The following is the text of a report set out on pages I-[●] to I-[●], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this listing document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUPER HI INTERNATIONAL HOLDING LTD. AND [MORGAN STANLEY ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED]

Introduction

We report on the historical financial information of Super Hi International Holding Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-[●]] to [I-[●]], which comprises the combined statements of financial position of the Group as at December 31, 2019, 2020 and 2021, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended December 31, 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-[●]] to [I-[●] forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated [Date] (the "Listing Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "Directors") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2019, 2020 and 2021, of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

[In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.]

Dividends

We refer to Note [15] to the Historical Financial Information which states that no dividend was declared or paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[**REDACTED**]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

[The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered in Singapore, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").]

The Historical Financial Information is presented in United States dollars ("USD"), and all values are rounded to the nearest thousand (USD'000) except when otherwise indicated.

Combined Statements of Profit or Loss and Other Comprehensive Income

		For the year ended December 31,		
	Notes	**2019**	**2020**	**2021**
		USD'000	*USD'000*	*USD'000*
Revenue	*5*	233,119	221,411	312,373
Other income	*6*	1,397	9,144	19,458
Raw materials and consumables used		(81,287)	(79,043)	(113,760)
Staff costs		(112,174)	(100,430)	(143,343)
Rentals and related expenses		(2,269)	(1,071)	(6,556)
Utilities expenses		(7,018)	(7,829)	(11,017)
Depreciation and amortization		(32,338)	(50,809)	(69,916)
Travelling and communication expenses		(4,211)	(2,364)	(2,674)
Other expenses	*7*	(20,966)	(28,315)	(41,729)
Other gains and losses	*8*	1,691	1,997	(73,270)
Finance costs	*9*	(8,189)	(14,437)	(19,158)
Loss before tax		(32,245)	(51,746)	(149,592)
Income tax expense	*10*	(774)	(2,014)	(1,160)
Loss for the year	*11*	(33,019)	(53,760)	(150,752)
Other comprehensive (expense) income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		(344)	(2,261)	2,097
Total comprehensive expense for the year		(33,363)	(56,021)	(148,655)

Combined Statements of Financial Position

		As at December 31,		
	Notes	**2019**	**2020**	**2021**
		USD'000	*USD'000*	*USD'000*
Non-current Assets				
Property, plant and equipment	*16*	126,655	211,096	194,978
Right-of-use assets	*17*	128,838	236,712	202,020
Other intangible assets		294	398	375
Deferred tax assets	*18*	29	66	144
Other financial assets	*19*	–	8,033	4,244
Rental deposits		11,856	16,620	18,230
		267,672	472,925	419,991
Current Assets				
Inventories	*20*	7,498	12,107	16,709
Trade and other receivables and prepayments	*21*	10,790	19,695	30,253
Amounts due from related parties	*37*	72,830	39,257	29,383
Financial assets at fair value through profit or loss	*22*	–	–	36,074
Other financial assets	*19*	–	3,565	500
Rental deposits		26	22	930
Pledged bank deposits	*23*	2,169	2,450	3,337
Bank balances and cash	*23*	36,327	51,564	89,546
		129,640	128,660	206,732
Current Liabilities				
Trade payables	*24*	18,921	22,216	26,549
Other payables	*25*	18,680	22,768	24,128
Amounts due to related parties	*37*	234,541	366,641	500,562
Tax payable		990	1,998	2,294
Lease liabilities	*26*	19,573	29,819	36,655
Bank borrowings	*27*	3,118	6,710	3,111
Contract liabilities	*28*	2,345	2,573	2,800
Provision	*29*	–	–	515
		298,168	452,725	596,614
Net Current Liabilities		(168,528)	(324,065)	(389,882)
Total Assets less Current Liabilities		99,144	148,860	30,109

		As at December 31,		
	Notes	**2019**	**2020**	**2021**
		USD'000	*USD'000*	*USD'000*
Non-current Liabilities				
Deferred tax liabilities	*18*	104	958	1,127
Lease liabilities	*26*	104,515	206,108	206,539
Bank borrowings	*27*	–	864	688
Provisions	*29*	5,185	7,900	8,937
		109,804	215,830	217,291
Net Liabilities		(10,660)	(66,970)	(187,182)
Capital and Reserves				
Combined capital	*30*	29,215	33,854	50,920
Reserves		(39,875)	(100,824)	(238,102)
Total Deficits		(10,660)	(66,970)	(187,182)

Combined Statements of Changes in Equity

	Combined capital	Other reserve	Translation reserve	Accumulated losses	Total
	USD'000 *(Note 30)*	*USD'000* *(Note i)*	*USD'000*	*USD'000*	*USD'000*
As at January 1, 2019	21,610	6,666	(176)	(17,705)	10,395
Loss for the year	–	–	–	(33,019)	(33,019)
Other comprehensive expense	–	–	(344)	–	(344)
Total comprehensive expense for the year	–	–	(344)	(33,019)	(33,363)
Additional paid-in capital	7,605	–	–	–	7,605
Net contribution from the Retained Group *(Note ii)*	–	2,842	–	1,861	4,703
As at December 31, 2019	29,215	9,508	(520)	(48,863)	(10,660)
Loss for the year	–	–	–	(53,760)	(53,760)
Other comprehensive expense	–	–	(2,261)	–	(2,261)
Total comprehensive expense for the year	–	–	(2,261)	(53,760)	(56,021)
Additional paid-in capital	4,639	–	–	–	4,639
Net return to the Retained Group *(Note ii)*	–	(6,850)	–	1,922	(4,928)
As at December 31, 2020	33,854	2,658	(2,781)	(100,701)	(66,970)
Loss for the year	–	–	–	(150,752)	(150,752)
Other comprehensive income	–	–	2,097	–	2,097
Total comprehensive income (expense) for the year	–	–	2,097	(150,752)	(148,655)
Additional paid-in capital	17,066	–	–	–	17,066
Net contribution from the Retained Group *(Note ii)*	–	6,722	–	4,655	11,377
As at December 31, 2021	50,920	9,380	(684)	(246,798)	(187,182)

Notes:

i. Other reserve represents the net investment of Central Kitchen Business (as defined in Note 1) and IFS Business (as defined in Note 1) from the Retained Group (as defined in Note 1) prior to the transfer of such businesses to the Group as part of the Group Reorganization (as defined in Note 1).

ii. The net contribution from/return to the Retained Group represents the funding provided by/transferred to the Retained Group to/from the Central Kitchen Business prior to the transfer of such business as a part of the Group Reorganization and funding provided by the Retained Group to settle the expenses attributable/allocated to the Spin-off Business (as defined in Note 1) prior to the completion of the Group Reorganization.

COMBINED STATEMENTS OF CASH FLOWS

Prior to completion of the Group Reorganization (as defined and detailed in Note 1), the Central Kitchen Business (as defined in Note 1 below) were operated under the Retained Group (as defined in Note 1) and certain expenses attributable/allocated to the Spin-off Business (as defined in Note 1) were paid by the Retained Group. No separate bank accounts were maintained by the Central Kitchen Business and the treasury functions of the Central Kitchen Business were centrally administrated under the Retained Group. The net cash flows used in the Central Kitchen Business and spent on the certain expenses attributable/allocated to the Spin-off Business or the net cash flows generated by the Central Kitchen Business were funded by the Retained Group or kept in the bank accounts of the Retained Group, which is reflected in "Net contribution from (return to) the Retained Group" under cash flow. Accordingly, the funds provided for or withdrawn from the Retained Group were presented as movements in the equity as there are no cash and cash equivalents balance for the Central Kitchen Business and the cash spent on the certain expenses attributable/allocated to the Spin-off Business will not be repaid to the Retained Group as agreed among relevant entities.

For the IFS Business, there are separate bank accounts maintained and solely used for the payment and collection pertaining to the IFS Business. Therefore, bank balances and cash of the IFS Business were included in the Group's combined statements of financial position.

For the purpose of presenting a completed set of Historical Financial Information of the Group, the following comprises the information of cash inflow/outflow of the Group (including the IFS Business), cash inflow/outflow of the Central Kitchen Business received/paid by the Retained Group and the cash outflow of certain expenses attributable/allocated to the Spin-off Business paid by the Retained Group prior to the completion of the Group Reorganization.

Combined Statements of Cash Flows

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Operating activities			
Loss before tax	(32,245)	(51,746)	(149,592)
Adjustments for:			
Finance costs	8,189	14,437	19,158
Interest income	(811)	(888)	(1,495)
Depreciation of property, plant and equipment	14,280	24,162	35,166
Depreciation of right-of-use assets	18,035	26,613	34,700
Amortization of other intangible assets	23	34	50
Impairment loss, net of reversal			
– property, plant and equipment	–	2,810	31,852
– right-of-use assets	–	2,849	31,203
– expected credit loss on rental deposits	–	–	203
Loss on disposal of property, plant and equipment and termination of leases, net	170	164	1,070
Net gain arising on financial assets at fair value through profit or loss	–	–	(422)
Covid-19-related rent concessions	–	(4,150)	(2,576)
Net foreign exchange (gain)/loss	(1,311)	(7,283)	13,175
Operating cash flows before movements in working capital	6,330	7,002	12,492
Increase in inventories	(4,321)	(4,609)	(4,602)
Increase in trade and other receivables and prepayments	(4,580)	(8,830)	(10,595)
(Increase)/decrease in rental deposits	(730)	843	682
Increase in amounts due from related parties	(3)	(64)	(190)
Increase in trade payables	11,927	3,295	4,333
Increase in other payables	7,939	4,852	2,555
Increase in contract liabilities	413	228	227
(Decrease)/increase in amounts due to related parties	(165)	271	268
Cash generated from operations	16,810	2,988	5,170
Income taxes paid	(281)	(231)	(788)
Net cash from operating activities	16,529	2,757	4,382

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Investing activities			
Interest received from bank deposits	401	89	61
Interest received from related parties	137	343	689
Purchase of financial assets at fair value through profit or loss	–	–	(144,932)
Redemption of financial assets at fair value through profit or loss	–	–	110,000
Purchase of other financial assets	–	(11,680)	(500)
Proceeds on redemption of other financial assets	–	–	7,000
Interest received from other financial assets	–	21	354
Purchase of property, plant and equipment	(82,468)	(109,853)	(67,381)
Proceeds on disposals of property, plant and equipment	727	3,241	772
Payments for rental deposits	(2,996)	(7,301)	(2,619)
Purchase of other intangible assets	(100)	(124)	(27)
New addition of loans to related parties	(72,662)	(11,811)	(3,527)
Collection of loans to related parties	11,742	45,448	13,591
Withdrawal of pledged bank deposits	623	729	55
Placement of pledged bank deposits	(1,783)	(924)	(1,000)
Net cash used in investing activities	(146,379)	(91,822)	(87,464)
Financing activities			
Repayments of bank borrowings	(14,423)	(8)	(6,542)
New bank borrowings raised	5,534	4,250	3,150
New addition of loans from related parties raised	170,105	156,147	173,333
Repayments of loans from related parties	(3)	(23,461)	(39,006)
Repayments of lease liabilities	(19,699)	(24,228)	(29,091)
Proceeds from capital injection	7,605	4,639	17,066
Interest paid	(1,370)	(7,587)	(10,408)
Net cash from financing activities	147,749	109,752	108,502
Net increase in cash and cash equivalents	17,899	20,687	25,420
Net contribution from (return to) Retained Group	4,703	(4,928)	11,377
Cash and cash equivalents at beginning of the year	13,468	36,327	51,564
Effect of foreign exchange rate changes	257	(522)	1,185
Cash and cash equivalents at end of the year	36,327	51,564	89,546
Represented by:			
Bank balances and cash	36,327	51,564	89,546

NOTES TO HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION, GROUP REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

1.1 General Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 6, 2022 under the Companies Act, Cap. 22 (as consolidated and revised) of the Cayman Islands. 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 in Singapore is 80 Robinson Road, #02-00, 068898 Singapore. Mr. Zhang Yong and his spouse namely Ms. Shu Ping have been collectively controlling the entities now comprising the Group throughout the Track Record Period (the "Controlling Shareholders").

The Company is an investment holding company and its subsidiaries are principally engaged in restaurants operation, delivery business and sales of hot pot condiment products and food ingredients located in overseas market outside Mainland China, Hong Kong, Macau and Taiwan (the "Spin-off Business").

Upon the completion of the Group Reorganization (as defined and detailed below), Newpai Ltd. ("Newpai"), a company incorporated in the British Virgin Islands ("BVI") and a wholly-owned subsidiary of Haidilao International Holding Ltd. ("Haidilao International"), became the immediate holding company of the Company. The ultimate holding company of the Company is Haidilao International, a company incorporated in Cayman Islands with its shares listed on the Main Board of the Stock Exchange(Stock Code: 6862). Haidilao International and its subsidiaries, excluding the Group, are collectively referred to as the "Retained Group".

Items included in the financial statements of each of the Group's entities are recorded using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in USD, which is also the functional currency of the Company.

No statutory audited financial statements were issued for the Company since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

1.2 Group reorganization and basis of preparation and presentation of the Historical Financial Information

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conform with IFRSs issued by the IASB and the conventions applicable for Group Reorganization (as defined and detailed below).

Prior to the Group's reorganization as described below, the Spin-off Business was carried out by certain then subsidiaries of Haidilao International. To rationalize the structure of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the companies and business now comprising the Group underwent a group reorganization (the "Group Reorganization") which involves major steps as follows:

i. On December 9, 2020, Singapore Super Hi Dining Pte. Ltd. ("Singapore Super Hi") was incorporated in Singapore by Hai Di Lao Holdings Pte. Ltd. ("Haidilao Singapore"), a wholly-owned subsidiary of Newpai, with an issued share capital of Singapore Dollar ("SGD") 1. On March 25, 2021, 1,999,999 shares were further allotted and issued to Haidilao Singapore, increasing the share capital of Singapore Super Hi to SGD2,000,000. On February 7, 2022, Haidilao Singapore transferred all the shares of Singapore Super Hi to Newpai at a cash consideration of USD1,501,000. Upon completion of the transfer, Singapore Super Hi became a wholly-owned subsidiary of Newpai. On March 21, 2022, a futher 10,000,000 shares were allotted and issued to Newpai.

ii. Since February 2022, Singapore Super Hi has undergone a series of transactions to acquire the Spin-off Business from Haidilao Singapore and other subsidiaries of Haidilao International, as set out in further details below:

   a. In February 2022, Singapore Super Hi acquired 100% equity interest of Haidilao Korea Co., Ltd., HAI DI LAO MALAYSIA SDN. BHD., Hai Di Lao Melbourne Proprietary Limited, Haidilao New Zealand Limited, U.K. Haidilao Pte. Ltd., Hai Di Lao (Switzerland) Ltd and Hai Di Lao Canada Restaurants Group Ltd. from Haidilao Singapore at a cash consideration of USD13,416,000 in aggregate.

b. On February 28, 2022, HDL Management USA Corporation, a wholly-owned subsidiary of Haidilao Singapore located in the United States of America (the "USA"), acquired the 100% equity interests of another 17 subsidiaries of Haidilao Singapore (as detailed in Note 38) established in the USA by issuing 500,000 ordinary shares to Haidilao Singapore, at a total consideration of USD5,820,000. On March 1, 2022, Haidilao Singapore transferred its 100% equity interest in HDL Management USA Corporation to Newpai by way of dividend in specie. On March 2, 2022, Singapore Super Hi acquired 100% equity interest of HDL Management USA Corporation by issuing 10,000,000 ordinary shares to Newpai, at a consideration of USD5,962,000.

c. On February 28, 2022, Singapore Super Hi acquired 49% equity interest of Hai Di Lao Proprietary (Thailand) Limited from Haidilao Singapore at a cash consideration of USD1. The beneficial ownership of the remaining 51% equity interest of Hai Di Lao Proprietary (Thailand) Limited, including all economic, voting, and other rights and obligations, was possessed to Singapore Super Hi through a series of contractual arrangements effective from February, 2022.

d. On February 28, 2022, Singapore Super Hi acquired 100% equity interest of Hai Di Lao Germany GmbH from Haidilao Singapore at a cash consideration of European Monetary Unit ("EUR") 244,000 (equivalent to USD283,000).

e. In March 2022, Singapore Super Hi acquired 100% equity interests of Singapore Hai Di Lao Dining Pte. Ltd., Hai Di Lao Sydney Proprietary Limited and Hai Di Lao Spain S.L.U. from Haidilao Singapore at a cash consideration of USD4,000 in aggregate.

f. On March 29, 2022, Singapore Super Hi acquired 99% equity interest of PT Haidilao Indonesia Restaurants from Haidilao Singapore at a cash consideration of approximately USD695,000. The remaining 1% equity interest of PT Haidilao Indonesia Restaurants was held by Singapore Hai Di Lao Dining Pte. Ltd., a wholly-owned subsidiary of the Company.

g. On April 6, 2022, Singapore Super Hi acquired 100% equity interest of Hai Di Lao Vietnam Co., Ltd. from Haidilao Singapore at a cash consideration of USD1,387,000.

h. On May 20, 2022, Singapore Super Hi acquired 100% equity interest of Haidilao International Treasury Pte. Ltd. from Haidilao Singapore at a cash consideration of SGD1,000,000 (equivalent to USD729,000).

i. In May 2022, Singapore Super Hi acquired 100% equity interest of Singapore Hiseries Pte. Ltd. and Jomamigo Dining Malaysia Sdn. Bhd. from Haidilao Singapore at a total cash consideration of USD3,661,000.

j. On June 28, 2022, Singapore Super Hi acquired 100% equity interest of Haidilao International Food Services Malaysia Sdn. Bhd. from Haidilao International Food Services Pte. Ltd., a wholly-owned subsidiary of Haidilao International, at a cash consideration of Malaysian Ringgit ("MYR") 6,294,000 (equivalent to USD1,429,000).

k. On June 2, 2022, Singapore Super Hi acquired 100% equity interest of HAIDILAO JAPAN CO., LTD from Haidilao Singapore at a cash consideration of USD457,000.

l. In June, 2022, Singapore Super Hi acquired the central kitchen business from Haidilao Singapore (the "Central Kitchen Business") and raw material procurement business from Haidilao International Food Services Pte. Ltd. (the "IFS Business"), respectively, at a cash consideration of USD9,553,000 in aggregate.

iii. On May 6, 2022, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The authorized share capital of the Company was USD50,000 divided into 10,000,000,000 Shares with a par value of USD0.000005 each. Upon incorporation, one share was allotted and issued to an independent third party subscriber and such share was then transferred to Newpai. On June 1, 2022, two shares were further allotted and issued to Newpai.

iv. On June 20, 2022, all the shares of Singapore Super Hi were transferred from Newpai to the Company at a consideration of SGD10,117,000 (equivalent to USD7,370,000). Upon completion of the transfer, Singapore Super Hi became a direct wholly-owned subsidiary of the Company.

Pursuant to the Group Reorganization as detailed above, the Company became the holding company of the companies, the Central Kitchen Business and the IFS Business now comprising the Group on June 30, 2022. The Group comprising the Company and its subsidiaries (including the Central Kitchen Business and the IFS Business) resulting from the Group Reorganization has been under the common control of the Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period, and is regarded as a continuing entity. Therefore, the merger accounting has been applied for the preparation of the Historical Financial Information.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the three years ended December 31, 2021 included the results, changes in equity and cash flows of the companies now comprising the Group (including the Central Kitchen Business and the IFS Business) as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period.

The combined statements of financial position of the Group as at December 31, 2019, 2020 and 2021 have been prepared to present the assets and liabilities of the companies now comprising the Group (including the Central Kitchen Business and the IFS Business) at the carrying amounts shown in the financial statements of the group entities, as if the current group structure upon the completion of the Group Reorganization had been in existence at those dates taking into account their respective dates of incorporation, where applicable.

Intra-group balances, transactions and unrealized gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

Historically and prior to the business transfers as above mentioned, the Central Kitchen Business and IFS Business were carried out by Haidilao Singapore and Haidilao International Food Services Pte. Ltd., respectively. Besides, Haidilao Singapore and Haidilao International Food Services Pte. Ltd. also carried out other business which have not been transferred to the Group. The financial information of Central Kitchen Business and IFS Business, which is prepared in accordance with uniform accounting policies to the Group that conform with IFRSs, were derived and extracted from the accounting records of Haidilao Singapore and Haidilao International Food Services Pte. Ltd., on the following bases: for the assets, liabilities, income and expenses that were specifically attributed to the Central Kitchen Business and IFS Business, they were included in the Historical Financial Information throughout the Track Record Period. Items that do not meet the criteria above are not included in the Historical Financial Information.

In addition, historically and prior to the Group Reorganization as above mentioned, certain expenses incurred by Haidilao International and its subsidiaries were specifically attributable to the Spin-off Business or related to both the Spin-off Business and the other business (the "Retained Business"). For the purpose of preparation of the Historical Financial Information, those expenses that are specifically attributable to the Spin-off Business were included in the Historical Financial Information throughout the Track Record Period and the expenses that have been incurred commonly for both the Spin-off Business and the Retained Business were allocated between the Spin-off Business and the Retained Business on a reasonable basis.

Prior to the completion of the Group Reorganization, no separate bank accounts were maintained by the Central Kitchen Business and the treasury functions of the Central Kitchen Business were centrally administrated under the Retained Group. The net cash flows used in the Central Kitchen Business and spent on the certain expenses attributable/allocated to the Spin-off Business or the net cash flows generated by the Central Kitchen Business were funded by the Retained Group or kept in the bank accounts of the Retained Group, which is reflected in "Net contribution from (return to) the Retained Group" under cash flow. Accordingly, the funds provided for or withdrawn from the Retained Group were presented as net contribution from/return to the Retained Group in the combined statements of changes in equity as there are no cash and cash equivalents balance for the Central Kitchen Business and the cash spent on the certain expenses attributable/allocated to the Spin-off Business will not be repaid to the Retained Group as agreed among relevant entities.

As at December 31, 2021, the Group's net current liabilities amounted to USD389,882,000. Subsequently in June 2022, pursuant to the resolutions reached between the directors of Newpai and the Company, amounts due to related parties of USD471,336,000 in aggregate have been settled by capitalizing as equity of the Company. In addition, Newpai contributed additional capital to the Company in cash with the amount of USD23,144,000 in June 2022. In consideration of the above and the expected future cash flows from its business operations, in the opinion of the Directors, the Group will have sufficient financial resources to meet its liabilities and obligations in the foreseeable future. The Group also monitors the utilization of cash and repayment of bank borrowings to ensure the Group will have sufficient working capital. As a result, the Historical Financial Information has been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting periods beginning on or after January 1, 2022, throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the IASB has issued the following new and amendments to IFRSs and interpretations that are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after January 1, 2023.

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

The directors of the Company (the "Directors") anticipate that the application of the above new and amendments to IFRSs will have no material impact on the Group's financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where there is a shorter period.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The Group operates a customer loyalty scheme through which award credits are granted to the customers on consuming in the restaurants that entitle them to consume by offsetting the award credits on future purchases and consumptions in the restaurants. These award credits provide a right to consume by offsetting the award credits to customers that they would not receive without future purchases and consumptions in the restaurants. The promise to provide the right to the customer is therefore a separate performance obligation.

The transaction price is allocated between the restaurant operation service provided and the award credits on a relative stand-alone selling price basis. The stand-alone selling price of each award credit is estimated based on the right to be given when the award credits are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience.

A contract liability is recognized for revenue relating to the loyalty scheme at the time of the initial sales transaction. Revenue from the loyalty scheme is recognized when the award credits are redeemed by the customer. Revenue for award credits that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

Prepaid cards and vouchers issued by the Group, which can be utilized in the future consumption in restaurants by the customers, are recognized as contract liabilities.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the combined statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under Financial Instruments ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating a lease if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the combined statements of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognized in the profit or loss in the period in which the event occurs.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purpose of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. USD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

All the Group's borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interests in associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment other than freehold lands and renovation in progress as described below are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses, if any.

Renovation in progress are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the combined statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than freehold lands and renovation in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories, representing condiment products, food ingredients, beverages and other materials, are stated at the lower of cost and net realizable value. Cost of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognized at the date of inception of the lease at the Directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss included any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including rental deposits, trade and other receivables, amounts due from related parties, other financial assets, pledged bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant financial instrument. In contrast, 12 months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group measures ECL on an individual basis for certain rental deposits and other financial assets, or on a collective basis for portfolios of financial instruments that share similar economic risk characteristics. Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration past-due status when formulating the grouping.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and amount due from related parties where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities including bank borrowings, amounts due to related parties, trade payables and other payables are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rates in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rates and discount rates are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's restaurant operations.

As at December 31, 2019, 2020 and 2021, the carrying amounts of property, plant and equipment subject to impairment assessment were USD4,115,000, USD45,832,000 and USD121,332,000, respectively, before taking into account the accumulated impairment losses of USD Nil, USD2,810,000, and USD34,662,000 in respect of property, plant and equipment that have been recognized as at December 31, 2019, 2020 and 2021, respectively. Details of the impairment of property, plant and equipment are disclosed in Note 16.

As at December 31, 2019, 2020 and 2021, the carrying amounts of right-of-use assets subject to impairment assessment were USD4,277,000, USD40,958,000 and USD113,330,000, respectively, before taking into account the accumulated impairment losses of USD Nil, USD2,849,000 and USD34,052,000 in respect of right-of-use assets that have been recognized as at December 31, 2019, 2020 and 2021, respectively. Details of the impairment of right-of-use assets are disclosed in Note 16.

Determination on discount rates of lease contracts

The Group applies incremental borrowing rates as the discount rates of lease liabilities, which require financing spread adjustments and lease specific adjustments based on the relevant market rates. The assessments of the adjustments in determining the discount rates involved management judgment, which may significantly affect the amount of lease liabilities and right-of-use assets. As at December 31, 2019, 2020 and 2021, the carrying amounts of right-of-use assets are USD128,838,000, USD236,712,000 and USD202,020,000, respectively and the carrying amounts of lease liabilities are USD124,088,000, USD235,927,000 and USD243,194,000, respectively.

Deferred tax asset

As at December 31, 2019, 2020 and 2021, deferred tax assets of USD29,000, USD66,000 and USD144,000 have been recognized in the combined statements of financial position respectively. No deferred tax asset has been recognized on the tax losses of USD36,502,000, USD66,928,000 and USD122,384,000 and other deductible temporary differences of USD7,076,000, USD23,904,000 and USD95,732,000 as at December 31, 2019, 2020 and 2021 due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives of its property, plant and equipment in determine the related depreciation charge. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

The Group will increase the depreciation charge where useful lives are shorter than previously estimated lives, or will write-off or write-down obsolete assets that have been abandoned or sold. As at December 31, 2019, 2020 and 2021, the carrying amount of property, plant and equipment is USD126,655,000, USD211,096,000 and USD194,978,000, respectively. Details of the useful lives of property, plant and equipment are disclosed in Note 16.

5. REVENUE AND SEGMENT INFORMATION

During the Track Record Period, the Group's revenue which represents the amount received and receivable, net of discounts and sales related taxes, from the restaurant operation, delivery business and others, which primarily generated from sales of hot pot condiment products to local guests and food ingredients to retailers, is as follows:

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Restaurant operation	232,542	209,275	296,059
Delivery business	158	10,225	11,783
Others	419	1,911	4,531
Total	233,119	221,411	312,373

Information reported to Mr. Zhou Zhaocheng, 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 contributing over 10% of total revenue of the Group during the Track Record Period.

The following table sets forth the breakdown of the Group's revenue during the Track Record Period, and the breakdown of the Group's non-current assets (Note) as at December 31, 2019, 2020 and 2021 based on location of operation:

	Revenue For the year ended December 31,			**Non-current assets** *(Note)* **As at December 31,**		
	2019	**2020**	**2021**	**2019**	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Southeast Asia	129,165	139,731	173,674	73,914	126,524	134,073
East Asia	50,240	36,113	41,178	56,934	92,651	48,150
North America	37,888	29,826	70,702	81,902	144,853	121,289
Others	15,826	15,741	26,819	43,037	84,178	93,861
Total	233,119	221,411	312,373	255,787	448,206	397,373

Note: Non-current assets presented above excluded other financial assets, rental deposits and deferred tax assets.

6. OTHER INCOME

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Interest income on:			
– bank deposits	401	112	61
– rental deposits	273	419	618
– loans to related parties	137	343	689
– other financial assets	–	14	127
	811	888	1,495
Government grants *(Note)*	191	8,154	17,455
Others	395	102	508
	1,397	9,144	19,458

Note: The amounts represent the subsidies received from the local governments for the Group's business development. The Group recognized government grants of USD Nil, USD7,742,000 and USD16,563,000 for the years ended December 31, 2019, 2020 and 2021 in respect of Covid-19-related subsidies, of which USD Nil, USD5,296,000 and USD10,578,000 for the years ended December 31, 2019, 2020 and 2021 are related to employment support scheme provided by the local government. There were no unfulfilled conditions for all the government grants in the years in which they were recognized during the Track Record Period.

7. OTHER EXPENSES

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Administrative expenses *(Note)*	7,882	11,866	19,681
Consulting services expenses	5,684	6,851	7,594
Bank charges	3,525	3,273	5,757
Daily maintenance expenses	1,902	1,943	2,746
Outsourcing service fee	1,065	2,202	2,418
Business development expenses	644	1,324	1,413
Storage expenses	264	856	2,120
	20,966	28,315	41,729

Note: Administrative expenses mainly include expenses incurred on employee activities, commercial insurance, conference and other miscellaneous expenses, which individually are not material to the Group.

8. OTHER GAINS AND LOSSES

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Impairment loss recognized in respect of			
– property, plant and equipment *(Note 16)*	–	(2,810)	(31,852)
– right-of-use assets *(Note 16)*	–	(2,849)	(31,203)
	–	(5,659)	(63,055)
Expected credit loss on rental deposits	–	–	(203)
Loss on disposal of property, plant and equipment and termination of leases, net	(170)	(164)	(1,070)
Net foreign exchange gain (loss)	1,311	7,283	(13,175)
Net gain arising on financial assets at FVTPL	–	–	422
Others	550	537	3,811
Total	1,691	1,997	(73,270)

9. FINANCE COSTS

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Interests on loans from related parties	2,763	6,542	9,581
Interests on lease liabilities	4,931	7,500	9,111
Interests on bank borrowings	344	188	153
Interests charge on unwinding of discounts	151	207	313
	8,189	14,437	19,158

10. INCOME TAX EXPENSE

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Current tax:			
– current year	231	1,239	1,084
Deferred tax *(Note 18)*	543	775	76
	774	2,014	1,160

The Company is incorporated as an exempted company and as such is not subject to Cayman Islands taxation.

The taxation of the Group is calculated at the rates prevailing in the relevant jurisdictions at 17% to 35%, 17% to 35% and 17% to 35% on the estimated assessable profits for the years ended December 31, 2019, 2020 and 2021, respectively.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the combined statements of profit or loss and other comprehensive income as follows:

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Loss before tax	(32,245)	(51,746)	(149,592)
Tax at 17% *(Note)*	(5,482)	(8,797)	(25,431)
Tax effect of expenses not deductible for tax purposes	1,957	4,227	8,756
Tax effect of income not taxable for tax purposes	(13)	(1,273)	(3,562)
Tax effect of tax losses not recognized	3,343	5,399	9,998
Tax effect of deductible temporary differences not recognized	1,040	2,861	12,211
Utilization of tax losses previously not recognized	–	(228)	(571)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(71)	(175)	(241)
Income tax expense for the year	774	2,014	1,160

Note: 17% represents the domestic tax rate of Singapore, the largest region where the Group's business located for the Track Record Period.

11. LOSS FOR THE YEAR

The Group's loss for the year during the Track Record Period has been arrived at after charging (crediting):

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Depreciation of property, plant and equipment	14,280	24,162	35,166
Depreciation of right-of-use assets	18,035	26,613	34,700
Amortization of other intangible assets	23	34	50
Total depreciation and amortization	32,338	50,809	69,916
Property and equipment rentals			
– office premises and equipment (short-term leases)	37	56	179
– restaurants			
– Covid-19-related rent concessions *(Note 17)*	–	(4,150)	(2,576)
– variable lease payments *(Note)*	524	757	1,314
Subtotal	524	(3,393)	(1,262)
– Other rental related expenses	1,708	4,408	7,639
Total rentals and related expenses	2,269	1,071	6,556
Directors' emoluments *(Note 12)*	682	811	823
Other staff cost:			
Salaries and other allowance	102,269	89,899	130,475
Employee welfare	3,800	3,454	3,640
Retirement benefit scheme contribution	5,423	6,266	8,405
Total staff costs	112,174	100,430	143,343
Auditor's remuneration	100	445	592

Note: The variable lease payments refers to the property rentals based on pre-determined percentages of revenue less minimum rentals of the respective leases. For the years ended December 31, 2020 and 2021, Covid-19-related rent concessions amounted to USD4,150,000 and USD2,576,000 have been partially offset against variable lease payments of USD757,000 and USD1,314,000, respectively.

12. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

Mr. Zhou Zhaocheng, Mr. Wang Jinping and Ms. Liu Li were appointed as directors of the Company on May 6, 2022 and were re-designated as the executive director of the Company on July 7, 2022. Mr. Zhou Zhaocheng was appointed as the chief executive officer of the Group on March 25, 2022.

Mr. Tan Kang Uei Anthony, Mr. Teo Ser Luck and Mr. Lien Jown Jing Vincent were appointed as independent non-executive directors of the Company on [●], 2022. No emoluments were paid to any of the independent non-executive directors during the Track Record Period.

The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities or the Retained Group prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	For the year ended December 31, 2019				
	Directors' fee	**Salaries and allowances**	**Performance-based bonuses**	**Retirement benefit scheme contributions**	**Total**
	USD'000	*USD'000*	*USD'000 (Note ii)*	*USD'000*	*USD'000*
Executive directors *(Note i)*:					
Mr. Zhou Zhaocheng	–	42	41	–	83
Mr. Wang Jinping	–	398	–	–	398
Ms. Liu Li	–	201	–	–	201
Total	–	641	41	–	682

	For the year ended December 31, 2020				
	Directors' fee	**Salaries and allowances**	**Performance-based bonuses**	**Retirement benefit scheme contributions**	**Total**
	USD'000	*USD'000*	*USD'000 (Note ii)*	*USD'000*	*USD'000*
Executive directors *(Note i)*:					
Mr. Zhou Zhaocheng	–	93	17	–	110
Mr. Wang Jinping	–	501	–	–	501
Ms. Liu Li	–	200	–	–	200
Total	–	794	17	–	811

	For the year ended December 31, 2021				
	Directors' fee	**Salaries and allowances**	**Performance-based bonuses**	**Retirement benefit scheme contributions**	**Total**
	USD'000	*USD'000*	*USD'000 (Note ii)*	*USD'000*	*USD'000*
Executive directors *(Note i)*:					
Mr. Zhou Zhaocheng	–	63	1	–	64
Mr. Wang Jinping	–	546	–	–	546
Ms. Liu Li	–	213	–	–	213
Total	–	822	1	–	823

Notes:

i. The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs related to the Spin-off Business now comprising the Group during the Track Record Period.

ii. Performance-based bonuses were determined based on the individual's performance.

There was no arrangement under which a director of the Company or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Track Record Period included 1, 1 and 1 directors for the years ended December 31, 2019, 2020 and 2021, respectively, details of whose remuneration are set out in Note 12 above. Details of the remuneration for the remaining individuals who are neither a director nor chief executive of the Company for the Track Record Period were as follows:

	For the year ended December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Salaries and allowance	1,135	1,295	1,135
Retirement benefit scheme contribution	2	2	2
	1,137	1,297	1,137

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	For the year ended December 31,		
	2019	2020	2021
	Number of employees	Number of employees	Number of employees
Hong Kong Dollar ("HKD") 1,000,001 to HKD1,500,000	1	1	–
HKD1,500,001 to HKD2,000,000	1	–	1
HKD2,000,001 to HKD2,500,000	1	1	2
HKD2,500,001 to HKD3,000,000	–	1	1
HKD3,000,001 to HKD3,500,000	1	–	–
HKD3,500,001 to HKD4,000,000	–	1	–
Total	4	4	4

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. LOSS PER SHARE

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Group Reorganization has not been completed by the end of the Track Record Period and the results of the Group for the Track Record Period are presented on a combined basis as disclosed in Note 1 above.

15. DIVIDEND

No dividend was declared or paid by the group entities comprising the Group in respect of the Track Record Period. The Company did not declare or pay any dividends since its incorporation.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Freehold land	Leasehold improvement	Machinery	Transportation equipment	Furniture and fixture	Renovation in progress	Total
	USD'000 *(Note)*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
COST								
At January 1, 2019	–	–	55,544	3,169	1,087	6,349	12,101	78,250
Exchange adjustments	4	48	627	16	15	25	–	735
Additions	848	10,165	3,171	582	622	1,689	66,408	83,485
Transfer from renovation in progress	–	–	46,680	4,118	52	2,143	(52,993)	–
Disposals	–	–	(3,596)	(230)	–	(648)	–	(4,474)
At December 31, 2019	852	10,213	102,426	7,655	1,776	9,558	25,516	157,996
Exchange adjustments	45	610	6,780	140	52	971	107	8,705
Additions	–	2,595	16,236	2,919	389	7,025	79,925	109,089
Transfer from renovation in progress	–	–	73,069	–	–	–	(73,069)	–
Disposals	–	–	(162)	(4,161)	(184)	(1,085)	–	(5,592)
At December 31, 2020	897	13,418	198,349	6,553	2,033	16,469	32,479	270,198
Exchange adjustments	(185)	(1,441)	(6,396)	(314)	(87)	(1,850)	(3,362)	(13,635)
Additions	1,690	954	4,137	2,760	73	14,200	42,371	66,185
Transfer from renovation in progress	–	–	47,615	–	–	36	(47,651)	–
Disposals	–	–	(5,994)	(99)	(52)	(279)	–	(6,424)
At December 31, 2021	2,402	12,931	237,711	8,900	1,967	28,576	23,837	316,324
DEPRECIATION AND IMPAIRMENT								
At January 1, 2019	–	–	15,023	1,318	808	2,685	–	19,834
Exchange adjustments	–	–	104	4	10	1	–	119
Charge for the year	71	–	11,214	1,009	135	1,851	–	14,280
Eliminated on disposals	–	–	(2,350)	(72)	–	(470)	–	(2,892)
At December 31, 2019	71	–	23,991	2,259	953	4,067	–	31,341
Exchange adjustments	7	–	2,046	59	19	845	–	2,976
Charge for the year	146	–	19,108	1,015	193	3,700	–	24,162
Impairment loss recognized in profit or loss	–	–	2,661	–	–	149	–	2,810
Eliminated on disposals	–	–	–	(1,219)	(79)	(889)	–	(2,187)
At December 31, 2020	224	–	47,806	2,114	1,086	7,872	–	59,102
Exchange adjustments	(35)	–	41	(118)	(34)	(45)	–	(191)
Charge for the year	218	–	30,153	1,284	180	3,331	–	35,166

	Leasehold land and building	Freehold land	Leasehold improvement	Machinery	Transportation equipment	Furniture and fixture	Renovation in progress	Total
	USD'000 *(Note)*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Impairment loss recognized in profit or loss	–	–	29,076	–	–	2,776	–	31,852
Eliminated on disposals	–	–	(4,228)	(72)	(19)	(264)	–	(4,583)
At December 31, 2021	407	–	102,848	3,208	1,213	13,670	–	121,346
CARRYING AMOUNT								
At December 31, 2019	781	10,213	78,435	5,396	823	5,491	25,516	126,655
At December 31, 2020	673	13,418	150,543	4,439	947	8,597	32,479	211,096
At December 31, 2021	1,995	12,931	134,863	5,692	754	14,906	23,837	194,978

Note: In the opinion of the Directors, allocations of the carrying amounts between the leasehold land and buildings elements cannot be made reliably and therefore the entire carrying amounts of the leasehold land and buildings is presented as property, plant and equipment.

The above items of property, plant and equipment, except for renovation in progress and freehold land, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	5.88%
Leasehold improvements	5.56% – 33.00% or lease term, whichever is shorter
Machinery	10.56% – 33.00%
Transportation equipment	5.00% – 24.75%
Furniture and fixtures	5.26% – 31.67%

Impairment assessment

As at December 31, 2019, 2020 and 2021, in view of the unfavorable future prospects of some restaurants, the management of the Group concluded there were indications for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets. The Group estimated the recoverable amounts of such restaurant (cash generating units ("CGUs") to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amounts of CGUs have been determined based on value in use calculation. That calculation used discounted cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods which are between 1 to 5 years with pre-tax discount rates ranging from 7% to 18.49%, 7% to 23% and 6.8% to 17% as at December 31, 2019, 2020 and 2021, respectively, which varies in restaurants operated in different countries. Cash flows beyond the 5-year period for those CGUs with remaining lease terms more than 5 years are extrapolated using a steady 0% to 3% growth rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows included revenue growth rate and average percentage of costs and operating expenses of revenue for the forecast periods, which are based on the CGUs' past performance and the management's expectations for the market development. The revenue growth rates and discount rates have been assessed taking into consideration the higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's restaurant operations.

Based on the results of the assessments, the management of the Group determined that the recoverable amounts of certain CGUs are lower than the carrying amounts. The impairment loss has been allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, an impairment loss of USD Nil, USD2,810,000 and USD31,852,000 has been recognized against the carrying amount of property, plant and equipment and an impairment loss of USD Nil, USD2,849,000 and USD31,203,000 has been recognized against the carrying amount of right-of-use assets for each year ended December 31, 2019, 2020 and 2021, respectively.

17. RIGHT-OF-USE ASSETS

	Leased properties
	USD'000
At December 31, 2019	
Carrying amount	128,838
At December 31, 2020	
Carrying amount	236,712
At December 31, 2021	
Carrying amount	202,020
For the year ended December 31, 2019	
Depreciation charge	18,035
Impairment loss recognized in profit or loss	–
For the year ended December 31, 2020	
Depreciation charge	26,613
Impairment loss recognized in profit or loss	2,849
For the year ended December 31, 2021	
Depreciation charge	34,700
Impairment loss recognized in profit or loss	31,203

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Expense relating to short-term leases	37	56	179
Variable lease payments not included in the measurement of lease liabilities	524	757	1,314
Total cash outflow for leases *(Note)*	20,260	25,041	30,585
Additions to right-of-use assets	47,471	129,376	44,985
Disposal of right-of-use assets	–	31	14,181

Note: As at January 1, 2019, right-of-use assets amounted to USD99,256,000.

The amount includes payments of principal and interest portion of lease liabilities, variable lease payments and short term leases, which could be presented in financing or operating cash flows, respectively.

During the Track Record Period, the Group leases various buildings for its operations. Lease contracts are entered into for fixed terms of 12 months to 20 years, but may have termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Variable lease payments

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 1.5% to 6.0%, 0.25% to 8.0% and 0.25% to 8.0% of sales with minimum annual lease payments that are fixed over the lease term for the years ended December 31, 2019, 2020 and 2021. The payment terms are common in restaurants in the countries and areas where the Group operates. The amounts of fixed and variable lease payments paid to relevant lessors for the Track Record Period before offsetting Covid-19-related rent concessions are as follows:

For the year ended December 31, 2019

	Number of leases	Fixed payments	Variable payments	Total payments
		USD'000	*USD'000*	*USD'000*
Leases without variable lease payments	66	11,084	–	11,084
Leases with variable lease payments	23	8,652	524	9,176
Total	89	19,736	524	20,260

For the year ended December 31, 2020

	Number of leases	Fixed payments	Variable payments	Total payments
		USD'000	*USD'000*	*USD'000*
Leases without variable lease payments	82	14,443	–	14,443
Leases with variable lease payments	42	9,841	757	10,598
Total	124	24,284	757	25,041

For the year ended December 31, 2021

	Number of leases	Fixed payments	Variable payments	Total payments
		USD'000	*USD'000*	*USD'000*
Leases without variable lease payments	111	18,939	–	18,939
Leases with variable lease payments	58	10,332	1,314	11,646
Total	169	29,271	1,314	30,585

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rental expenses are expected to continue to represent a similar proportion of store sales in future years.

Termination options

The Group has termination options in a number of leases for restaurants. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessors.

The Group assessed at lease commencement date and concluded it is reasonably certain not to exercise the termination options. In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee.

During the Track Record Period, the Group decided to discontinue the operations of certain restaurants before the expiry of original lease terms of those restaurants, and lease liabilities and right-of-use assets have been adjusted accordingly.

Restrictions or covenants on leases

Lease liabilities of USD124,088,000, USD235,927,000 and USD243,194,000 are recognized with related right-of-use assets of USD128,838,000, USD236,712,000 and USD202,020,000 as at December 31, 2019, 2020 and 2021, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at December 31, 2019, 2020 and 2021, the Group has entered into new leases for several restaurants that have yet to commence, with average non-cancellable period ranging from 2 to 15 years, the total future undiscounted cash flows over the non-cancellable period amounted to USD33,898,000, USD38,500,000 and USD1,840,000 as at December 31, 2019, 2020 and 2021 respectively.

Rent concessions

During the year ended December 31, 2020, certain lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 25% to 100% of monthly rents over 2 to 11 months.

During the year ended December 31, 2021, certain lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 10% to 100% of monthly rents over 0.5 to 10 months.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of USD4,150,000 and USD2,576,000 were recognized as negative variable lease payments for the years ended December 31, 2020 and 2021.

Details of impairment of right-of-use assets are set out in Note 16.

18. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the combined statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Deferred tax assets	29	66	144
Deferred tax liabilities	(104)	(958)	(1,127)
	(75)	(892)	(983)

The followings are the major deferred tax assets and liabilities recognized and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Right-of-use assets/lease liabilities	Customer loyalty scheme	Tax losses	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
At January 1, 2019	459	–	–	–	459
(Charge) credit to profit or loss *(Note 10)*	(299)	(453)	28	181	(543)
Exchange adjustments	4	4	1	–	9
At December 31, 2019	164	(449)	29	181	(75)
(Charge) credit to profit or loss *(Note 10)*	(529)	(172)	37	(111)	(775)
Exchange adjustments	(2)	(37)	–	(3)	(42)
At December 31, 2020	(367)	(658)	66	67	(892)
Credit (charge) to profit or loss *(Note 10)*	288	(320)	(2)	(42)	(76)
Exchange adjustments	5	(18)	(2)	–	(15)
At December 31, 2021	(74)	(996)	62	25	(983)

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Tax losses *(Note i)*	36,502	66,928	122,384
Other deductible temporary differences *(Note ii)*	7,076	23,904	95,732
	43,578	90,832	218,116

Notes:

i. Included in unrecognized tax losses are losses of USD9,908,000 as at December 31, 2019 that will expire in 2023 to 2034, USD21,973,000 as at December 31, 2020 that will expire in 2024 to 2035, USD68,672,000 as at December 31, 2021 that will expire in 2025 to 2036, and tax losses of USD26,594,000, USD44,955,000 and USD53,712,000 as at December 31, 2019, 2020 and 2021, respectively, may be carried forward indefinitely.

No deferred tax asset has been recognized in relation to the above tax losses due to the unpredictability of future profit streams of those loss-making subsidiaries and it is not probable that taxable profit will be available against which the tax losses can be utilized.

ii As at December 31, 2019, 2020 and 2021, the Group has other deductible temporary differences of USD7,076,000, USD23,904,000 and USD95,732,000, respectively. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

19. OTHER FINANCIAL ASSETS

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Debt instruments at amortized cost	–	11,598	4,744
Total	–	11,598	4,744
Analyzed as:			
Current	–	3,565	500
Non-current	–	8,033	4,244
Total	–	11,598	4,744

Note: Other financial assets represented the debt investments held by the Group within a business model whose objective is to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Therefore, these debt investments were measured at amortized cost.

The above other financial assets bears fixed interests rate at 1.63% to 6.0% and 1.63% to 5.0% with the maturity dates ranging from year 2021 to year 2025 and from year 2023 to year 2025 as at December 31, 2020 and 2021, respectively, except for other financial assets of USD500,000 which has no specific mature date as at December 31, 2021.

20. INVENTORIES

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Condiment products	1,808	2,216	2,135
Food ingredients	313	337	583
Beverage	4,184	6,848	10,096
Other materials	1,193	2,706	3,895
	7,498	12,107	16,709

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Trade receivables *(Note)*	3,858	3,919	6,334
Other receivables and prepayments:			
Prepayment to suppliers	4,258	8,385	16,699
Input value-added tax to be deducted	599	3,696	2,212
Prepaid operating expenses	1,039	1,023	1,714
Interest receivable	–	75	38
Others	1,036	2,597	3,256
Subtotal	6,932	15,776	23,919
Total trade and other receivables and prepayments	10,790	19,695	30,253

Note: As at January 1, 2019, trade receivables from contracts with customers amounted to USD3,525,000.

Majority of trade receivables were from payment platforms which 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 at each end of the reporting period.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at December 31, 2021, the financial assets at fair value through profit or loss represented investments in private equity investment funds initiated by certain overseas asset management corporations.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Bank balances and cash			
– Cash on hand	7,118	–	–
– Bank balances *(Note i)*	29,209	51,564	89,546
	36,327	51,564	89,546
Pledged bank deposits *(Note ii)*	2,169	2,450	3,337
	38,496	54,014	92,883

Notes:

i. As at December 31, 2019, 2020 and 2021, bank balances carry interest at market rates which ranging from Nil to 3.61%, Nil to 3.78% and Nil to 3.80% per annum, respectively.

ii. As at December 31, 2019, 2020 and 2021, bank deposits of USD2,169,000, USD2,450,000 and USD3,337,000 carrying interest rate at 0.25% to 3%, Nil to 1.495% and Nil to 1.378% per annum, respectively, are pledged to banks to secure the rental payments to the lessors.

Pledged bank deposits, bank balance and cash denominated in various currencies are as follows:

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
– USD	17,732	34,774	55,641
– SGD	8,499	5,981	10,758
– Japanese Yen ("JPY")	3,531	1,378	2,570
– MYR	2,871	4,165	6,418
– Australian Dollar ("AUD")	2,681	3,333	3,283
– Great Britain Pound ("GBP")	1,073	196	2,028
– Canadian Dollar ("CAD")	719	812	2,130
– Thailand Baht ("THB")	598	567	1,853
– Indonesian Rupiah ("IDR")	500	247	2,705
– EUR	292	110	649
– South Korean Won ("KRW")	–	1,397	1,693
– Vietnamese Dong	–	963	3,059
– HKD	–	91	96
	38,496	54,014	92,883

As at December 31, 2019, 2020 and 2021, included in the bank deposits balances above were amounts of USD339,000, USD2,236,000 and USD1,854,000, respectively, which were attributable to the IFS Business but maintained in the bank accounts under the name of the Haidilao International Food Services Pte. Ltd., a wholly-owned subsidiary of Retained Group. Further details of the basis of preparation of the financial information are set out in Note 1.2 above.

24. TRADE PAYABLES

Trade payables are non-interest bearing and the majority are with a credit term of 30 to 90 days. An aged analysis of the Group's trade payables, as at the end of each reporting period, based on the invoice date, is as follows:

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Within 60 days	18,624	22,081	26,549
61 to 180 days	242	135	–
More than 181 days	55	–	–
	18,921	22,216	26,549

Note: As at December 31, 2019, 2020 and 2021, included in the trade payable balances above were amounts of USD1,202,000, USD931,000 and USD1,633,000, respectively, which were attributable to the IFS Business and Central Kitchen Business but the contractual relationship were between the Retained Group and the creditors. Further details of the basis of preparation of the financial information are set out in Note 1.2 above.

25. OTHER PAYABLES

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Staff cost payable	11,681	11,657	16,183
Other taxes payables	3,477	2,800	4,446
Renovation fee payables	2,225	1,461	266
Others	1,297	6,850	3,233
	18,680	22,768	24,128

26. LEASE LIABILITIES

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Lease liabilities payable:			
Within one year	19,573	29,819	36,655
Within a period of more than one year but not exceeding two years	19,235	30,445	33,271
Within a period of more than two years but not exceeding five years	43,513	75,938	80,623
Within a period of more than five years	41,767	99,725	92,645
	124,088	235,927	243,194
Less: Amounts due for settlement within one year shown under current liabilities	19,573	29,819	36,655
Amounts due for settlement after one year shown under non-current liabilities	104,515	206,108	206,539

As at January 1, 2019, lease liabilities amounted to USD93,887,000.

The incremental borrowing rates applied to lease liabilities range from 1.50% to 9.26%, 1.10% to 8.44% and 1.12% to 7.63% for the years ended December 31, 2019, 2020 and 2021, respectively.

27. BANK BORROWINGS

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Guaranteed and unsecured *(Note)*	–	961	774
Unguaranteed and unsecured	3,118	6,613	3,025
	3,118	7,574	3,799

The carrying amounts of the above bank borrowings are repayable:

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Within one year	3,118	6,710	3,111
Within a period of more than one year but not exceeding two years	–	97	87
Within a period of more than two years but not exceeding five years	–	767	601
	3,118	7,574	3,799
Less: Amounts due within one year shown under current liabilities	3,118	6,710	3,111
Amounts shown under non-current liabilities	–	864	688

Note: As at December 31, 2020 and 2021, bank borrowings of JPY99,166,000 (equivalent to approximately USD961,000) and JPY89,158,000 (equivalent to approximately USD774,000) were guaranteed by 張航 (Zhang Hang), the legal representative of Haidilao Japan Co., Ltd., which is a subsidiary of the Company.

The exposure of the Group's bank borrowings are as follows:

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Fixed-rate borrowings *(Note i)*	–	4,266	774
Variable-rate borrowings *(Note ii)*	3,118	3,308	3,025
	3,118	7,574	3,799

Notes:

i. As at December 31, 2020, fixed-rate borrowings of USD3,305,000 carry interest at 1% per annum.

As at December 31, 2020, fixed-rate borrowings of JPY99,166,000 (equivalent to approximately USD961,000) carry interest at 2.0% per annum with interest free in the first three years, as the support was provided by the local government for the relief of Covid-19 pandemic.

As at December 31, 2021, fixed-rate borrowings of JPY89,158,000 (equivalent to approximately USD774,000) carry interest at 2.0% per annum with interest free in the first three years, as the support was provided by the local government for the relief of Covid-19 pandemic.

ii. As at December 31, 2019, variable-rate borrowings of KRW3,600,000,000 (equivalent to approximately USD3,118,000) carry interest at the final return rate of Korea 91 days certificate of deposit plus 1.5% per annum.

As at December 31, 2020, variable-rate borrowings of KRW3,600,000,000 (equivalent to approximately USD3,308,000) carry interest at the final return rate of Korea 91 days certificate of deposit plus 1.5% per annum.

As at December 31, 2021, variable-rate borrowings of KRW3,600,000,000 (equivalent to approximately USD3,025,000) carry interest at the final return rate of Korea 91 days certificate of deposit plus 1.0% per annum.

28. CONTRACT LIABILITIES

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Customer loyalty scheme	2,017	2,125	2,524
Prepaid cards and issued vouchers	328	448	276
	2,345	2,573	2,800

As at January 1, 2019, contract liabilities amounted to USD1,932,000.

The following table shows how much of the revenue recognized related to carried forward contract liabilities during the Track Record Period.

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Customer loyalty scheme	598	1,416	1,665
Prepaid cards and issued vouchers	63	328	448
	661	1,744	2,113

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at December 31, 2019, 2020 and 2021 and the expected timing of recognizing revenue are as follows:

	As at December 31, 2019		
	Customer loyalty scheme	**Prepaid cards and issued vouchers**	**Total**
	USD'000 *(Note i)*	*USD'000* *(Note ii)*	*USD'000*
Within one year	1,402	328	1,730
More than one year but within two years	567	–	567
More than two years	48	–	48
	2,017	328	2,345

	As at December 31, 2020		
	Customer loyalty scheme	**Prepaid cards and issued vouchers**	**Total**
	USD'000 *(Note i)*	*USD'000* *(Note ii)*	*USD'000*
Within one year	1,599	448	2,047
More than one year but within two years	526	–	526
	2,125	448	2,573

	As at December 31, 2021		
	Customer loyalty scheme	**Prepaid cards and issued vouchers**	**Total**
	USD'000 *(Note i)*	*USD'000* *(Note ii)*	*USD'000*
Within one year	2,054	276	2,330
More than one year but within two years	470	–	470
	2,524	276	2,800

Notes:

i. The customer loyalty points have a valid period between 2 years to 5 years since the award credits were granted to customers and can be redeemed anytime within the valid period at customers' discretion. The amounts disclosed above represented the Group's expectation on the timing of redemption made by customers.

ii. The Group issued prepaid cards and vouchers which have no expiration and can be utilized in the future consumption in restaurants at customers' direction. The amounts disclosed above represented the Group's expectation on the timing of utilization made by customers.

29. PROVISIONS

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Provision for restoration *(Note i)*	5,185	7,900	8,937
Provision for early termination of leases *(Note ii)*	–	–	515
	5,185	7,900	9,452
Less: Amounts expected to be paid within one year	–	–	515
Amounts shown under non-current liabilities	5,185	7,900	8,937

Notes:

i: The provision is related to costs expected to be incurred to restore the leasehold properties according to lease agreements.

ii: The provision is related to the compensation for closure of certain restaurants that were expected to be paid to lessors based on the negotiations between the parties.

The movements in provision during the Track Record Period are as follows:

	Provision for restoration	**Provision for early termination of leases**	**Total**
	USD'000	*USD'000*	*USD'000*
At January 1, 2019	1,169	–	1,169
Additional provision in the year	3,836	–	3,836
Interests accrued	151	–	151
Exchange adjustments	29	–	29
At December 31, 2019	5,185	–	5,185
Additional provision in the year	2,371	–	2,371
Interests accrued	207	–	207
Exchange adjustments	137	–	137
At December 31, 2020	7,900	–	7,900
Additional provision in the year	963	515	1,478
Interests accrued	313	–	313
Exchange adjustments	(239)	–	(239)
At December 31, 2021	8,937	515	9,452

30. COMBINED CAPITAL

For the purpose of presenting the Historical Financial Information, the combined capital as at January 1, 2019, December 31, 2019, 2020 and 2021 represented the aggregate amount of the paid-in capital of the subsidiaries attributable to the Controlling Shareholders at the respective dates before the Company became the holding company of the Group. The details of paid-in capital information are detailed in Note 38.

31. RETIREMENT BENEFIT SCHEMES

The Group participates in defined contribution retirement schemes organized by the relevant local government authorities where the Group operates. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities.

The total expense recognized in profit or loss of approximately USD5,423,000, USD6,266,000 and USD8,405,000 for the years ended December 31, 2019, 2020 and 2021, represents contributions paid/payable to these plans by the Group at rates specified in the rules of the plans. During the years ended December 31, 2019, 2020 and 2021, the Group had no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the defined social security contribution schemes which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at December 31, 2019, 2020 and 2021 to be utilized for such use.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's combined statements of cash flows from financing activities:

			Non-cash changes				
	At January 1, 2019	**Financing cash flows**	**Interest accruals**	**Lease liabilities recognized**	**Covid-19-related rent concessions**	**Exchange difference**	**At December 31, 2019**
	USD'000	*USD'000 (Note)*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Bank borrowings *(Note 27)*	11,929	(8,889)	–	–	–	78	3,118
Lease liabilities *(Note 26)*	93,887	(19,699)	4,931	45,009	–	(40)	124,088
Interest payable on bank borrowings	–	(344)	344	–	–	–	–
Interest payables to related companies *(Note 37)*	1,014	(1,026)	2,763	–	–	–	2,751
Loans from related companies *(Note 37)*	61,602	170,102	–	–	–	(143)	231,561
	168,432	140,144	8,038	45,009	–	(105)	361,518

	At January 1, 2020	Financing cash flows	Non-cash changes				At December 31, 2020
			Interest accruals	Lease liabilities recognized	Covid-19-related rent concessions	Exchange difference	
	USD'000	*USD'000* *(Note)*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Bank borrowings *(Note 27)*	3,118	4,242	–	–	–	214	7,574
Lease liabilities *(Note 26)*	124,088	(24,228)	7,500	124,888	(4,150)	7,829	235,927
Interest payable on bank borrowings	–	(188)	188	–	–	–	–
Interest payables to related companies *(Note 37)*	2,751	(7,399)	6,542	–	–	–	1,894
Loans from related companies *(Note 37)*	231,561	132,686	–	–	–	–	364,247
	361,518	105,113	14,230	124,888	(4,150)	8,043	609,642

	At January 1, 2021	Financing cash flows	Non-cash changes				At December 31, 2021
			Interest accruals	Lease liabilities recognized	Covid-19-related rent concessions	Exchange difference	
	USD'000	*USD'000* *(Note)*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Bank borrowings *(Note 27)*	7,574	(3,392)	–	–	–	(383)	3,799
Lease liabilities *(Note 26)*	235,927	(29,091)	9,111	21,991	–	5,256	243,194
Interest payable on bank borrowings	–	(153)	153	–	–	–	–
Interest payables to related companies *(Note 37)*	1,894	(10,255)	9,581	–	–	(1)	1,219
Loans from related companies *(Note 37)*	364,247	134,327	–	–	–	1	498,575
	609,642	91,436	18,845	21,991	–	4,873	746,787

Note: The cash flows represents new bank borrowings raised, repayments of bank borrowings, new amounts due to related parties raised, repayments of amounts due to related parties, repayments of lease liabilities and interest paid.

33. CAPITAL COMMITMENTS

As at December 31, 2019, 2020 and 2021, the Group had the following capital commitments:

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the combined financial statements	20,957	13,815	20,282

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

	As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
Financial assets:			
Financial assets at amortized cost	128,102	128,102	155,798
Financial assets at FVTPL	–	–	36,074
Financial liabilities:			
Financial liabilities at amortized cost	260,102	404,742	534,409

Financial risk management objectives and policies

The Group's major financial instruments include rental deposits, trade and other receivables, amounts due from related parties, financial assets at FVTPL, other financial assets, pledged bank deposits, bank balances and cash, trade payables, amounts due to related parties, other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign currency risk

The Group undertakes certain transactions in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considers hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, including intra-group balances with several subsidiaries denominated in foreign currencies, as at the end of each reporting period are as follows:

	Assets As at December 31,		
	2019	2020	2021
	USD'000	*USD'000*	*USD'000*
RMB	158	34	5
SGD	551	3	460
USD	14,626	21,266	8,872
HKD	–	91	96
EUR	–	–	460
New Zealand Dollar ("NZD")	–	–	5

	Liabilities As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
RMB	246	4,326	1,075
NZD	–	–	24

Sensitivity analysis

The following table details the Group's sensitivity to a 10% decrease in the functional currency of the relevant group entities against the relevant foreign currencies. 10% is the sensitivity rate used in the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of each reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates a decrease (increase) in post-tax loss during the Track Record Period where the functional currency of relevant group entities weakening against the relevant foreign currencies. For a 10% strengthen of the functional currency of relevant group entities, there would be an equal and opposite impact on the profit after loss.

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
RMB	(7)	(490)	(81)
SGD	46	–	38
USD	1,152	4,463	2,793
HKD	–	8	8
EUR	–	–	38
NZD	–	–	(2)

The above sensitivity analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits (Note 23), fixed-rate bank borrowings (Note 27), other financial assets (Note 19) and lease liabilities (Note 26). The Group is also exposed to cash flow interest risk in relation to variable-rate bank balances (Note 23), and variable-rate bank borrowings (Note 27) which carry prevailing market interests. The management of the Group manages the interest rate risk by maintaining a balanced portfolio of fixed rate and floating rate bank borrowings and bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with alternative nearly risk-free rates. The Group is closely monitoring the transition to new benchmark interest rates.

No sensitivity analysis on interest rate risk is presented as the management consider the sensitivity on interest rate risk on bank balances and variable-rate bank borrowings is insignificant.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the combined statements of financial position (including rental deposits, trade receivables, other receivables, other financial assets, amounts due from related parties, financial assets at FVTPL, pledged bank deposits and bank balances).

The management of the Group considers pledged bank deposits and bank balances that are deposited with financial institutions with high credit rating to be low credit risk financial assets. In addition, trade receivables in connection with bills settled through payment platforms and the issuer of other financial assets are also with high credit rating and no past due history. The management of the Group considers these assets are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers as at December 31, 2019, 2020 and 2021, and accordingly, no expected credit loss was recognized as at December 31, 2019, 2020 and 2021.

The Group has concentration of credit risk on amounts due from related parties as at December 31, 2019, 2020 and 2021. The management of the Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. In view of the strong financial capability of these related parties and considered the future prospects of the industry in which these related parties operate, the management of the Group does not consider there is a risk of default and does not expect any losses from non-performance by these related parties, and accordingly, no impairment was recognized in respect of the amounts due from related parties as at December 31, 2019, 2020 and 2021.

In determining the ECL for rental deposits and other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example the Group has considered the consistently low historical default rate in connection with rental deposits and the strong financial capability of the lessors, and concluded that credit risk inherent in the Group's outstanding rental deposits and other receivables is insignificant. The management of the Group has assessed that rental deposits and other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no expected credit loss has been recognized as at December 31, 2019, 2020 and 2021.

During the year ended December 31, 2021, the management of the Group decided to close certain restaurants permanently, the directors of the group assessed the relevant rental deposits of these restaurant to be irrecoverable after considering relevant factors such as the corresponding contractual terms or mutually agreed arrangements. Expected credit risk loss on rental deposits has been recognized for the year ended December 31, 2021, as disclosed in Note 8.

Except as described above, there has been no material change in the estimation techniques or significant assumptions made throughout the Track Record Period.

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at December 31, 2021, the Group's net current liabilities amounted to USD389,882,000. Subsequently in June 2022, pursuant to the resolutions reached between the directors of Newpai and the Company, amounts due to related parties of USD471,336,000 in aggregate have been settled by capitalizing as equity of the Company. In addition, Newpai contributed additional capital to the Company in cash with the amount of USD23,144,000 in June 2022. In consideration of the above and the expected future cash flows from its business operations, in the opinion of the Directors, the Group will have sufficient financial resources to meet its liabilities and obligations in the foreseeable future. The Group also monitors the utilization of cash and repayment of bank borrowings to ensure the Group will have sufficient working capital. As a result, the Historical Financial Information has been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, amount due to related parties with a repayment on demand clause are included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights.

The table includes both interests and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or within 2 months	Over 2 months but within 1 year	Over 1 year but within 2 years	Over 2 years	Total undiscounted cash flows	Carrying amount
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
As at December 31, 2019							
Financial liabilities							
Trade payables	–	18,624	297	–	–	18,921	18,921
Other payables	–	3,522	–	–	–	3,522	3,522
Bank borrowings	1.50%	8	3,149	–	–	3,157	3,118
Amounts due to related parties	2.21%	39,446	198,487	–	–	237,933	234,541
Subtotal		61,600	201,933	–	–	263,533	260,102
Lease liabilities	4.31%	3,516	18,503	22,196	130,975	175,190	124,088
Total		65,116	220,436	22,196	130,975	438,723	384,190

	Weighted average interest rate	On demand or within 2 months	Over 2 months but within 1 year	Over 1 year but within 2 years	Over 2 years	Total undiscounted cash flows	Carrying amount
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
As at December 31, 2020							
Financial liabilities							
Trade payables	–	22,081	135	–	–	22,216	22,216
Other payables	–	8,311	–	–	–	8,311	8,311
Bank borrowings	1.87%	32	6,924	97	808	7,861	7,574
Amounts due to related parties	1.79%	328,201	39,518	–	–	367,719	366,641
Subtotal		358,625	46,577	97	808	406,107	404,742
Lease liabilities	3.73%	5,320	25,651	32,829	243,775	307,575	235,927
Total		363,945	72,228	32,926	244,583	713,682	640,669

	Weighted average interest rate	On demand or within 2 months	Over 2 months but within 1 year	Over 1 year but within 2 years	Over 2 years	Total undiscounted cash flows	Carrying amount
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
As at December 31, 2021							
Financial liabilities							
Trade payables	–	26,549	–	–	–	26,549	26,549
Other payables	–	3,499	–	–	–	3,499	3,499
Bank borrowings	0.99%	19	3,101	87	644	3,851	3,799
Amounts due to related parties	1.96%	457,921	46,346	–	–	504,267	500,562
Subtotal		487,988	49,447	87	644	538,166	534,409
Lease liabilities	3.60%	6,422	33,249	37,123	227,877	304,671	243,194
Total		494,410	82,696	37,210	228,521	842,837	777,603

35. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair for financial reporting. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group determines the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

Except for financial assets at FVTPL as set out below, there is no financial instrument measured at fair value on a recurring basis.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at December 31, 2019	2020	2021	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)
	USD'000	*USD'000*	*USD'000*			
Private fund investment	–	–	36,074	Level 3	Asset based approach	Net value of the underlying investments, adjusted by related fees.

Reconciliation of Level 3 Measurements

The following table represents the reconciliation of Level 3 fair value measurements for the year ended December 31, 2021:

	Private fund investment
	USD'000
At January 1, 2021	–
Purchase	144,932
Redemption	(110,000)
Net gain	422
Exchange adjustments	720
At December 31, 2021	36,074

The Directors considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their respective fair values at the end of each reporting period.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 27, lease liabilities disclosed in Note 26, non-trade related amounts due to the related parties in Note 37, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued combined capital, accumulated losses and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through new shares issues as well as raising of borrowings.

37. RELATED PARTY DISCLOSURES

(A) Related party transactions

During the Track Record Period, the Group has entered into the following transactions with related parties:

Purchase of goods/services from related parties

Relationship	Nature of transaction	For the year ended December 31, 2019	2020	2021
		USD'000	*USD'000*	*USD'000*
Related companies controlled by the Controlling Shareholders	Purchase of condiment products and instant hot pot products	6,728	5,794	8,582
Related companies controlled by the Controlling Shareholders	Interest expenses	2,763	6,542	9,581
Related companies controlled by the Controlling Shareholders	Office expenses charges	57	225	261

Income from related parties

Relationship	Nature of transaction	For the year ended December 31, 2019	2020	2021
		USD'000	*USD'000*	*USD'000*
Related companies controlled by the Controlling Shareholders	Interest income	137	343	689

[The Group is licensed by Sichuan Haidilao Catering Co., Ltd., a company controlled by the Controlling Shareholders, to use certain trademark on an exclusive and royalty-free basis for a perpetual term.

The Group owns the proprietary rights to the formulas of Haidilao Customized Products (the "Condiments Formulae") and licenses the Condiments Formulae to Yihai International Holding Ltd. and its subsidiaries (companies controlled by the Controlling Shareholders) and its contracted manufacturers to use for production on a royalty-free basis.]

(B) Related party balances

Amounts due from related parties:

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Trade nature			
Prepayments for goods made to related companies controlled by the Controlling Shareholders	23	87	277
Non-Trade nature			
Loans to related companies controlled by the Controlling Shareholders *(Note)*	72,807	39,170	29,106
Total	72,830	39,257	29,383

Note: As at December 31, 2019, 2020 and 2021, loans to related companies controlled by the Controlling shareholders of USD12,138,000, USD23,949,000 and USD28,558,000 bore interest rates at 2.64%, 2.64% and 2.64% per annum, respectively, while the remaining amounts were non-interest bearing. Those amounts are unsecured and unguaranteed and payable on demand. All of those amounts have been settled in cash before June 2022.

Amounts due to related parties:

	As at December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Trade nature *(Note i)*			
Amounts payable to related companies controlled by the Controlling Shareholders	229	500	768
Non-Trade nature			
Loans from related companies controlled by the Controlling Shareholders *(Notes ii & iii)*	231,561	364,247	498,575
Interest payables to related companies controlled by the Controlling Shareholders	2,751	1,894	1,219
Subtotal	234,312	366,141	499,794
Total	234,541	366,641	500,562

Notes:

i. Amounts due to related parties arising from the purchase of food ingredients and condiment products were with a credit term of 30 to 60 days. As at December 31, 2019, 2020 and 2021, the amounts were aged within 30 to 60 days from the invoice date.

ii. As at December 31, 2019, 2020 and 2021, loans from related companies controlled by the Controlling Shareholders of USD197,201,000, USD310,718,000 and USD468,423,000 bore interest rates at 2.00% to 3.00%, 2.00% to 3.14% and 2.00% to 3.90% per annum, respectively, while the remaining amounts were non-interest bearing. Those amounts are unsecured and unguaranteed and payable on demand or within one year. Majority of those amounts have been settled in June 2022 by capitalizing as equity of the Company pursuant to the resolutions of directors of Newpai and the Company and the remaining balances will be settled before hearing.

iii. As at December 31, 2019, 2020 and 2021, included in the loans from related companies controlled by the Controlling Shareholders above were amounts of USD5,071,000, USD6,752,000 and USD12,905,000, respectively, which were attributable to the IFS Business but the contractual relationship were between Haidilao International Food Services Pte. Ltd., a wholly-owned subsidiary of the Retained Group and the related parties. Further details of the basis of preparation of the financial information are set out in Note 1.2 above.

(C) Remuneration of key management personnel of the Group

	For the year ended December 31,		
	2019	**2020**	**2021**
	USD'000	*USD'000*	*USD'000*
Short-term employee benefits	858	1,026	1,097
Performance related bonuses	41	17	1
Retirement benefit scheme contribution	–	–	4
	899	1,043	1,102

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

During the Track Record Period and as at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/registered capital	Proportion ownership interest and voting power held by the Company as at December 31, 2019	December 31, 2020	December 31, 2021	Date of the report	Principal activities
			%	%	%	%	
Singapore Super Hi *(Note iv)*	Singapore December 9, 2020	Ordinary share capital SGD2,000,000	N/A	100%	100%	100%	Investment holding
Haidilao International Treasury Pte. Ltd. *(Note ii)*	Singapore February 26,2019	Ordinary share capital SGD1,000,000	100%	100%	100%	100%	Financial management
Singapore Hiseries Pte. Ltd. *(Note iii)*	Singapore November 4, 2020	Ordinary share capital SGD3,000,000	N/A	100%	100%	100%	Restaurant operation
Singapore Hai Di Lao Dining Pte. Ltd. *(Note ii)*	Singapore January 17, 2012	Ordinary share capital SGD3,000,000	100%	100%	100%	100%	Restaurant operation
HDL Management USA Corporation *(Note i)*	USA December 3, 2018	Ordinary share capital USD150,000	100%	100%	100%	100%	Management consultation
Haidilao Catering (U.S.A.) Inc. *(Note i)*	USA March 2, 2011	Ordinary share capital USD10,000	100%	100%	100%	100%	Restaurant operation
Haidilao Restaurant California Inc. *(Note i)*	USA April 26, 2016	Ordinary share capital USD2,000,000	100%	100%	100%	100%	Restaurant operation
Haidilao Restaurant Group, Inc. *(Note i)*	USA June 18, 2015	Ordinary share capital USD10,000	100%	100%	100%	100%	Restaurant operation

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/registered capital	Proportion ownership interest and voting power held by the Company as at				Principal activities
			December 31, 2019	December 31, 2020	December 31, 2021	Date of the report	
			%	%	%	%	
Haidilao Hot Pot Industry Inc. *(Note i)*	USA April 18, 2018	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haute Hotpots Corporation *(Note i)*	USA January 2, 2018	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Century City Inc. *(Note i)*	USA August 3, 2018	Ordinary share capital USD500,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Fremont Inc. *(Note i)*	USA April 18, 2018	Ordinary share capital USD500,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Seattle, Inc. *(Note i)*	USA August 30, 2018	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Bellevue Inc. *(Note i)*	USA August 27, 2018	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Houston Inc. *(Note i)*	USA November 28, 2018	Ordinary share capital USD150,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Chicago Inc. *(Note i)*	USA November 19, 2018	Ordinary share capital USD150,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Boston Inc. *(Note i)*	USA November 28, 2018	Ordinary share capital USD150,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Dallas Inc. *(Note i)*	USA October 1, 2019	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Jersey City Inc. *(Note i)*	USA July 24, 2019	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Daly City Inc. *(Note i)*	USA August 5, 2019	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot San Diego Inc. *(Note i)*	USA August 5, 2019	Ordinary share capital USD50,000	100%	100%	100%	100%	Restaurant operation
Haidilao Hot Pot Las Vegas, Inc. *(Note i)*	USA April 27, 2020	Ordinary share capital USD50,000	N/A	100%	100%	100%	Restaurant operation
HAIDILAO JAPAN CO., LTD. *(Note i)*	Japan September 3, 2014	Ordinary share capital JPY50,000,000	100%	100%	100%	100%	Restaurant operation
Haidilao Korea Co., Ltd. *(Note v)*	South Korea May 1, 2014	Ordinary share capital KRW6,285,740,000	100%	100%	100%	100%	Restaurant operation
Hai Di Lao Sydney Proprietary Limited *(Note i)*	Australia August 15, 2017	Ordinary share capital AUD3,500,001	100%	100%	100%	100%	Restaurant operation
Hai Di Lao Melbourne Proprietary Limited *(Note i)*	Australia August 15, 2017	Ordinary share capital AUD1	100%	100%	100%	100%	Restaurant operation
U.K. Haidilao Pte. Ltd. *(Note vi)*	UK August 24, 2017	Ordinary share capital GBP500,000	100%	100%	100%	100%	Restaurant operation
Hai Di Lao Canada Restaurants Group Ltd. *(Note i)*	Canada August 7, 2015	Ordinary share capital CAD17,000,100	100%	100%	100%	100%	Restaurant operation
HAI DI LAO MALAYSIA SDN. BHD. *(Note vii)*	Malaysia May 14, 2018	Ordinary share capital MYR6,000,000	100%	100%	100%	100%	Restaurant operation
Jomamigo Dining Malaysia Sdn. Bhd. *(Note viii)*	Malaysia July 21, 2020	Ordinary share capital MYR6,000,000	N/A	100%	100%	100%	Restaurant operation
Haidilao International Food Services Malaysia Sdn Bhd *(Note i)*	Malaysia November 1, 2021	Ordinary share capital MYR6,000,000	N/A	N/A	100%	100%	Restaurant operation
Hai Di Lao Vietnam Co., Ltd. *(Note ix)*	Vietnam August 6, 2018	Ordinary share capital USD1,000,000	100%	100%	100%	100%	Restaurant operation
PT Haidilao Indonesia Restaurants *(Note x)*	Indonesia December 4, 2018	Ordinary share capital IDR100,000,000,000	100%	100%	100%	100%	Restaurant operation

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid ordinary share capital/registered capital	Proportion ownership interest and voting power held by the Company as at				Principal activities
			December 31, 2019	December 31, 2020	December 31, 2021	Date of the report	
			%	%	%	%	
Hai Di Lao Proprietary (Thailand) Limited *(Note xi)*	Thailand April 2, 2019	Registered capital THB122,448,980,100	49% *(Note xii)*	49% *(Note xii)*	49% *(Note xii)*	49% *(Note xiii)*	Restaurant operation
Hai Di Lao Spain, S.L.U. *(Note i)*	Spain November 24, 2020	Ordinary share capital EUR3,000	N/A	100%	100%	100%	Restaurant operation
Haidilao New Zealand Limited *(Note i)*	New Zealand November 27, 2020	Ordinary share capital New Zealand Dollar 720,000	N/A	100%	100%	100%	Restaurant operation
Hai Di Lao (Switzerland) Ltd *(Note i)*	Switzerland September 15, 2021	Ordinary share capital Swiss Franc100,000	N/A	N/A	100%	100%	Restaurant operation
Hai Di Lao Germany GmbH *(Note i)*	Germany October 28, 2019	Ordinary share capital EUR250,000	100%	100%	100%	100%	Restaurant operation

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

i. No audited financial statements have been prepared since their respective dates of incorporation as they are incorporated in the jurisdiction where there are no statutory audit requirements or the first set of statutory financial statements were not yet due to issue.

ii. The statutory financial statements for each of the year ended December 31, 2019, 2020 and 2021 were prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore and audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered in Singapore.

iii. The statutory financial statements for each of the year ended December 31, 2020 and 2021 were prepared in accordance with the provisions of the Companies Act, Capter 50 and Financial Reporting Standards in Singapore and audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered in Singapore.

iv. The statutory financial statements for the year ended December 31, 2021 were prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore and audited by MRI Moores Rowland LLP, a firm of Public Accountants and Chartered Accountants registered in Singapore. No statutory financial statements has been prepared for the year ended December 31, 2020 as there was no business operated during that year.

v. The statutory financial statements for each of the year ended December 31, 2019, 2020 and 2021 were prepared in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea and audited by Hanul LLC, a firm of Public Accountants and Chartered Accountants registered in Korea.

vi. The statutory financial statements for each of the year ended December 31, 2019, 2020 and 2021 were prepared in accordance with International Standards on Auditing(UK)(ISAs) and audited by BDO LLP, a firm of Public Accountants and Chartered Accountants registered in UK.

vii. The statutory financial statements for each of the year ended December 31, 2019, 2020 and 2021 were prepared in accordance with Malaysian Financial Reporting Standards and audited by Reanda Likg International, a firm of Public Accountants and Chartered Accountants registered in Malaysia.

viii. The statutory financial statements for the year ended December 31, 2021 were prepared in accordance with Malaysian Financial Reporting Standards and were audited by Reanda Likg International, a firm of Public Accountants and Chartered Accountants registered in Malaysia. No statutory financial statements has been prepared for the year ended December 31, 2020 as there was no business operated during that year.

ix. The statutory financial statements for the year ended December 31, 2019 was prepared in accordance with Vietnam Accounting Standards and audited by Vietvalues Audit and Consulting Co., Ltd, a firm of Public Accountants and Chartered Accountants registered in Vietnam; and the statutory financial statements for each of the year ended December 31, 2020 and 2021 were prepared in accordance with Vietnam Accounting Standards and audited by Deloitte Vietnam Company Limited, a firm of Public Accountants and Chartered Accountants registered in Vietnam. No statutory financial statements has been prepared for the year ended December 31, 2018 as there was no business operated during that year.

x. The statutory financial statements for each of the year ended December 31, 2019, 2020 and 2021 were prepared in accordance with Standards on Auditing established by Indonesia Institute of Certified Public Accountings & in accordance with Indonesia Financial Accounting Standards and audited by Kap Drs Bernardi & Rekan, a firm of Public Accountants and Chartered Accountants registered in Indonesia.

xi. The statutory financial statements for each of the year ended December 31, 2019, 2020 and 2021 were prepared in accordance with financial reporting standards for Non-publicly accountable entities (NPAEs) and audited by Miss Monrudee Jeamrasamee, Certified Public Accountant (Thailand), a firm of Public Accountants and Chartered Accountants registered in Thailand.

xii. The Company hold 49% equity interest in Hai Di Lao Proprietary (Thailand) Limited ("Haidilao Thailand") and other two shareholders incorporated in the USA hold 51% equity interest in Haidilao Thailand. The Company has power over Haidilao Thailand with the rights arising from certain contractual arrangements and are entitled to a 100% economic interest in Haidilao Thailand and the accounts of Haidilao Thailand are combined to those of the Group.

xiii. On July 1, 2022, all the ordinary shares of Haidilao Thailand held by the two shareholders incorporated in the USA were transferred to Singapore Super Hi and a certain number of preferred shares were issued to the those shareholders. Upon completion, the Company hold ordinary shares representing a 49% shareholding in Haidilao Thailand and the above two USA Shareholders hold preference shares representing a 51% shareholding. According to the Articles of Association of Haidilao Thailand, the Company has a majority of voting rights and therefore has control over the relevant activities of the Haidilao Thailand.

39. SUBSEQUENT EVENTS

[Save as elsewhere disclosed in this report, events and transactions took place subsequent to December 31, 2021 are detailed as below:

- [On June 1, 2022, pursuant to the resolutions of directors of Newpai and the Company, amounts due to related parties of USD471,336,000 in aggregate have been settled by capitalizing as equity of the Company. In addition, Newpai contributed additional capital to the Company in cash with the amount of USD23,144,000 on the same day.]

- On [●], 2022, in order to implement the share award scheme, one share was allotted and issued to the trustee appointed by the Company to manage and administer the share award scheme (the "ESOP Platform") and six shares were allotted and issued to Newpai.

- On [●], 2022, the Company resolved to allot and issue a total of [**REDACTED**] new shares for cash at par with the amount of [**REDACTED**] to Newpai and the ESOP Platform in proportion to their existing shareholdings. Upon completion of the issue, the total issued share number of the Company is [**REDACTED**] shares.]

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2021.