021, we had bank borrowings of RMB3,769.2 million. During the six months period ended June 30, 2021, the Group obtained new bank loans amounting to RMB2,223.4 million and repaid bank loans amounting to RMB2,414.2 million.

Other Borrowing

As of June 30, 2021, we had other borrowing of RMB73.7 million which was secured by fixed assets of the Group.

Contingent Liabilities

As of June 30, 2021, 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 June 30, 2021, the Group charged fixed assets with a net book value of RMB493.5 million as securities for other borrowing and bank borrowings.

As of June 30, 2021, the Group charged bank deposits of RMB15.9 million to banks to secure the rental payments to the lessors.

Debt-to-equity Ratio

As of June 30, 2021, the Group's debt-to-equity ratio was 75.4%.

Note: Equals long-term bonds, bank borrowings and other borrowing divided by total equity as of the same date and multiplied by 100%.

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 of June 30, 2021, the Group had a total of 140,505 employees, of which 130,596 employees were located in mainland China and 9,909 employees were located in Hong Kong, Macau and Taiwan regions, and overseas. For the six months ended June 30, 2021, the Group has incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB7,161.7 million.

Material Acquisitions and Disposals

The Company had no material acquisitions and disposals during the Reporting Period.

No Material Changes

Saved as disclosed in this interim report, during the Reporting Period, there were no material changes affecting the Group's performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Future Plans for Material Investments

The Group will continue to extensively identify potential strategic investment opportunities and seek to acquire potential high-quality target businesses and assets that create synergies for the Group.

FUTURE PROSPECT

Going forward, our development initiatives mainly include:

- continue to enhance the Haidilao dining experience by further improving our service and offering more value-added services to our guests;
- steadily increase our restaurant density and expand geographical coverage of our restaurant;
- continue to invest in innovation and technology, such as further optimizing and developing our business management system and intelligent restaurant technology; and
- strategically pursue acquisitions of high-quality assets to further diversify our restaurant business patterns and guest base.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended June 30,	
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	20,094,369	9,760,605
Other income	4	194,534	180,465
Raw materials and consumables used		(8,502,381)	(4,348,184)
Staff costs		(7,161,739)	(4,074,012)
Property rentals and related expenses		(198,550)	(88,149)
Utilities expenses		(693,069)	(359,979)
Depreciation and amortization		(2,169,144)	(1,296,990)
Travelling and communication expenses		(118,693)	(79,144)
Other expenses		(801,006)	(510,780)
Share of profits of associates		44,394	45,452
Share of loss of a joint venture		(4,831)	(3,520)
Other gains and losses	5	(85,446)	32,821
Finance costs	6	(303,517)	(183,003)
Profit (loss) before tax		294,921	(924,418)
Income tax expense	7	(198,413)	(40,089)
Profit (loss) for the period	8	96,508	(964,507)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		5,022	(33,394)
Total comprehensive income (expense) for the period		101,530	(997,901)
Profit (loss) for the period attributable to:			
Owners of the Company		94,529	(964,602)
Non-controlling interests		1,979	95
		96,508	(964,507)
Total comprehensive income (expense) attributable to:			
Owners of the Company		99,551	(997,996)
Non-controlling interests		1,979	95
		101,530	(997,901)
EARNINGS (LOSS) PER SHARE			
Basic (RMB)	10	0.02	(0.18)
Diluted (RMB)	10	0.02	(0.18)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2021	As at December 31, 2020
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment		13,435,919	12,063,795
Right-of-use assets	<i>11</i>	7,879,505	7,564,609
Goodwill		147,228	62,383
Other intangible assets		136,701	91,563
Investments in associates		291,442	268,526
Investment in a joint venture		27,975	32,806
Financial assets at fair value through other comprehensive income		90,000	–
Financial assets at fair value through profit or loss		12,252	86,999
Deferred tax assets		482,779	353,443
Other financial assets		51,477	52,414
Rental deposits		348,053	352,290
Security deposits for other borrowing		5,060	5,060
		22,908,391	20,933,888
Current Assets			
Inventories		1,196,810	1,154,215
Trade and other receivables and prepayments	<i>12</i>	2,202,331	2,205,415
Amounts due from related parties		258,272	267,708
Financial assets at fair value through profit or loss		1,231,086	4,000
Other financial assets		19,837	23,259
Pledged bank deposits		15,945	17,791
Bank balances and cash		3,566,405	2,920,868
		8,490,686	6,593,256

	<i>Notes</i>	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Current Liabilities			
Trade payables	<i>13</i>	1,422,049	1,582,571
Notes payable		–	23,982
Other payables	<i>14</i>	2,028,926	2,224,784
Amounts due to related parties		318,200	387,072
Long term bonds		36,690	–
Dividend payable		96,586	3,805
Tax payable		60,759	201,412
Lease liabilities		1,184,789	1,057,613
Bank borrowings		3,518,494	3,721,208
Other borrowing		22,891	22,936
Contract liabilities		727,487	642,560
		9,416,871	9,867,943
Net Current Liabilities		(926,185)	(3,274,687)
Total Assets less Current Liabilities		21,982,206	17,659,201
Non-current Liabilities			
Long term bonds		3,851,460	–
Deferred tax liabilities		29,549	21,398
Lease liabilities		7,476,538	7,004,421
Bank borrowings		250,670	268,160
Other borrowing		50,855	62,156
Provision		68,338	65,808
		11,727,410	7,421,943
Net Assets		10,254,796	10,237,258
Capital and Reserves			
Share capital		175	175
Reserves		10,240,546	10,233,776
Equity attributable to owners of the Company		10,240,721	10,233,951
Non-controlling interests		14,075	3,307
Total Equity		10,254,796	10,237,258

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 in Cayman Islands, and the address of the principal place of business is 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou Town, Changping District in Beijing, the People's Republic of China ("PRC"). The ultimate controlling parties are Mr. Zhang Yong and his spouse, namely Ms. Shu Ping (collectively the "Controlling Shareholders").

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 Company is an investment holding company. Its subsidiaries are engaged in restaurants operation, delivery business, sales of condiment products and food ingredients and others 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"). These condensed consolidated financial statements are presented in RMB, which is also the functional currency of the Company and its subsidiaries in mainland China.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Listing Rules.

As at June 30, 2021, the Group's net current liabilities amounted to RMB926,185,000. In the opinion of the directors of the Company, the Group will have sufficient funds available from the operating activities to meet their financial obligations in the foreseeable future. The Group also closely monitors its available banking facilities to ensure that the Group will have sufficient working capital. Taking into account the future net cash inflow from operating activities and the unused banking facilities of RMB947 million as at June 30, 2021, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39
IFRS 7, IFRS 4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”.

The application of the amendments to IFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

During the six months ended June 30, 2021 and 2020, the Group’s revenue which represents the amount received and receivable from the restaurant operation, delivery business, sales of condiment products and food ingredients and others, net of discounts and sales related taxes, are as follows:

	For the six months ended June 30,	
	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Restaurant operation	19,510,164	9,162,652
Delivery business	345,655	409,645
Sales of condiment products and food ingredients	210,275	182,150
Others	28,275	6,158
	<hr/>	<hr/>
Total	<u>20,094,369</u>	<u>9,760,605</u>

Information reported to Mr. Zhang Yong, who is identified as the chief operating decision maker 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 contributes over 10% of total revenue of the Group during the six months ended June 30, 2021 (six months ended June 30, 2020: Nil).

The following table set forth the breakdown of the Group’s revenue during the six months ended June 30, 2021 and 2020, and the breakdown of the Group’s non-current assets as at June 30, 2021 and December 31, 2020 based on location of operation:

	Revenue		Non-current assets (Note)	
	For the six months		As at	
	ended June 30,		June 30,	December 31,
	2021	2020	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Mainland China	18,774,066	8,761,230	17,981,394	16,262,831
Outside mainland China	1,320,303	999,375	3,937,376	3,820,851
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>20,094,369</u>	<u>9,760,605</u>	<u>21,918,770</u>	<u>20,083,682</u>

Note:

Non-current assets presented above excluded financial assets at fair value through other comprehensive income (“FVTOCI”), financial assets at fair value through profit or loss (“FVTPL”), other financial assets, rental deposits, security deposits for other borrowing and deferred tax assets.

4. OTHER INCOME

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on:		
– bank deposits	8,154	8,151
– deposits placed in a financial institution	–	16,255
– rental deposits	8,478	4,815
– other comprehensive income	739	–
– other financial assets	711	–
	<u>18,082</u>	<u>29,221</u>
Government grants (<i>Note i</i>)	85,057	112,721
Additional tax deduction (<i>Note ii</i>)	37,678	13,164
Others	53,717	25,359
	<u>194,534</u>	<u>180,465</u>

Notes:

- i. The amounts represent the subsidies received from the PRC government and other governments where the overseas operations located in, for the Group's business development. During the current interim period, the Group recognized government grants of RMB43,551,000 (six months ended June 30, 2020: RMB72,891,000) in respect of Covid-19-related subsidies. There were no unfulfilled conditions in the periods in which they were recognized.
- ii. The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which came into effect from April 1, 2019 onwards.

5. OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognized in respect of:		
– property, plant and equipment	(33,416)	(16,048)
– right-of-use assets	(24,129)	(12,595)
– investment in associates	(21,478)	–
Loss on disposal of property, plant and equipment and termination of leases, net	(4,850)	(19,510)
Net foreign exchange (loss) gain	(85,096)	59,749
Net gain arising on financial assets at FVTPL	68,277	15,412
Others	15,246	5,813
	<u>(85,446)</u>	<u>32,821</u>

6. FINANCE COSTS

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interests on lease liabilities	197,902	132,771
Interests on bank borrowings	65,742	46,039
Interests on long term bonds	36,874	–
Interests on other borrowing	1,861	3,331
Interests charge on unwinding of discounts	1,138	862
	<u>303,517</u>	<u>183,003</u>

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– current period		
– PRC Enterprise Income Tax (“EIT”)	317,566	75,700
– other jurisdictions	9,256	42,804
	<u>326,822</u>	<u>118,504</u>
– under provision in prior period		
– PRC EIT	542	3,861
– other jurisdictions	92	–
	<u>327,456</u>	<u>122,365</u>
Deferred tax	<u>(129,043)</u>	<u>(82,276)</u>
	<u>198,413</u>	<u>40,089</u>

Under the Law of the EIT, withholding tax is 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 June 30, 2021, a deferred tax liability of RMB11,850,000 (December 31, 2020: RMB11,850,000) has been recognized in respect of the undistributed earnings expected to be distributed in the foreseeable future with the tax rate of 5%.

As at June 30, 2021, the aggregate amount of taxable temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognized amounted to RMB5,750,267,000 (June 30, 2020: RMB3,452,523,000). No deferred tax liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

8. PROFIT (LOSS) FOR THE PERIOD

The Group's profit (loss) for the period has been arrived at after charging (crediting):

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,593,093	895,135
Depreciation of right-of-use assets	558,672	387,225
Amortization of other intangible assets	17,379	14,630
	<u>2,169,144</u>	<u>1,296,990</u>
Covid-19-related rent concessions	(11,059)	(58,390)
Property rentals		
– office premises (fixed payments)	810	320
– restaurants (variable lease payments) (Note)	27,167	25,596
	<u>27,977</u>	<u>25,916</u>
Other rental related expenses	170,573	62,233
Total property rentals and related expenses	<u>198,550</u>	<u>88,149</u>
Directors' emoluments	13,602	65,030
Other staff costs:		
Salaries and other allowance	5,686,622	3,236,337
Employee welfare	801,253	565,901
Retirement benefit contribution	660,262	206,744
Total staff costs	<u>7,161,739</u>	<u>4,074,012</u>

Note:

The variable lease payments refer to the property rentals based on pre-determined percentages of revenue less minimum rentals of the respective leases.

9. DIVIDENDS

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognized as distributions during the period	92,781	703,413

On March 23, 2021, a final dividend of Hong Kong Dollar (“HKD”) 0.021 (equivalent to RMB0.018) per share with a total amount of HKD110,788,933 (equivalent to RMB92,781,300) was proposed to shareholders for the year ended December 31, 2020 by the Company out of share premium. The dividend was recorded as dividend payable of the Group as at June 30, 2021.

On March 25, 2020, a final dividend of HKD0.15 (equivalent to RMB0.13) per share with a total amount of HKD771,388,000 (equivalent to RMB703,413,000) was proposed to shareholders for the year ended December 31, 2019 by the Company out of share premium. The dividend was paid in June 2020.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	For the six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company	94,529	(964,602)

	For the six months ended June 30,	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings (loss) per share calculation	5,300,000	5,300,000

No diluted earnings (loss) per share for the six months ended June 30, 2021 and 2020 were calculated as there were no potential ordinary shares in issue for the six months ended June 30, 2021 and 2020.

11. RIGHT-OF-USE ASSETS

During the current interim period, certain leases were terminated by lessors, with right-of-use assets of RMB36,288,000 (six months ended June 30, 2020: RMB22,268,000) and lease liabilities of RMB44,492,000 (six months ended June 30, 2020: RMB22,884,000) derecognized, resulting in a gain of RMB8,204,000 (six months ended June 30, 2020: RMB616,000), which was recognized in other gains and losses.

During the current interim period, the Group entered into several new lease agreements for the use of restaurant operation and office premises with lease terms ranged from 1 to 16 years. The Group is required to make fixed-term payments with predetermined annual incremental rental adjustments. On lease commencement, the Group recognized right-of-use assets of RMB824,534,000 (six months ended June 30, 2020: RMB1,391,101,000) and lease liabilities of RMB813,817,000 (six months ended June 30, 2020: RMB1,368,113,000).

During the current interim period, lessors of the relevant restaurants provided rent concessions that occurred as a direct consequence of the Covid-19 pandemic to the Group through monthly rent reductions ranging from 10% to 100% over one to six months.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of RMB11,059,000 (six months ended 30 June 2020: RMB58,390,000) were recognized as negative variable lease payments.

Impairment assessment

As a result of the changes in the current economic environment related to the Covid-19 pandemic, the Group has experienced negative conditions including suspension of business operation and lukewarm customer consumptions which indicate that the relevant property, plant and equipment and right-of-use assets may be impaired. As at June 30, 2021, the Group performed impairment testing and recognized impairment loss of RMB33,416,000 and RMB24,129,000 related to property, plant and equipment and right-of-use assets, respectively (six months ended June 30, 2020: RMB16,048,000 and RMB12,595,000).

The Group estimates the recoverable amount of the several cash generating units (“CGUs”) of restaurants to which the asset belongs when it is not possible to estimate the recoverable amount individually. The recoverable amounts of CGUs have been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods with a before-tax discount rate ranging from 7.01% to 28.11% as at June 30, 2021 (June 30, 2020: 9.47% to 20.40%), which varies for restaurants operating in different countries/regions. Other key assumptions for the value in use calculations are related to the estimation of cash inflows/outflows which included revenue compound growth rate and average percentage of costs and operating expenses of revenue for the forecast period, which are based on the CGUs’ past performance and the management’s expectations for the market development.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2021 RMB’000 (Unaudited)	As at December 31, 2020 RMB’000 (Audited)
Trade receivables	<u>169,669</u>	<u>275,233</u>
Other receivables and prepayments:		
Loans to employees (<i>Note</i>)	16,795	14,608
Prepayment to suppliers	672,458	689,066
Prepaid operating expenses	430,926	408,065
Input value-added tax recoverable	792,567	676,488
Interest receivable	23	1,278
Others	<u>119,893</u>	<u>140,677</u>
Subtotal	<u>2,032,662</u>	<u>1,930,182</u>
Total trade and other receivables and prepayments	<u><u>2,202,331</u></u>	<u><u>2,205,415</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 are due from payment platforms and are normally settled within 30 days. Trade receivables are aged within 30 days based on the date of rendering of services. There were no past due trade receivables.

13. TRADE PAYABLES

Trade payables are non-interest bearing and the majority are 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 June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Within 60 days	1,322,449	1,473,263
61 to 180 days	68,398	74,051
More than 181 days	31,202	35,257
	<u>1,422,049</u>	<u>1,582,571</u>

14. OTHER PAYABLES

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Staff cost payable	1,046,834	1,050,791
Other taxes payables	75,494	165,172
Deposits from suppliers	34,053	29,017
Renovation fee payables	802,927	922,084
Others	69,618	57,720
	<u>2,028,926</u>	<u>2,224,784</u>

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

Pursuant to A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer 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 had adopted and applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. During the six months ended June 30, 2021, the Company has complied with the mandatory code provisions in the Corporate Governance Code.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”). Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2021.

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 for securities transactions. No incident of non-compliance of the Model Code by the Company’s employees was noted by the Company during the six months ended June 30, 2021.

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 six months ended June 30, 2021.

Audit Committee

The audit committee of the Board (the “**Audit Committee**”) has three members, namely, the independent non-executive Directors Mr. Qi Daqing, Mr. Hee Theng Fong and Dr. Chua Sin Bin (appointed on August 24, 2021 and Ms. Shu Ping resigned as a member on the same day), with terms of reference in compliance with the Listing Rules. The Audit Committee has considered and reviewed the Group’s interim results for the six months ended June 30, 2021, the accounting principles and practices adopted by the Company and the Group. The Audit Committee considers that the interim financial results for the six months ended June 30, 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Use of Proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on September 26, 2018. The net proceeds from the Global Offering amounted to approximately HK\$7,299.3 million. For the six months ended June 30, 2021, 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 of our Company dated September 12, 2018 (the "**Prospectus**"). As of June 30, 2021, the Company cumulatively used HK\$6,228.7 million, accounting for approximately 85.3% of the proceeds from the Global Offering. The company expects to utilize the balance of net proceeds of approximately HK\$1,070.6 million by the end of 2022.

	Percentage %	Net Proceeds HK\$ million	As of June 30, 2021	
			Utilized amount HK\$ million	Unutilized amount HK\$ million
For expansion plan	60.0	4,379.5	4,379.5	–
For development and implementation of new technology	20.0	1,459.9	389.3	1,070.6
For the repayment of loan facility and credit facility	15.0	1,094.9	1,094.9	–
For working capital and general corporate purposes	5.0	365.0	365.0	–
Total	<u>100.0</u>	<u>7,299.3</u>	<u>6,228.7</u>	<u>1,070.6</u>

Events after the End of the June 30, 2021

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2021 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.

Interim Dividends

The Board does not recommend the payment of interim dividends for the six months ended June 30, 2021 to the shareholders.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haidilao.com). The interim report for the six months ended June 30, 2021 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 Stock Exchange and the Company in due course.

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, August 24, 2021

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Yong as the Chairman and Executive Director and Mr. Zhou Zhaocheng, Ms. Gao Jie, Ms. Yang Lijuan, Mr. Li Peng, Ms. Yang Hua, Ms. Liu Linyi, Mr. Li Yu, Ms. Song Qing and Mr. Yang Li as Executive Directors, and Dr. Chua Sin Bin, Mr. Hee Theng Fong, Mr. Qi Daqing, Dr. Ma Weihua and Mr. Wu Xiaoguang as Independent Non-executive Directors.