Application Proof of

SUPER HI INTERNATIONAL HOLDING LTD.
特海国际控股有限公司

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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SUPER HI INTERNATIONAL HOLDING LTD.
特海国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: [REDACTED]

LISTING BY WAY OF INTRODUCTION ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Joint Sponsors

Morgan Stanley 摩根士丹利

华泰国际 HUATAI INTERNATIONAL

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This listing document is published in connection with the listing by way of introduction on the Main Board of The Stock Exchange of Hong Kong Limited of the Shares of SUPER HI INTERNATIONAL HOLDING LTD. This listing document contains particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to our Company and subsidiaries.

This listing document does not constitute an offer of, nor is it calculated to invite offers for, Shares or other securities of our Company, nor have any such Shares or other securities been allotted with a view to any of them being offered for sale to or subscription by members of the public. No new Shares will be allotted to and issued in connection with, or pursuant to, this listing document.

The Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or securities laws of any state in the United States, and may not be offered or sold within the United States without registration under the Securities Act, or except pursuant to an applicable exemption from, or in a transaction not subject to the registration requirements of the Securities Act and securities laws of any state in the United States. There will be no public offering of securities in the United States. **Neither the U.S. Securities and Exchange Commission nor any other U.S. federal or state securities commission or regulatory authority has approved or disapproved of the Shares or passed an opinion on the adequacy of this listing document. Any representation to the contrary is a criminal offence in the United States.**

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this listing document, including the risk factors set out in "Risk Factors" in this listing document. Information regarding the proposed arrangements for the listing of, and dealings and settlement of dealings in, our Shares following the Spin-off is set out in "The Distribution and Spin-off" in this listing document.

[REDACTED]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this listing document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this listing document. You should read the whole listing document including the appendices hereto, which constitute an integral part of this listing document.

OVERVIEW

We are a leading Chinese cuisine restaurant brand in the international market[1] committed to spreading Chinese culinary heritage across the globe. We uphold Haidilao's core values to satisfy two critical groups of people—"changing your future with your own hands" (用雙手改變命運) to motivate our employees, and delivering an exceptional and fun dining experience to our guests. Guided by our proven management philosophy, "aligned interests and disciplined management" (連住利益, 鎖住管理), we believe we are well positioned to expand internationally by balancing standardization and localization. According to F&S Report, we were the third largest Chinese cuisine restaurant brand in the international market and the largest Chinese cuisine restaurant brand originating from China in the international market in terms of 2021 revenue. We were also the largest Chinese cuisine restaurant brand in the international market in terms of number of countries covered by self-operated restaurants as of December 31, 2021.

Food is an expression of cultural identity, values and a way of life. Chinese cuisine is one of the richest and most diverse culinary heritages in the world. However, due to challenges in standardization, scalability and localization across countries, very few Chinese cuisine restaurant brands have successfully expanded internationally while maintaining consistent quality and a brand identity that resonates across cultures. Chinese cuisine restaurant brands with over 10 stores and brands covering two or more countries only accounted for approximately 13.0% and less than 5% of the international market in terms of number of restaurants in 2021, respectively. With a unique dining experience and outstanding service quality, our Haidilao restaurants have become a worldwide cultural phenomenon. Since opening our first restaurant in Singapore in 2012, we have expanded to 97 restaurants in 11 countries across four continents as of March 31, 2022.

We believe striking a balance between honoring the Haidilao legacy and continuous innovation for localization has been the foundation of our growth and expansion in the international market.

Brand legacy. Leveraging the renowned Haidilao brand and our extensive experience in standardized restaurant operation, we seek to address challenges faced in international expansion through implementing our operating paradigm of "aligned interests and disciplined management."

- *Brand image*. After close to 30 years of cultivation, Haidilao has become a unique cultural phenomenon and a household name worldwide. Our Haidilao brand commands customer loyalty and strong brand equity through our commitment to a unique dining experience and service quality, as well as uncompromised food safety. With a brand recognition that precedes our presence, we believe the Haidilao brand will enable us to steadily expand in the international market.

[1] Unless otherwise specified, "international market" in this listing document refers to the global market excluding mainland China, Hong Kong, Macau and Taiwan.

- *Management philosophy*. Haidilao's management philosophy of "aligned interests and disciplined management" fuels our international expansion. Under this philosophy, the interests of our employees are highly aligned to ours, motivating them to drive our bottom-up dynamic growth. Meanwhile, our disciplined management systematically ensures our high-quality expansion by controlling operational risks and providing key resources and support to our restaurants. We believe that this principle appeals to human nature across different cultures and regions and has been proven in Haidilao's expansion both in China and international markets.

- *Standardized operations*. Over the years, we have gained extensive experience in standardizing restaurant operations in different countries. We maintain strict control over key aspects of restaurant operation, including restaurant network expansion, employee training and promotion, food safety, service quality control and supply chain, which, we believe, have been crucial to our continuous expansion and efficient operations.

Localization. Under the framework of standardized operations and guided by core Haidilao values, we seek to adapt restaurant operations to local customs, tastes and preferences in order to provide a unique dining experience to guests and keep employees incentivized in different regional markets. We continue to innovate in the following aspects.

- *Food and menu*. We continuously develop and launch new menu items (including food ingredients, soup bases and dipping sauces) tailored to local tastes and preferences and introduce local food ingredients into our menu. Generally, a significant portion of our menu in each restaurant is localized.

- *Guest services*. We give employees the autonomy to discover how to best serve our guests and encourage them to adjust how we effectuate warm and personalized services based on local customs and cultural norms. For example, we organize themed events and decorate our restaurants to celebrate holidays in local cultures, such as Easter and Halloween. We also recommend optimal cooking times for each hot pot ingredient and dipping sauce combos in countries that are relatively new to hot pot dining.

- *Management structure*. We have established a three-layer structure consisting of our headquarters, senior regional managers and restaurant managers, to effectively manage our restaurants. Our headquarters hold control over critical restaurant management functions to ensure standardization across our multi-national operations and optimized resource allocation. Leveraging strong local know-how, our senior regional managers act as bridges between the strategic objectives of our headquarters and individual restaurants. They play key roles in expanding localized supply chains and building local teams to support operations, developing business strategies with our headquarters and implementing our strategies at the local level. Our restaurant managers are responsible for managing the day-to-day operations of our restaurants.

Benefiting from our proven management philosophy and successful localization efforts, we have built an international Haidilao restaurant network with highly standardized operations, effective management systems, motivated employees and a high level of guest satisfaction. Despite the effect of the global COVID-19 pandemic, we have achieved strong growth during the Track Record Period.

- *Restaurant expansion*. Our restaurant network expanded from 24 restaurants in five countries as of January 1, 2019 to 97 restaurants in 11 countries as of March 31, 2022. Our revenue increased from US$233.1 million in 2019 to US$312.4 million in 2021 at a CAGR of 15.8%. We also recorded a robust recovery from the COVID-19 pandemic since 2022, with our revenue increasing from US$68.3 million in the three months ended March 31, 2021 to US$109.1 million in the three months ended March 31, 2022.

- *Entering new markets*. Prior to the start of the COVID-19 pandemic, we expanded into six new countries in 2019, including four countries in Southeast Asia, namely Vietnam, Malaysia, Thailand and Indonesia, the UK and Australia. In the same year, we achieved strong table turnover rates of over 4.8 times per day on average in these countries. During the pandemic, we focused primarily on expansion within existing countries and enhancing their operating performance, opening a total of 61 new restaurants as of March 31, 2022.

- *Guest traffic*. Prior to the COVID-19 pandemic, we recorded a total of approximately 8.1 million guest visits at our restaurants in 2019. While our guest traffic was significantly affected by COVID-19, through our efforts, we increased guest visits from approximately 7.1 million in the height of the pandemic in 2020 to approximately 9.8 million in 2021 and our same-store guest visits per restaurant increased from 133.2 thousand in 2020 to 143.2 thousand in 2021. In the first quarter of 2022, we recorded approximately 3.8 million guest visits in total as the pandemic gradually eased in certain countries, a 60.3% increase from approximately 2.4 million for the same period in 2021.

- *Table turnover rate*. We recorded a strong overall table turnover rate of 4.1 times per day in 2019. During the pandemic, we implemented a number of measures, such as offering discounts, reactivating existing guests and offering off-peak hour meals, to improve table turnover rates. In the first quarter of 2022, our overall table turnover rate was 2.7 times per day, improving from the overall table turnover rate of 2.4 times per day and 2.1 times per day in 2020 and 2021, respectively.

OUR BUSINESS

During the Track Record Period, we generated substantially all of our revenue from Haidilao restaurant operations. To a lesser extent, we also generated revenue from food delivery and sales of hot pot condiment products and food ingredients. The following table sets forth the components of our revenue in absolute amounts and as percentages of the total revenue for the period indicated.

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	(US$ in thousands, except for percentages)						*(Unaudited)*			
Restaurant operation	232,542	99.8%	209,275	94.5%	296,059	94.8%	65,019	95.2%	105,043	96.3%
Delivery business	158	0.1%	10,225	4.6%	11,783	3.8%	2,588	3.8%	2,596	2.4%
Others[(1)]	419	0.1%	1,911	0.9%	4,531	1.4%	665	1.0%	1,436	1.3%
Total	233,119	100.0%	221,411	100.0%	312,373	100.0%	68,272	100.0%	109,075	100.0%

Note:

(1) Others primarily represented revenue generated from sales of hot pot condiment products and food ingredients.

Our Restaurant Network

We opened our first restaurant in Singapore in 2012. Since then, we have gradually expanded our restaurant network to 97 restaurants in 11 countries in Asia, North America, Europe and Oceania as of March 31, 2022. The following table summarizes the number of Haidilao restaurants and breakdown of our revenue from restaurant operation by geographic region as of the date and for the period indicated.

	As of/For the Year Ended December 31,						As of/For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue
	(US$ in thousands, except for number of restaurants)						*(Unaudited)*			
Southeast Asia	20	128,933	39	136,263	55	165,942	43	44,432	57	64,040
East Asia	10	49,910	17	34,309	17	37,251	17	8,112	17	11,768
North America	6	37,888	13	25,203	16	68,064	14	8,289	16	20,149
Others[(1)]	2	15,811	5	13,500	6	24,802	5	4,186	7	9,086
Total	38	232,542	74	209,275	94	296,059	79	65,019	97	105,043

Note:

(1) Others include Australia and the United Kingdom.

Key Operating Data

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

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
Total guest visits (million)	8.1	7.1	9.8	3.8
Table turnover rate (times per day)	4.1	2.4	2.1	2.7
Average spending per guest (US$)	28.7	29.4	30.3	27.5
Average daily revenue per restaurant (in thousands of US$)	20.8	11.6	10.0	12.8

We recorded strong restaurant performance in 2019, with total guest visits of approximately 8.1 million and an overall table turnover rate of 4.1 times per day. Since 2020, the COVID-19 pandemic had a major impact on our restaurant performance, reflected in a decrease in guest traffic and table turnover rates due to various restrictions implemented around the world. Many of these restrictions have gradually lifted, enabling us to resume normal operations in most of our restaurants. Our restaurant performance has improved significantly in the first quarter of 2022, with approximately 3.8 million in total guest visits and an overall table turnover rate of 2.7 times per day. For details, see "Business—Our Business—Our Haidilao Restaurant Business."

OUR PROCUREMENT

Our procurement primarily includes (i) soup base for our hot pot; (ii) food ingredients; and (iii) decoration materials and related services. During the Track Record Period and up to the Latest Practicable Date, Yihai Group was our primary supplier of soup base. For our food ingredients, we primarily adopt a centralized procurement for markets where we have a larger business scale. We have set up a central kitchen in Singapore, which is responsible for manufacturing and processing food ingredients used in our restaurants nearby, including meats that require processing and flavoring and vegetables that require washing and cutting. For other markets, we normally procure food ingredients from local suppliers directly.

In each of the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, our purchase amount from our five largest suppliers was US$18.2 million, US$22.0 million, US$28.4 million and US$8.9 million. respectively, accounting for 8.2%, 8.5%, 10.1% and 10.6% of our total purchases for the same period.

CONNECTED TRANSACTIONS

Prior to the Listing, our Group has entered into certain transactions in our ordinary and usual course of business with connected persons of our Company. For details, see "Continuing Connected Transactions." We have applied for, and the Stock Exchange has [granted] us, a waiver from strict compliance with the requirement to set a term of not exceeding three years under Rule 14A.52 of the Listing Rules in respect of the Trademark License Agreement. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Trademark License Agreement."

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our historical growth and will drive our future development: (i) we are a leading Chinese cuisine restaurant brand in the international market; (ii) Haidilao has become a global cultural phenomenon and an ambassador of Chinese culinary heritage; (iii) we have strong local know-how and international operating capabilities; (iv) we are guided by a proven management philosophy that enables sustainable international expansion; and (v) we are led by a seasoned management team with a corporate culture that prescribes acting with kindness.

OUR STRATEGIES

We strongly believe that there is significant opportunity for growth in the international Chinese cuisine restaurant market. Capitalizing on our decade-long international operating experience and our broad and loyal guest base, we believe we are well-positioned to continue our growth and to spread Chinese cuisine culture across the globe. We intend to implement the following business strategies going forward: (i) continue to grow our international Haidilao brand, enhance our dining experience and spread Chinese culinary heritage internationally; (ii) enhance restaurant performance and explore new sources of revenue; (iii) strategically expand and optimize our restaurant network; and (iv) identify opportunities for organic growth and seek potential acquisition opportunities.

COMPETITION

Currently, the international Chinese cuisine restaurant market is very fragmented, with over 600,000 restaurants in the international market. We primarily compete with other chain and single-store restaurants with respect to food quality and consistency, brand reputation, price-value relationship, ambiance, service, location, supply of quality food ingredients and availability of trained employees. For details, see "Industry Overview."

THE DISTRIBUTION AND SPIN-OFF

As approved and authorized by the Haidilao International Shareholders on [●], 2022, on [●], 2022, the Haidilao International Board declared the Haidilao International Distribution to the Qualifying Haidilao International Shareholders. The Haidilao International Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Haidilao International Shareholders of an aggregate of [**REDACTED**] Shares, representing 90% of the issued share capital of our Company, being the entire interest held by Haidilao International immediately before the Haidilao International Distribution and the Spin-off, in proportion to their respective shareholdings in Haidilao International as of the Record Date. Pursuant to the Haidilao International Distribution, the Qualifying Haidilao International Shareholders will be entitled to one Share for every [**REDACTED**] Haidilao International Shares held as of the Record Date.

The Spin-off will be implemented by way of a distribution alone, which will not constitute a transaction of Haidilao International under Chapter 14 of the Listing Rules and accordingly, Haidilao International is not required to comply with the requirements under Chapter 14 of the Listing Rules. The Haidilao International Distribution was approved by the Haidilao International Shareholders on [●], 2022 as required under Article 134 of the articles of association of Haidilao International.

Haidilao International considers that the Spin-off is in the interests of the Retained Group, our Group and their/our shareholders as a whole and the Spin-off will position each of the Retained Group and our Group better for growth in their/our respective businesses and deliver clear benefits to both due to the following reasons: (i) the Spin-off will enable more focused development and strategic planning, better allocation of resources for the respective businesses given their/our distinctive geographic nature; (ii) the Spin-off will enable our Group to obtain a separate listing status and an independent fund-raising platform; (iii) the Spin-off will strengthen the operational management ability of both the Retained Group and our Group where their/our respective management teams can focus more efficiently and effectively on each business; (iv) the Spin-off will enhance the corporate governance, management incentive mechanism and operational efficiency of our Group and provide investors, financial institutions and rating agencies with greater disclosures on the businesses and financial status of our Group and of the Retained Group, on a stand-alone basis; and (v) the Spin-off will enhance the business profile and market influence of us and the existing shareholders of Haidilao International will continue to enjoy the benefits from our future development and growth of through their shareholding in our Company. For details, see "The Distribution and Spin-off—The Spin-off and Listing by Introduction—Reasons for and Benefits of the Spin-off."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary historical data of financial information set forth below has been derived from, and should be read in conjunction with, our combined audited financial statements for the three years ended December 31, 2021 and our condensed combined financial statements for the three months ended March 31, 2022, including the accompanying notes, set forth in Appendix IA and Appendix IB to this listing document, respectively, as well as the information set forth in "Financial Information" of this listing document. Our financial information was prepared in accordance with IFRSs.

Summary of Combined Statements of Profit or Loss

The following table sets forth summary data from our combined statements of profit or loss in absolute amounts and as percentages of the total revenue for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022.

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	(US$ in thousands, except percentages)						*(Unaudited)*			
Revenue	233,119	100.0%	221,411	100.0%	312,373	100.0%	68,272	100.0%	109,075	100.0%
Other income	1,397	0.6%	9,144	4.1%	19,458	6.2%	3,370	4.9%	3,102	2.8%
Raw materials and consumables used	(81,287)	(34.9)%	(79,043)	(35.7)%	(113,760)	(36.4)%	(24,370)	(35.7)%	(39,994)	(36.7)%
Staff costs	(112,174)	(48.1)%	(100,430)	(45.4)%	(143,343)	(45.9)%	(30,536)	(44.7)%	(43,607)	(40.0)%
Rentals and related expenses	(2,269)	(1.0)%	(1,071)	(0.5)%	(6,556)	(2.1)%	(1,834)	(2.7)%	(2,148)	(2.0)%
Utilities expenses	(7,018)	(3.0)%	(7,829)	(3.5)%	(11,017)	(3.5)%	(2,499)	(3.7)%	(4,088)	(3.7)%
Depreciation and amortization	(32,338)	(13.9)%	(50,809)	(22.9)%	(69,916)	(22.4)%	(15,597)	(22.8)%	(16,410)	(15.0)%
Travelling and communication expenses	(4,211)	(1.8)%	(2,364)	(1.1)%	(2,674)	(0.9)%	(528)	(0.8)%	(1,061)	(1.0)%
Other expenses	(20,966)	(9.0)%	(28,315)	(12.8)%	(41,729)	(13.4)%	(7,633)	(11.2)%	(11,862)	(10.9)%
Other gains and losses	1,691	0.7%	1,997	0.9%	(73,270)	(23.5)%	(9,361)	(13.7)%	(16,418)	(15.1)%
Finance costs	(8,189)	(3.5)%	(14,437)	(6.5)%	(19,158)	(6.1)%	(4,182)	(6.1)%	(4,596)	(4.2)%
Loss before tax	(32,245)	(13.8)%	(51,746)	(23.4)%	(149,592)	(47.9)%	(24,898)	(36.5)%	(28,007)	(25.7)%
Income tax expense	(774)	(0.3)%	(2,014)	(0.9)%	(1,160)	(0.4)%	(287)	(0.4)%	(492)	(0.5)%
Loss for the year/period	(33,019)	(14.2)%	(53,760)	(24.3)%	(150,752)	(48.3)%	(25,185)	(36.9)%	(28,499)	(26.1)%
Other comprehensive (expense) income:										
Exchange differences arising on translation of foreign operations	(344)	(0.1)%	(2,261)	(1.0)%	2,097	0.7%	2,946	4.3%	2,292	2.1%
Total comprehensive expense for the year/period	(33,363)	(14.3)%	(56,021)	(25.3)%	(148,655)	(47.6)%	(22,239)	(32.6)%	(26,207)	(24.0)%

Summary of Combined Statements of Financial Position

The following table sets forth summary data from our combined statements of financial positions as of December 31, 2019, 2020 and 2021 and March 31, 2022.

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Current Assets	129,640	128,660	206,732	188,207
Current Liabilities	298,168	452,725	596,614	610,975
Non-current Assets	267,672	472,925	419,991	386,395
Non-current Liabilities	109,804	215,830	217,291	188,278
Net Current Liabilities	(168,528)	(324,065)	(389,882)	(422,768)
Net Liabilities	(10,660)	(66,970)	(187,182)	(224,651)

We recorded net current liabilities and net liabilities as of December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022 primarily due to amounts due to our related parties. We have settled a significant portion of such amounts due to our related parties as of the Latest Practicable Date and expect our working capital position and net liability position to be improved. For a discussion of our working capital sufficiency, see "—Sustainability and Path to Profitability."

Summary of Combined Statements of Cash Flows

The following table sets forth summary data from our combined statements of cash flows for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Operating cash flows before movements in working capital	6,330	7,002	12,492	9,088
Net cash from operating activities	16,529	2,757	4,382	1,191
Net cash used in investing activities	(146,379)	(91,822)	(87,464)	(12,175)

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Net cash from/(used in) financing activities	147,749	109,752	108,502	(10,324)
Net increase/(decrease) in cash and cash equivalents	17,899	20,687	25,420	(21,308)
Cash and cash equivalents at beginning of the year/period	13,468	36,327	51,564	89,546
Cash and cash equivalents at end of the year/period	36,327	51,564	89,546	70,130

SUSTAINABILITY AND PATH TO PROFITABILITY

Our Historical Business Growth and Focus

We are a fast-growing business with the goal to build a leading international Chinese restaurant brand to spread Chinese culinary heritage across the globe. Leveraging the Haidilao brand, our international restaurant operations experience and vast opportunities in the international Chinese cuisine restaurant market, we have grown our restaurant network from 24 restaurants in five countries in the beginning of 2019 to 97 in 11 countries as of March 31, 2022. As we expand our restaurant network, we recorded revenues of US$233.1 million, US$221.4 million, US$312.4 million, US$68.3 million and US$109.1 million in 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, respectively.

As we expand, we have focused on building a solid foundation for long-term business success. We are committed to honoring the Haidilao legacy—upholding our brand image, applying Haidilao's proven management philosophy and executing high-quality and standardized restaurant operations—which we believe is crucial to our success. At the same time, we complement our commitment to the Haidilao legacy with continued innovation to adapt our operations to local customs, tastes and preferences.

By focusing on brand building and high-quality operations, we have been able to create demand for Haidilao hotpot and meet the needs of consumers in the international market. Before the COVID-19 pandemic, our restaurant performance metrics in 2019 were strong with an overall table turnover rate of 4.1 times per day and total guest visits per restaurant of 207.7 thousand. Moreover, we believe our restaurants are in demand and well run with a healthy cash flow, reflected by a net cash inflow from operating activities for all periods during the Track

Record Period, even in 2020 when COVID-19 was at its peak. However, in implementing our long-term vision for our business, we experienced losses due to the negative impact of the COVID-19 pandemic and our fast pace of expansion. Key factors affecting our financial performance are set out below:

- *Impact of the COVID-19 pandemic.* Since early 2020, our business and financial performance were significantly affected by the COVID-19 pandemic. In order to control the outbreak, various restrictions were implemented around the world, including lockdowns, restaurant closures, limited dining hours and social distancing seating, among others. During the pandemic, our overall table turnover rates decreased significantly from 4.1 times per day in 2019 to 2.4 times per day and 2.1 times per day in 2020 and 2021, and our total guest visits per restaurant decreased from 207.7 thousand in 2019 to 96.3 thousand and 101.9 thousand in 2020 and 2021, respectively. As a result, our average daily revenue per restaurant per day decreased from US$20.8 thousand in 2019 to US$11.6 thousand and US$10.0 thousand in 2020 and 2021, respectively. As the pandemic gradually eases, we are experiencing a recovery in restaurant performance, especially since the first quarter of 2022.

- *High proportion of new restaurants.* During the Track Record Period, we opened a total of 76 new restaurants, which accounted for 78.4% of restaurants we operated as of March 31, 2022. Opening new restaurants incurs pre-opening costs and capital expenditures. Moreover, new restaurants need time to achieve breakeven and investment payback. Particularly due to challenges during COVID-19, the breakeven period of certain new restaurants opened during the Track Record Period was longer. As our new restaurants accounted for a significant portion of total number of restaurants during the Track Record Period, their extended breakeven period and initial costs and expenses contributed to our net losses.

Our Strategies to Deliver Sustainable Growth and Profitability

We continue to believe that our industry has tremendous growth opportunities, primarily driven by the growing popularity of Chinese culture and increasing acceptance of Chinese food, as well as increasing innovation and adaptation of Chinese cuisine tailored to local guests. According to the F&S Report, the international Chinese cuisine restaurant market increased from US$281.8 billion in 2016 to US$334.3 billion in 2019. Despite a decrease in market size in 2020 due to the COVID-19 pandemic, the international Chinese cuisine restaurant market began to recover and is expected to grow from US$261.1 billion in 2021 to US$409.8 billion in 2026 at a CAGR of 9.4%.

As a leading player in the market with a proven management philosophy and a globally-recognized brand, we believe we are well-positioned to thrive and realize our long-term business goals. Going forward, we believe we will become profitable for the following reasons:

- *Measures to further align interests and standardize management.* Since April 2022, we implemented a series of measures to further align employee interests and standardize restaurant management and operations. For instance, we have adjusted our employee compensation and assessment system such that our employees not only share in the profits of restaurants, but are also penalized for underperformance. Management staff of underperforming restaurants may even be demoted if their restaurant underperforms for an extended time period. We believe that these measures will incentivize employees to take restaurant performance into their own hands and give us stricter control over restaurant operations, which will in turn drive revenue growth and increase productivity.

- *Accumulated experience and economies of scale*. We have dedicated the last decade of our operations to accumulating international restaurant operations experience and establishing our presence in target markets. In the initial stage of entering new markets, we devoted substantial efforts and resources to build a base of local knowledge and resources, including developing a local talent pool, understanding local laws and customs, building local supply chains and exploring ways to optimize restaurant operations in each market. As our operations in each market mature, we expect to leverage our accumulated experience and resources to achieve economies of scale and a higher degree of operational efficiency as we expand and deepen our presence in the region. As of March 31, 2022, we had opened at least ten stores in each of five countries, namely, Singapore, the United States, Japan, Malaysia and Vietnam.

- *Ramp-up of new restaurants.* As of the Latest Practicable Date, over 95% of our restaurants as of March 31, 2022 have achieved initial monthly breakeven. As the pandemic eases, we also expect restaurants we recently opened to achieve initial monthly breakeven in a shorter period of time. Moreover, with the pre-opening costs of these restaurants already accounted for in our financial statements during the Track Record Period, we believe the costs and expenses associated with new restaurants to have a lesser impact on our financial performance going forward. As a result of these factors, we believe the performance of new restaurants will boost our financial performance and enhance our profitability going forward.

- *Lower proportion of new restaurants.* We adjust our expansion plan dynamically based on market conditions and restaurant performance. For example, due to the extended impact of the pandemic, we adjusted our expansion plan in 2021 to prioritize optimizing the performance of our existing restaurants and decelerate the number and breadth of new restaurant openings. Accordingly, the number of new restaurants we opened decreased from 36 in 2020 to 22 in 2021, and we opened three new restaurants in the first quarter of 2022. We expect that the decrease in proportion of new restaurants to total restaurant number will positively affect our profitability.

- *Business recovery from the impact of the COVID-19 pandemic.* Gradually since 2021 and particularly in 2022, many countries have lifted restrictive COVID-19 measures, enabling us to resume normal operations. In the three months ended March 31, 2022, we have experienced a strong rebound in restaurant performance. Our total guest visits increased by 60.3% from 2.4 million in the first quarter of 2021 to approximately 3.8 million in the first quarter of 2022. Our overall table turnover rate increased from 2.4 times per day and 2.1 times per day in 2020 and 2021, respectively, to 2.7 times per day in the three months ended March 31, 2022. This trend has continued in the second quarter of 2022 as many countries further ease COVID-19 restrictions. For example, in Singapore, where we currently have the most restaurants, social distancing and seating limits were further lifted in late April 2022. As a result, our overall table turnover rate in the second quarter of 2022 increased to 3.3 times per day and our total guest visits increased by 44.7% from approximately 3.8 million in the first quarter of 2022 to approximately 5.5 million in the second quarter of 2022. We expect our business performance to continue to normalize going forward as the COVID-19 pandemic continues to improve.

Working Capital Sufficiency

Based on the financial resources available to us, which include our cash and cash equivalents on hand, and considering our expansion plan and the estimated cash generated from operating activities, our Directors are of the view that we will have sufficient working capital for the next 12 months from the date of this listing document for the reasons set out below.

- *Settlement of amounts due to related parties of a non-trade nature*. We had amounts due to related parties of a non-trade nature of US$234.3 million, US$366.1 million, US$499.8 million and US$513.8 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively. These amounts primarily represented loans obtained from Haidilao International Group to support our business expansion and the interests arising from these loans. Pursuant to the Reorganization, we settled US$471.3 million of such amounts by issuing equity to Newpai, a wholly-owned subsidiary of Haidilao International, in June 2022. The remaining portion of the amount due to related parties of a non-trade nature has been, or is expected to be, settled with cash prior to the Listing. As such, we expect our working capital position to improve since the latest balance sheet date.

- *Cash flow generated from our business*. In 2019, 2020 and 2021, we had net cash generated from operating activities of US$16.5 million, US$2.8 million and US$4.4 million, respectively. As the COVID-19 pandemic eases, we recorded net cash flow generated from operating activities of US$1.2 million in the three months ended March 31, 2022, as compared to a net cash outflow from operating activities of US$7.4 million in the three months ended March 31, 2021.

- *Investment from Newpai*. Pursuant to the Reorganization, we received investment from Newpai in the amount of US$23.1 million in June 2022, which will be used to support our business operation.

Based on the foregoing, our Directors are of the view that our Group has a sustainable business. The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For related risks, see "Risk Factors—Risks Relating to the Spin-off and Our Shares—Forward-looking information in this listing document may prove inaccurate."

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Haidilao International Distribution, our Company will cease to be a subsidiary of Haidilao International and Mr. ZHANG Yong (through ZY NP LTD) as well as Ms. SHU Ping (through SP NP LTD) individually, and together through NP United Holding Ltd, will be collectively interested in approximately [**REDACTED**] of our total issued share capital and continue to be our Controlling Shareholders.

There is a clear delineation between the businesses of our Group and the remaining business of the Retained Group after the Spin-off and our Group is able to function and operate independently from Haidilao International. For details, see "Relationship with our Controlling Shareholders".

SHARE AWARD SCHEME

On [●], 2022, our Company [adopted] the Share Award Scheme to provide incentives or rewards to eligible participants for their contribution to our Group. For details, see "History, Reorganization and Corporate Structure—Share Award Scheme" and "General Information—D. Share Award Scheme" in Appendix IV to this listing document.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of our adjusted combined total tangible assets less liabilities attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Listing on our combined total tangible assets less liabilities attributable to the owners of the Company as of March 31, 2022, as if the Listing had taken place on such date.

The unaudited pro forma statement of our adjusted combined total tangible assets less liabilities attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our combined total tangible assets less liabilities of attributable to the owners of the Company as of March 31, 2022 or at any future dates. It is prepared based on our unaudited combined total tangible assets less liabilities of attributable to the owners of the Company as of March 31, 2022 as derived from the Condensed Combined Financial Statements as set out in Appendix IB to this listing document and adjusted as described below.

	Unaudited combined total tangible assets less liabilities of the Group attributable to the owners of the Company as of March 31, 2022	Estimated listing expenses	Unaudited pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company as at March 31, 2022	Unaudited pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company as at March 31, 2022 per Share	
	USD'000 *(Note 1)*	*USD'000* *(Note 2)*	*USD'000*	*USD* *(Note 3)*	*HKD* *(Note 5)*
Based on [**REDACTED**] Shares assumed to be in issue immediately prior to the Listing	(225,090)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. The unaudited combined total tangible assets less liabilities of the Group attributable to owners of the Company as of March 31, 2022 is derived from the Condensed Combined Financial Statements set out in Appendix IB to this listing document, which is based on the unaudited combined net liabilities of the Group attributable to the owners of the Company as of March 31, 2022 of USD224,651,000 (deficit) with adjustments for other intangible assets of the Group attributable to owners of the Company as of March 31, 2022 of USD439,000.

2. The estimated listing expenses mainly include professional fees payable to the Joint Sponsors, the legal advisors and Reporting Accountants and other listing related expenses, which are expected to be incurred by the Group subsequent to March 31, 2022.

3. The unaudited pro forma adjusted combined total tangible assets less liabilities per Share is arrived at after the adjustments as described in Note 2 above and is based on [**REDACTED**] Shares assumed to be in issue immediately prior to the Listing, not taking into account any Shares which may be granted under the Share Award Scheme or Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares.

4. No adjustment has been made to the unaudited adjusted pro forma combined total tangible assets less liabilities of the Group attributable to owners of the Company as at March 31, 2022 to reflect any operating result or other transactions of the Group entered into subsequent to March 31, 2022. In particular, the above pro forma adjusted combined total tangible assets less liabilities of the Group attributable to owners of the Company shown on page II-1 have not taken into account the injection from the immediate holding company amounting to USD[**REDACTED**] ("Cash Injection"), loan capitalization from the immediate holding company amounting to USD[**REDACTED**] ("Loan Capitalization"), allotment and issue of [**REDACTED**] new shares at par value to Newpai and the ESOP Platform at a cash consideration of USD[**REDACTED**] ("Allotment") and the cash payment for the Group Reorganization subsequent to March 31, 2022 with the amount of USD[**REDACTED**] ("Cash Payment for Group Reorganization"). If such Cash Injection, Loan Capitalization, Allotment and Cash Payment for Group Reorganization were also taken into account in the above unaudited pro forma financial information, the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at March 31, 2022 would have been approximately USD[**REDACTED**] and the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at March 31, 2022 per Share would have been approximately USD[**REDACTED**] (equivalent to HKD[**REDACTED**], converted at the exchange rate in Note 5).

5. For the purpose of this pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company, the balances stated in USD are converted into HKD at a rate of USD1 to HKD7.8474. No representation is made that the USD amounts have been, could have been or may be converted into HKD, or vice versa at that rate or at any other rates or at all.

DIVIDEND

No dividend has been paid or declared by our Company during the Track Record Period. Any future declarations and payments of dividends (other than interim dividends) will be at the recommendation of our Board at its absolute discretion for approval by our shareholders at a general meeting. Interim dividends may be paid by our Board if justified by the profits of the Company. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. As advised by our Cayman Islands counsel, under the Companies Act and the Memorandum and Articles, the Company may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid out of share premium if such payment would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. In the future, we may rely to some extent on dividends and other distributions on equity from our principal operating subsidiaries to fund offshore cash and financing requirements. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. As advised by our Cayman legal advisors, we may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

RECENT DEVELOPMENTS

Since March 31, 2022 and up to the Latest Practicable Date, we opened a total of six restaurants in Singapore, the United States, Australia, Thailand and Malaysia. We observed a strong rebound in restaurant performance as the COVID-19 pandemic gradually came under control. Our overall table turnover rate was 3.3 times per day in the second quarter of 2022, increasing from 2.7 times per day in the first quarter of 2022. In the second quarter of 2022, we recorded a total of approximately 5.5 million guest visits, increasing by 44.7% from approximately 3.8 million in the first quarter of 2022. Our Directors confirm that, there has been no material adverse change in our financial, operational or trading position or prospects since March 31, 2022 and up to the date of this listing document.

LISTING EXPENSES

The total listing expenses for the Listing are estimated to be approximately US$[**REDACTED**] million, including (i) professional fees paid and payable to the professional parties for their services rendered in relation to the Listing, including sponsor fees, fees paid and payable to legal advisors, reporting accountants, the internal control consultant, the independent industry consultant and compliance advisor of approximately US$[**REDACTED**] million; and (ii) other fees and miscellaneous expenses in relation to the Listing of approximately US$[**REDACTED**] million. During the Track Record Period, we had not incurred any listing expenses. There is no issue of new Shares of our Company, and we will not receive any fundraising proceeds through the Listing. Therefore, such listing expenses will be charged to our combined statement of profit or loss and other comprehensive income for the year ending December 31, 2022.

RISK FACTORS

There are certain risks in our operations and in connection with the Spin-off, many of which are beyond our control. We believe the most significant risks we face include but not limit to the following: (i) we have in recent years expanded our restaurant coverage internationally, which leads to increasing risks and uncertainties and our management system may not be effective to address risks and uncertainties in our international restaurant operations; (ii) we face risks related to health epidemics and outbreaks, particularly the COVID-19 outbreak, as well as the instance of any food-borne illnesses; (iii) we had significant net current liabilities and net liabilities as of December 31, 2019, 2020 and 2021 and March 31, 2022; (iv) our continued success depends on our ability to deliver and maintain our high-quality services and dining experience; (v) failure of our food quality control system could have a material and adverse effect on our reputation, financial conditions and results of operations; (vi) we are subject to risks and costs in relation to operating internationally in multiple jurisdictions; and (vii) we may fail to maintain or enhance brand recognition or reputation. For details, see "Risk Factors."

In this listing document, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are defined in the section headed "Glossary of Technical Terms" in this listing document.

"Apple Trust"	a discretionary trust set up by Mr. ZHANG Yong as the settlor and protector for the benefit of himself, Ms. SHU Ping and their family with UBS Trustees (B.V.I.) Limited acting as trustee;
"Articles" or "Articles of Association"	the articles of association of our Company, approved and adopted on [●], 2022 and to take effect on the [**REDACTED**], a summary of which is contained in "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" to this listing document, and as amended from time to time;
"associate(s)"	has the meaning ascribed thereto under the Listing Rules;
"AUD"	the Australian dollar, the lawfully currency of Australia;
"Beneficial Haidilao International Shareholder(s)"	beneficial owner(s) of Haidilao International Shares whose Haidilao International Shares are registered in the name of the Registered Haidilao International Shareholder(s);
"Board"	the board of Directors;
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business;
"BVI"	the British Virgin Islands;
"Cayman Companies Act" or "Companies Act"	the Companies Act (As Revised), Cap. 22 of the Cayman Islands;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant;

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant;
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation;
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
"Cheerful Trust"	a discretionary trust set up by Mr. Sean SHI and Ms. Hailey LEE as the settlors and protectors for the benefit of themselves and their family with UBS Trustees (B.V.I.) Limited acting as trustee;
"CHF"	Swiss Franc, the lawfully currency of the Swiss;
"China Clear"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限公司);
"China" or "PRC"	the People's Republic of China but for the purpose of this listing document, and for geographic reference only, and except where the context requires otherwise, references in this listing document to China or the PRC do not apply to Hong Kong, Macau and Taiwan;
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
"Company" or "our Company"	SUPER HI INTERNATIONAL HOLDING LTD. 特海国际控股有限公司, a company incorporated under the laws of the Cayman Islands with limited liability on May 6, 2022;
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules;

"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. ZHANG Yong (張勇), ZY NP LTD, Ms. SHU Ping (舒萍), SP NP LTD and NP United Holdings Ltd;
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules;
"Director(s)"	the director(s) of our Company;
"Excluded Jurisdiction(s)"	the jurisdiction(s) outside Hong Kong in respect of which the Haidilao International Board and our Board have determined after making relevant enquiries and based on legal advice received that it is necessary or expedient not to distribute Shares to the Haidilao International Shareholders or the Beneficial Haidilao International Shareholders located or residing in those jurisdictions pursuant to the Haidilao International Distribution, on account of either the legal restrictions under the applicable laws of such jurisdictions and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions;
"F&S Report"	a report that we commissioned Frost & Sullivan to prepare regarding the international catering service market for purposes of the Listing;
"Frost & Sullivan"	Frost & Sullivan Limited, an independent market research and consulting company commissioned by us to prepare a market research report for the purpose of this listing document;
"Greater China"	the mainland China, Hong Kong, Macau and Taiwan;
"Group", "our Group", "we" and "us"	our Company together with its subsidiaries, or where the context so requires in respect of the period before our Company became the holding company of its present subsidiaries, the companies that are the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be);

"Haidilao Customized Products"	the hot pot soup flavoring and Chinese-style compound condiment products supplied by Yihai Group manufactured using formulae owned by our Group for use at our hot pot restaurants;
"Haidilao International"	Haidilao International Holding Ltd. (海底撈國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on July 14, 2015 whose shares are listed on the Main Board of the Stock Exchange (stock code: 6862);
"Haidilao International Board"	the board of directors of Haidilao International;
"Haidilao International Distribution"	the conditional special dividend declared by the Haidilao International Board on [●], 2022 as approved and authorized by the Haidilao International Shareholders on [●], 2022, to be satisfied by way of a distribution in specie of an aggregate of [**REDACTED**] Shares to the Qualifying Haidilao International Shareholders, subject to the satisfaction of the conditions as described in the section headed "The Distribution and Spin-off" in this listing document;
"Haidilao International Group"	Haidilao International together with its subsidiaries before the Spin-off;
"Haidilao International Overseas Shareholder(s)"	Haidilao International Shareholder(s) whose address(es), as shown on the register of members of Haidilao International as at the Record Date, is/are in any jurisdiction other than Hong Kong;
"Haidilao International Share(s)"	ordinary share(s) in the issued share capital of Haidilao International;
"Haidilao International Shareholder(s)"	holder(s) of Haidilao International Shares;
"Haidilao Singapore"	Hai Di Lao Holdings Pte. Ltd., a private company limited by shares incorporated in Singapore on February 28, 2013 and a wholly-owned subsidiary of Haidilao International;
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong;

"HKSCC"	Hong Kong Securities Clearing Company Limited;
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Hong Kong Share Registrar"	[**REDACTED**]
"IFRSs"	International Financial Reporting Standards;
"Independent Third Party(ies)"	an individual or a company who, to the best of our Directors' knowledge, information and belief, having made reasonable enquiries, is not a connected person of our Company;
"Joint Sponsors"	Morgan Stanley Asia Limited and Huatai Financial Holdings (Hong Kong) Limited;
"JPY"	Japanese Yen, the lawful currency of Japan;
"Latest Practicable Date"	July 4, 2022, being the latest practicable date for the purposes of ascertaining certain information contained in this listing document before its publication;

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes GEM;

"Master Decoration Project Management Service Agreement"	the master decoration project management service agreement entered into by our Company and Shuyun Dongfang on [●], 2022, pursuant to which Shuyun Dongfang agreed to provide decoration project management and related services to our Group in connection with the interior decoration and renovation of our restaurants. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Master Decoration Project Management Service Agreement";
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, a summary of which is set out in "Appendix III—Summary of the Constitution of Our Company and Cayman Islands Company Law" to this listing document, and as amended and restated from time to time;
"Newpai"	Newpai Ltd., a company incorporated under the laws of the BVI with limited liability on July 15, 2015 and a wholly-owned subsidiary of Haidilao International;
"Non-Qualifying Haidilao International Shareholders"	those Haidilao International Overseas Shareholders with registered addresses in Excluded Jurisdiction, and Haidilao International Shareholders who are otherwise known by Haidilao International to be residents of, or located in jurisdictions outside Hong Kong on the Record Date who will not receive Shares pursuant to the Haidilao International Distribution where the Haidilao International Board and our Board after making relevant enquiries and based on legal advice provided by their legal advisors consider it necessary or expedient to exclude them from receiving Shares on account either of the legal restrictions under the laws of the relevant jurisdictions where they are located or resident and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions;
"PRC Legal Advisor"	Jingtian & Gongcheng, the legal advisor to our Company as to the PRC laws;
"Qualifying Haidilao International Shareholder(s)"	Haidilao International Shareholder(s) whose name(s) appeared on the register of members of Haidilao International as at the Record Date and not being Non-Qualifying Haidilao International Shareholders;

[**REDACTED**]

"Reorganization"	the reorganization steps conducted by our Group in preparation for the Spin-off and Listing as described in the section headed "History, Reorganization and Corporate Structure—Reorganization" in this listing document;
"Retained Group"	Haidilao International together with its subsidiaries, excluding our Group;
"RM"	Malaysian Ringgit, the lawful currency of Malaysia;
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC;
"Rose Trust"	a discretionary trust set up by Ms. SHU Ping as the settlor and protector for the benefit of herself, Mr. ZHANG Yong and their family with UBS Trustees (B.V.I.) Limited acting as trustee;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"SGD"	Singapore dollars, the lawful currency of Singapore;
"SGX"	The Singapore Exchange Limited;
"Share Award Scheme"	the share award scheme adopted by our Company on [●], 2022, the details of which are set out in the section headed "General Information—D. Share Award Scheme" in Appendix IV to this listing document;
"Share(s)"	ordinary share(s) with a par value of US$0.000005 each in the share capital of our Company;
"Shareholder(s)"	holder(s) of the Share(s);

"Shuyun Dongfang"	Beijing Shuyun Dongfang Decoration Project Co., Ltd. (北京蜀韻東方裝飾工程有限公司), a limited liability company established in the PRC on May 10, 2006, which is owned as to 80% by Mr. Zhang Shuoyi (張碩軼) as of the Latest Practicable Date and an associate of our Controlling Shareholders;
"Sichuan Haidilao"	Sichuan Haidilao Catering Co., Ltd. (四川海底撈餐飲股份有限公司), previously known as Sichuan Jianyang Haidilao Catering Co., Ltd. (四川省簡陽市海底撈餐飲有限責任公司), a joint stock company established in the PRC on April 16, 2001, which is directly held, among others, as to 33.5% by Mr. ZHANG Yong and Ms. SHU Ping and 50% by Jianyang Jingyuan Investment Co., Ltd. (簡陽市靜遠投資有限公司) (which is in turn held as to 68% by Mr. ZHANG Yong and Ms. SHU Ping) as of the Latest Practicable Date and an associate of our Controlling Shareholders;
"Singapore Dining"	Singapore Hai Di Lao Dining Pte. Ltd., a private company limited by shares incorporated in Singapore on January 17, 2012 and a wholly-owned subsidiary of our Company;
"Singapore Super Hi"	Singapore Super Hi Dining Pte. Ltd., a private company limited by shares incorporated in Singapore on December 9, 2020 and a wholly-owned subsidiary of our Company;
"Spin-off"	the spin-off of our Company by way of distribution and the separate listing of our Shares on the Main Board of the Stock Exchange by way of introduction;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules;
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules;
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buybacks issued by the SFC and as amended, supplemented or otherwise modified from time to time;
"Track Record Period"	the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022;

"Trademark License Agreement"	the trademark license agreement entered into by our Company (for itself and on behalf of its subsidiaries) and Sichuan Haidilao on [●], 2022, pursuant to which Sichuan Haidilao agreed to license certain trademarks for our use in connection with our operations on an exclusive and royalty-free basis. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Trademark License Agreement";
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"US$" or "USD"	the U.S. dollar, the lawfully currency of the United States;
"Yihai"	Yihai International Holding Ltd. (頤海國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on October 18, 2013 whose shares are listed on the Main Board of the Stock Exchange (stock code: 1579) and an associate of our Controlling Shareholders;
"Yihai Group"	Yihai together with its subsidiaries and consolidated affiliated entities;
"Yihai Master Purchase Agreement"	the master purchase agreement entered into by our Company and Yihai on [●], 2022, pursuant to which our Group agreed to purchase Haidilao Customized Products, Yihai Retail Products and instant self-serving products from Yihai Group. For details, see "Continuing Connected Transactions—Continuing Connected Transactions— Yihai Master Purchase Agreement"; and
"Yihai Retail Products"	the hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products supplied by Yihai Group manufactured using formulae owned by Yihai Group for display and sales to consumers in our hot pot restaurants.

Certain amounts and percentage figures included in this listing document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF INDUSTRY TERMS

This glossary of technical terms contains terms used in this listing document as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"%"	per cent;
"CAGR"	compound annual growth rate calculated as $(\frac{V_{(tn)}}{V_{(t0)}})^{\frac{1}{tn-t0}} - 1$, $V_{(t0)}$: start value, $V_{(tn)}$: finish value, tn-t0: number of years;
"GDP per capita"	gross domestic product divided by the number of people in the same area;
"GFA"	gross floor area;
"initial monthly breakeven period"	the first month for the revenue of a newly opened restaurant to at least equal to its expenses;
"instant hot pot"	the self-serving instant small hot pot products;
"international market"	the global market excluding mainland China, Hong Kong, Macau and Taiwan, unless otherwise specified;
"IT system"	information technology system;
"kg"	kilogram;
"KPI"	key performance indicator, a business metric used to evaluate factors that are crucial to the success of an organization;
"restaurant chain"	a catering business model that involves opening a series of restaurants under the same brand;
"same store"	includes restaurants that commenced operations prior to the beginning of the periods under comparison and opened for more than 300 days in both 2019 and 2020, and in both 2020 and 2021, and more than 75 days in the three months ended March 31, 2021 and 2022;
"same store sales"	the aggregate revenue from restaurant operation at our same stores for the year/period indicated.

DISTRIBUTION

Information on the Haidilao International Distribution

As approved and authorized by the Haidilao International Shareholders on [●], 2022, on [●], 2022, the Haidilao International Board declared the Haidilao International Distribution to the Qualifying Haidilao International Shareholders. The Haidilao International Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Haidilao International Shareholders of an aggregate of [**REDACTED**] Shares, representing 90% of the issued share capital of our Company, being the entire interest held by Haidilao International immediately before the Haidilao International Distribution and the Spin-off, in proportion to their respective shareholdings in Haidilao International as of the Record Date. Pursuant to the Haidilao International Distribution, the Qualifying Haidilao International Shareholders will be entitled to one Share for every [**REDACTED**] Haidilao International Shares held as of the Record Date.

The Spin-off will be implemented by way of a distribution alone, which will not constitute a transaction of Haidilao International under Chapter 14 of the Listing Rules and accordingly, Haidilao International is not required to comply with the requirements under Chapter 14 of the Listing Rules.

The Haidilao International Distribution was approved by the Haidilao International Shareholders on [●], 2022 as required under Article 134 of the articles of association of Haidilao International.

Condition to the Haidilao International Distribution

The Haidilao International Distribution is conditional on the Stock Exchange granting approval for the listing by way of introduction of, and permission to deal in, our Shares on the Main Board of the Stock Exchange and such approval not having been revoked prior to 8:00 a.m. (Hong Kong time) on the [**REDACTED**]. If this condition is not satisfied, the Haidilao International Distribution will not be made and the Spin-off will not take place.

Non-Qualifying Haidilao International Shareholders

The distribution of our Shares under the Haidilao International Distribution to certain Haidilao International Shareholders may be subject to laws of jurisdictions outside Hong Kong. The Haidilao International Shareholders and the Beneficial Haidilao International Shareholders whose addresses registered in the register of members of Haidilao International are in/or who are located or residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Haidilao International Shareholders and the Beneficial Haidilao International Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with Haidilao International Distribution, including obtaining of any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

The Haidilao International Overseas Shareholders and the Beneficial Haidilao International Shareholders should consult their professional advisors if they are in any doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt, acquisition, retention, disposal or otherwise with respect to our Shares. It is emphasized that none of Haidilao International, our Company, the Joint Sponsors, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts any responsibility in relation to the above.

The Non-Qualifying Haidilao International Shareholders refer to the Haidilao International Shareholders with registered addresses in, or the Haidilao International Shareholders or the Beneficial Haidilao International Shareholders who are otherwise known by Haidilao International to be residents of or located in, jurisdictions outside Hong Kong as of the Record Date and whom the Haidilao International Board and our Board, based on enquiries made on their behalf and the legal advice provided by their legal advisors, consider it necessary or expedient to exclude them from receiving the Shares pursuant to the Haidilao International Distribution on account of the legal restrictions under the applicable laws of the relevant jurisdictions where the Haidilao International Shareholders or the Beneficial Haidilao International Shareholders are residents of or located in and/or the requirements of the relevant regulatory bodies or stock exchanges in those jurisdictions. The relevant Non-Qualifying Haidilao International Shareholders will not receive any Shares.

Our Shares which the Non-Qualifying Haidilao International Shareholders would otherwise receive pursuant to the Haidilao International Distribution will be sold by Haidilao International on their behalf on the market as soon as reasonably practicable following the commencement of dealings in our Shares on the Main Board of the Stock Exchange. The aggregate proceeds of such sale (net of expenses and taxes) will be paid to the relevant Non-Qualifying Haidilao International Shareholders (in proportion to their respective shareholdings in Haidilao International as of the Record Date) in Hong Kong dollars in full satisfaction of the relevant Shares which they would otherwise receive pursuant to the Haidilao International Distribution, provided that if the amount that a Non-Qualifying Haidilao International Shareholder would be entitled to receive is less than HK$100, such sum will be retained for the benefit of Haidilao International. Such payment of net proceeds to the Non-Qualifying Haidilao International Shareholders is expected to be made on or around [**REDACTED**].

As of the Latest Practicable Date, based on the information provided by Haidilao International, there were two Haidilao International Shareholders whose address registered in the register of members of Haidilao International were located in jurisdictions other than Hong Kong, namely in the BVI.

If there is any other jurisdiction outside Hong Kong which is not referred to above in which the address of any Haidilao International Shareholder as shown in the register of members of Haidilao International as of the Record Date is located or any Haidilao International Shareholder or Beneficial Haidilao International Shareholder as of the Record Date is otherwise known by Haidilao International to be located or resident, and such Haidilao International Shareholders should, in the view of the Haidilao International Board and our Board having made the relevant enquiries and having considered the circumstances, be excluded from receiving our Shares pursuant to the Haidilao International Distribution on the basis of the legal restrictions under the applicable laws of such jurisdiction or the requirements of the relevant regulatory bodies or stock exchanges in such jurisdiction, our Company will make an announcement.

With respect to any Excluded Jurisdiction, Haidilao International will send a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that, in light of applicable laws and regulations of the Excluded Justifications to the extent they hold any Haidilao International Shares on behalf of any Beneficial Haidilao International Shareholder with an address located in any of the Excluded Jurisdictions they should sell our Shares which they receive pursuant to the Haidilao International Distribution on behalf of such Beneficial Haidilao International Shareholder(s) and pay the net proceeds of such sale to such Beneficial Haidilao International Shareholder(s).

None of Haidilao International, our Company or the Joint Sponsors take any responsibility for the sale of such Shares or the payment of the net proceeds of the sale of such Shares to any such underlying Beneficial Haidilao International Shareholders.

Haidilao International and our Company reserve the rights, in its and our absolute discretion, to allow the participation of any Haidilao International Shareholder or Beneficial Haidilao International Shareholder in the Haidilao International Distribution.

INFORMATION FOR THE HAIDILAO INTERNATIONAL OVERSEAS SHAREHOLDERS

Haidilao International PRC Stock Connect Investors

According to the "Stock Connect Shareholding Search" available on the Stock Exchange's website (**www.hkexnews.hk**), as of the Latest Practicable Date, China Clear held 242,731,072 Haidilao International Shares, representing approximately 4.35% of the total issued Haidilao International Shares. China Clear is a CCASS Participant with HKSCC Nominees.

The Haidilao International Board and our Board have made the relevant enquiries and have been advised by our PRC Legal Advisor that the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect (the "**Shanghai Connect**") and/or Shenzhen-Hong Kong Stock Connect (the "**Shenzhen Connect**") who hold the shares of Haidilao International through China Clear as nominee (the "**Haidilao International PRC Stock Connect Investors**") may hold our Shares pursuant to the Haidilao International Distribution through China Clear. In addition, according to our PRC Legal Advisor, pursuant to the Shanghai Stock Exchange Measures for the Implementation of Shanghai-Hong Kong Stock Connect (《上海證券交易所滬港通業務實施辦法》) and the Shenzhen Stock Exchange Measures for the Implementation of Shenzhen-Hong Kong Stock Connect (《深圳證券交易所深港通業務實施辦法》), the Haidilao International PRC Stock Connect Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with our Shares may only sell them on the Stock Exchange under Shanghai Connect and Shenzhen Connect.

Haidilao International PRC Stock Connect Investors should seek advice from their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisors for details of the logistical arrangements as required by China Clear.

BVI Haidilao International Overseas Shareholders

The Haidilao International Distribution does not constitute and shall not be construed as an offer directly or indirectly to the public in the BVI or a natural person who is a BVI resident or who is domiciled in the BVI to purchase or subscribe for the Shares. The Shares to be distributed pursuant to the Haidilao International Distribution may be received by a BVI business company (as defined in the BVI Business Companies Act, 2004 (as amended)) but not by any person who is a resident of, or who is domiciled in, the BVI nor by a custodian, nominee or trustee of any such person.

All Haidilao International Overseas Shareholders

This listing document is for the exclusive use by Haidilao International Shareholders solely for the purpose of assessing the Haidilao International Distribution and should not be used other than in connection with such purpose. This listing document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Shares or to take up any entitlements to the Shares or any solicitation or act in furtherance to a trade in any jurisdiction in which such an offer or solicitation or act is unlawful.

Neither the Shares nor this listing document has been or will be registered under the securities laws of any jurisdiction. Accordingly, unless otherwise disclosed above, the Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any such jurisdictions, absent registration or qualification under the respective securities laws of such jurisdictions, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

It is the responsibility of any person (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to receive or purchase, hold or dispose of, or deal in, the Shares or exercise any rights attached to the Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Haidilao International Shareholders should note that they will not be required to pay or provide any consideration to Haidilao International or us for any Shares received pursuant to the Haidilao International Distribution. Receipt of our Shares by any person pursuant to the Haidilao International Distribution will be deemed to constitute a representation and warranty from such person to our Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representation and warranty. Such persons should consult their professional advisors if in doubt.

THE SPIN-OFF AND LISTING BY INTRODUCTION

If the Spin-off proceeds, it will be implemented in compliance with the Listing Rules. The Spin-off will be effected through a listing of our Shares by way of introduction and the Haidilao International Distribution whereby the Qualifying Haidilao International Shareholders will receive the relevant Shares. The Spin-off does not involve an offering of our Shares or any other securities of our Company for purchase or subscription and no money will be raised in conjunction with the Spin-off.

Reasons for and Benefits of the Spin-off

Haidilao International considers that the Spin-off is in the interests of Haidilao International, our Company and respective shareholders as a whole and the Spin-off will position each of the Retained Group and our Group better for growth in their/our respective businesses and deliver clear benefits to both due to the following reasons:

(a) the Spin-off will enable more focused development and strategic planning, better allocation of resources for the respective businesses given their/our distinctive geographic nature, and therefore, unlock value of the developing business of our Group and provide Haidilao International and the Haidilao International shareholders an opportunity to realize the value of their investment in our Group under a separate standalone listing platform;

(b) the Spin-off will enable our Group to obtain a separate listing status and an independent fund-raising platform. After the Spin-off, both the Retained Group and our Group will have separate fundraising platforms that have direct access to both equity and debt capital markets, which will be of the benefit to both groups' existing operations and future expansion;

(c) the Spin-off will strengthen the operational management ability of both the Retained Group and our Group where their/our respective management teams can focus more efficiently and effectively on each business and improve their/our abilities to recruit, motivate and retain key management personnel for each line of business as well as to expediently and effectively capitalize on any business opportunities that may arise, thereby enforcing their respective expansion and improving operating and financial performance, which in turn aiming to provide better returns to the shareholders of both the Retained Group and our Company;

(d) the Spin-off will enhance the corporate governance, management incentive mechanism and operational efficiency of our Group and provide investors, financial institutions and rating agencies with greater disclosures on the businesses and financial status of the our Group and of the Retained Group, on a stand-alone basis, and such disclosures are expected to enhance and further facilitate investors' informed investment decisions and invest in respective businesses based on their assessment of the performance, management, strategy, risks and returns of both our Group and the Retained Group. It will also create an independent platform for a potentially new investor base for our Company after it is listed on the Main Board of the Stock Exchange as it will be able to attract new investors who are seeking focused investments specifically in the international restaurants business. Potential investors will have the choice to invest in either one or both of the businesses and shareholders will have the opportunity to realize the value of their investment in the Retained Group and our Group; and

(e) the Spin-off will enhance the business profile and market influence of our Company. As a separately listed group, our Company will be in a better position to independently negotiate and solicit more businesses. By way of a distribution in specie, the Haidilao International Shareholders will therefore continue to enjoy the benefits from our future development and growth through their shareholdings in our Group.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

FORWARD-LOOKING STATEMENTS

We have included in this listing document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. We have made these statements with due care and have no reason to believe that the statements are not accurate.

These forward-looking statements include, without limitation, statements relating to our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, any statements preceded by, followed by or that include the words "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions or the negative thereof, and any other statements in this listing document that are not historical facts.

These forward-looking statements are based on current plans and estimates, and speak only as at the date they are made. We undertake no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statement. These factors include, among others, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- general economic, political and business conditions in the markets in which we operate;
- the evolving situation of the COVID-19 pandemic worldwide;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to maintain an effective food safety and quality control system;
- our ability to continue to maintain our leadership position in the industry;
- our dividend policy;
- our capital expenditure plans;

- our expansion plans;
- capital market developments;
- our future debt levels and capital needs;
- the competitive environment of the industry and markets in which we operate;
- the actions and development of our competitors;
- certain statements in the sections headed "Business" and "Financial Information" in this document with respect to trends in prices, operations, margins, overall market trends, and risk management;
- changes of volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other statements in this document that are not historical facts.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section headed "Risk Factors" and elsewhere in this listing document. Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this listing document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this listing document are qualified by reference to this cautionary statement.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this listing document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this listing document.

RISKS RELATING TO OUR BUSINESS

We have in recent years expanded our restaurant coverage internationally, which leads to increasing risks and uncertainties and our management system may not be effective to address risks and uncertainties in our international restaurant operations.

We have increased the number of our restaurants from 24 as of January 1, 2019 to 38 as of December 31, 2019, 74 as of December 31, 2020 and further to 94 as of December 31, 2021 and 97 as of March 31, 2022. Our restaurant network covered 11 countries internationally as of March 31, 2022. Our historical growth and continuous expansion are supported by our unique management philosophy of "aligned interests and disciplined management." However, as we continue to grow and expand, our current management system may not continue to be effective and successful. Even though we are devoted to adapting our management philosophy in different countries based on local conditions, there is no assurance that we will be able to successfully manage our restaurants in all jurisdictions and effectively manage our growth.

We adopt a three-tier management system to achieve scalable growth while maintaining standardization, which gives our restaurant managers significant autonomy in the day-to-day operations of the restaurants they manage. Our headquarters are responsible for functions such as food safety, procurement, growth strategy and our senior regional managers primarily serve as the bridge that connects our headquarters and each restaurant. However, we cannot assure you that our headquarters, senior regional managers and restaurant managers will be able to effectively manage all of our restaurants directly as we grow in business scale. In addition, our current restaurant assessment scheme primarily focused on guest satisfaction and employee contribution and places less emphasis on financial performance of the restaurant, which may not always be effective in assessing the performance of our restaurants in different countries.

There can be no assurance that our management system, as it evolves, will always be able to address our needs at different stages of our growth. Any significant failure or deterioration of our management system could have a material and adverse effect on our business and results of operations.

Our continued success depends on our ability to deliver and maintain our high-quality services and dining experience.

The success of our restaurants revolves primarily around guest satisfaction, which is dependent on the continued popularity of the "Haidilao (海底撈)" brand and lies in our ability to provide a great dining experience. As we continue to grow in size, extend our geographic reach and expand our food offerings and services, maintaining food and services quality and consistency may become more difficult and we cannot assure you that customer confidence in our brand will not diminish. There is no assurance that we will be able to continue to provide high-quality services and an enjoyable dining experience to our customers. If consumers perceive or experience a deterioration in food quality, service, ambience or value for money or believe in any way that we are failing to deliver a consistently enjoyable dining experience, our brand value could suffer and the number of customers visiting our restaurants may decline, which could have a material and adverse impact on our business. The quality of our dining experience may be adversely impacted by a number of factors, including, among others:

- long waiting time;
- decline in the quality of service provided by our staff;
- inability to pioneer and introduce new menu items that gain popularity among guests;
- inability to meet the localized needs of our guests and adapt to changes in consumer tastes and preferences;
- decline in food quality, or the perception of such decline amongst guests;
- any significant liability claims or food contamination complaints from our guests;
- inability to offer quality food at affordable prices;
- decrease in the attractiveness or quality of design of our restaurants; and
- low quality of delivery service.

We cannot guarantee that our dining experience will continue to be of high quality and favored by guests, nor that our existing and new restaurants will continue to be successful.

Failure of our food quality control system could have a material and adverse effect on our reputation, financial conditions and results of operations.

The quality and safety of the food we serve in our restaurants is critical to our success. Our quality control system primarily comprises (i) selection and management of our suppliers and (ii) quality control at our restaurants. For details on our quality control system, see "Business—Food Safety and Quality Control." Due to the different geographical locations we operate in and the expansion of our restaurant network, maintaining consistent food quality depends significantly on the effectiveness of our quality control system, which in turn depends on a number of factors, including but not limited to the design of our quality control system, employee trainings to ensure that our employees adhere to those quality control policies and the ability to identify and prevent any potential violation of our quality control system. There can be no assurance that our quality control system will always prove to be effective. The quality of the food ingredients or service provided by our suppliers is subject to factors beyond our control, including the effectiveness of their quality control system, among others. There can be no assurance that our suppliers may always be able to adopt appropriate quality controls and meet our stringent quality control requirements. Any significant failure or deterioration of our quality control system could have a material and adverse effect on our reputation, financial condition and results of operations.

We are subject to risks and costs in relation to operating internationally in multiple jurisdictions.

We opened our first restaurant in Singapore in 2012. Since then, we have expanded our restaurant number to 103 as of the Latest Practicable Date, covering 11 countries, including but not limited to Singapore, the United States, Vietnam, Malaysia and Japan. We intend to continue to open new restaurants in new countries or cities with growth potential. Operating in multiple jurisdictions around the world and expanding to new regions may expose us to various risks, which may include, among others:

- failure to anticipate changes to the competitive landscape in the new market due to lack of familiarity with the local business environment;
- different consumer preferences and discretionary spending patterns;
- difficulty in finding reliable suppliers of food ingredients meeting our quality standards at acceptable prices and quantities;
- the infringement of our intellectual property rights in foreign jurisdictions;
- political risks, including civil unrest, acts of terrorism, acts of war, regional and global political or military tensions and strained or altered foreign relations, which may lead to interruptions in our business operations and/or loss of property;

- economic, financial and market instability and credit risks;
- challenges in interpreting and difficulties in complying with foreign investment laws and regulations in different jurisdictions. For example, we may still be found non-compliant with foreign investment laws and regulations by the local authorities due to uncertainties in interpretation and enforcement, despite the steps we already take;
- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex local and international laws, treaties and regulations;
- inability to obtain or maintain the requisite registrations, filings, licenses, permits, approvals and certificates in multiple jurisdictions;
- economic sanctions, trade restrictions, discrimination, protectionism or unfavorable policies against Chinese brands;
- difficulties with localized management of employees and operations, including compliance with local labor and immigration laws and regulations;
- exposure to litigation or third-party claims in different jurisdictions;
- foreign currency exchange controls and fluctuations;
- stringent consumer protection and data security requirements in multiple jurisdictions;
- uncertainties in the interpretation and application of tax laws and regulations, more onerous tax obligations and unfavorable tax conditions; and
- cultural differences and language difficulties.

As a result of the above factors, our ability to operate in certain jurisdictions may be restricted, or our restaurants in multiple jurisdictions may take longer than expected to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting our overall profitability. We may also be subject to fines and penalties imposed by local governments and our brand image and reputation may be adversely and materially affected.

We may fail to maintain or enhance brand recognition or reputation.

We believe that maintaining and enhancing our brand is important to maintain our competitive advantages in the international catering service industry. However, our ability to maintain our brand recognition depends on a number of factors, some of which are beyond our control. We may face negative publicity, customer disputes, unauthorized use of the "Haidilao (海底捞)" brand, all of which may tarnish the appeal and reputation of our brand. In particular, the "(海底捞)" brand is also used by Haidilao International. Our brand image and reputation may be adversely affected by negative publicity or customer disputes of Haidilao International, which are out of our control. Moreover, our continued success in maintaining and enhancing our brand and image depends to a large extent on our ability to maintain our distinctive combination of our services, and our localized and high-quality food ingredients at affordable prices, as well as our flexibility to adapt to any changes in the competitive landscape in the hot pot industry. If we are unable to do so, the value of our brand or image will be diminished and our business and results of operations may be materially and adversely affected. As we continue to extend our geographic reach and grow in size, maintaining quality and consistency may be more difficult and we cannot assure you that guests' confidence in our brand will not be diminished.

We may be unsuccessful in opening and profitably operating new restaurants.

We may face intense competition when expanding geographically within existing markets or entering into countries or cities where we have little or no experience operating. We plan to increase our penetration in geographical locations where we have existing restaurants as our growth strategy. We cannot assure you that these new restaurants will not cannibalize the business of our existing restaurants, in which case our business, financial conditions and results of operations may be materially and adversely affected.

In addition, we plan to open new restaurants in markets where we have little or no operating experience, such as the United Arab Emirates and Spain. We may fail to anticipate market changes in these locations, or encounter delays in obtaining licenses from local authorities when opening new restaurants. These markets may have different competitive conditions, consumer preferences and spending patterns from our existing markets. As a result, any new restaurants we open in those markets may be less successful than restaurants in our existing markets. Consumers in the new markets, particularly those with smaller Asian communities, may not be familiar with our brand and we may need to build brand awareness in the relevant markets through greater investments in promotional and marketing activities than we originally planned. Sales at the restaurants opened in new markets may take longer than expected to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting our overall profitability. Further, it may be difficult for us to hire, train and retain qualified employees with a certain level of language skill. Restaurants opened in new markets may also have higher decoration, occupancy or operating costs than restaurants in existing markets.

There is no assurance that we will be able to open new restaurants, either in the existing markets or in new countries or cities. Delays or failures in opening new restaurants could materially and adversely affect our growth and financial and operating results. If new restaurants are opened, they may be less profitable than our existing restaurants due to any decrease in average sales or average spending per customer and/or any increase in construction, occupancy or operating costs.

We have expanded, and are planning to continue to expand, our restaurant network, which may increase risks and uncertainties.

We have increased the number of our restaurants from 38 as of December 31, 2019 to 74 as of December 31, 2020, and to 94 as of December 31, 2021, and further increased to 97 as of March 31, 2022. As of the Latest Practicable Date, we owned and operated 103 restaurants in 11 countries. We plan to continue to expand our restaurant geographical coverage and increase our restaurant penetration rate internationally. Our expansion may cause a deterioration in our corporate culture and restaurant quality, which may adversely affect our brand reputation.

Our future growth significantly relies on our ability to open and profitably operate new restaurants. It is challenging for us to continue our expansion while ensuring a localized and consistent high-quality of our food and services. As such, we are exposed to the resulting risks in the following areas:

- *An increase in labor costs or labor reserve.* The catering service market is labor-intensive. To achieve continuous expansion and ensure consistent high-quality of customer service, we need sufficient human resources. There is no assurance that we will be able to attract, retain and develop sufficient qualified employees, including restaurant staff, in management, administration, marketing and providing services for our new restaurants in different geographical location. In particular, we may not be able to attract or develop employees with required language skills in different geographical location. Further, we may incur considerable labor costs in order to retain sufficient labor resources.

- *Significant pre-opening costs and capital expenditures.* Opening new restaurants incurs significant pre-opening costs and capital expenditures. Pre-opening costs, which mainly consist of staff salaries, consulting services fees, staff relocation expenses, rent and miscellaneous administrative expenses prior to the opening of a restaurant, are incurred before the restaurant begins to generate revenue. Our financial conditions and results of operations may be materially and adversely affected by these pre-opening costs and capital expenditures we incurred.

- *Risks in ingredients supply.* Our high-quality dining experience depends significantly on the quality of our food ingredients. Any disruption or damages to our ingredients supply chains could place us at a disadvantaged position. It may take a longer period to set up sound ingredients supply chains for our new restaurants in different geographical location, and we may fail to maintain or upgrade supply chains in a timely and effective manner.

- *Intense competition and failure to anticipate market changes.* We may face intense competition when expanding geographically within existing markets or entering into new markets where we have no experience operating in, including United Arab Emirates and Spain. Moreover, we may fail to anticipate market changes in these locations.

- *Failure to consolidate our market position*. As our current expansion plan involves some uncertainties, we cannot assure you that we will be able to assemble high-quality, affordable ingredients, to replicate our unique services, and to ensure that all of our employees are in compliance, in particular in compliance with the laws and regulations in respect of food safety in multiple jurisdictions. As a result, we may fail to consolidate our market position.

We may not be able to achieve, maintain and increase the sales and profitability of our existing restaurants.

The sales and profitability of existing restaurants will also affect our sales growth and will continue to be a critical factor affecting our revenue and profit. Our ability to increase sales and profitability of existing restaurants depend in part on our ability to successfully implement our initiatives to increase customer traffic, table turnover rate and spending per guest. Examples of these initiatives include offering innovative localized dishes and soup bases, enhancing cultural-oriented dining experience, upgrading customer loyalty program and adjusting prices of our dishes. There can be no assurance that we will be able to achieve our targeted sales growth and profitability for our existing restaurants. If we are unable to achieve our targeted sales and profitability in our existing markets, our business, financial condition and results of operations may be materially and adversely affected.

To minimize the negative impact of existing restaurants with weaker performance, we may decide to close the restaurants after careful internal assessment. During the Track Record Period, we have permanently closed three restaurants. For details, see "Business—Our Haidilao Restaurant Business—Restaurant Network." We may decide to close more existing restaurants with unsatisfactory sales growth or profitability based on our continuous assessment. The closure of restaurants may have a material and adverse impact on our business, financial conditions and results of operations.

We face risks related to health epidemics and outbreaks, particularly the COVID-19 outbreak, as well as the instance of any food-borne illnesses.

We face risks related to health epidemics. Past occurrences of epidemics or pandemics, depending on their scale of occurrence, have caused different degrees of damage to regional and global economies. In particular, our historical performance has been materially and adversely affected by the COVID-19 pandemic. COVID-19 is a contagious disease that was declared a pandemic by the World Health Organization in March 2020. Soon after the outbreak, several countries announced measures including travel restrictions and social distancing to limit the transmission of COVID-19. The catering service industry was especially affected.

Many restaurants were forced to temporarily close or limit hours or number of guests due to lockdown measures implemented by local governments. Since the onset of the COVID-19 outbreak, consumers' willingness to consume and purchasing power have been dampened amidst a general economic downturn.

Starting from 2020, we experienced a general reduction in guest traffic, which had resulted in lower table turnover rates and a significant decrease in revenue. The COVID-19 pandemic may also have the effect of heightening other risks disclosed in this section, including but not limited to, those related to:

- reduction or volatility in demand for our services, which may be caused by, among other things, restaurant closures or modified operating hours, reduced customer traffic due to illness, quarantine, or government or self-imposed restrictions placed on our restaurants' operations and changes in consumer spending behaviors, such as the continued practice of social distancing, lower consumer confidence in general macroeconomic conditions and a decrease in consumer discretionary spending;

- disruption to our operations or the operations of our business partners, including third-party food processing companies, suppliers, logistics service providers, through the effects of business and facilities closures, reductions in operating hours, social, economic, political or labor instability in affected areas, transportation delays, travel restrictions and changes in operating procedures, including requirements for additional cleaning and safety protocols;

- impact on our business partners' ability to operate or manage increases in their operating costs and other supply chain effects that may have an adverse effect on our ability to meet consumer demand and achieve cost targets; and

- increased volatility or significant disruption of global financial markets as a result of the COVID-19 pandemic, which could have a negative impact on our ability to access capital markets and other funding sources, with acceptable terms.

Since 2022, countries have gradually eased various restrictive measures and business activities in most countries where we operate have largely resumed. As of the Latest Practicable Date, substantially all of our restaurants have reopened. However, the market may not recover quickly or at all, and there remains uncertainty about the future development of COVID-19, which could have a material and adverse effect on our business and results of operations. As a result, we may incur additional impairment charges to our inventory, restaurant and corporate assets, and our ability to realize the benefits from deferred tax assets may become limited, any of which may have a significant or material impact on our financial results. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity of COVID-19, the scope and duration of the restricted measures to contain COVID-19 or treat its impact, evolvement of variants of the virus and effectiveness of the vaccines, among others. An outbreak of any epidemics or pandemics globally, especially in the countries where we have restaurants, may result in quarantines, temporary closures of our restaurants, travel restrictions or the sickness or death of key personnel and our guests. Any of the above may cause material disruptions to our operations, which in turn may materially and adversely affect our financial condition and results of operations.

Furthermore, our business is susceptible to food-borne illnesses. We cannot guarantee that our internal controls and training will be fully effective in preventing all food-borne illnesses. Our reliance on third-party food suppliers increases the risk of food-borne illness incidents and the risk of multiple locations instead of a single restaurant being affected. Drug resistant illnesses may develop in the future, or diseases with long incubation periods could arise, such as mad-cow disease, that could give rise to claims or allegations on a retroactive basis. Reports in the media of instances of food-borne illnesses could, if highly publicized, negatively affect our industry overall, and our operations could suffer as a result, regardless of whether we were directly involved in the spread of the illness. Furthermore, other illnesses, such as hand, foot and mouth disease or avian influenza, could adversely affect the supply of some of our ingredients and significantly increase our costs, thereby impacting our restaurant sales and conceivably having a material and adverse effect on our results of operations.

Interruptions, delays or failure in providing our food delivery services may have a material and adverse effect on us.

In addition to dine-in services in our restaurants, we offer food delivery services in certain restaurants. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, 0.1%, 4.6%, 3.8% and 2.4% of our total revenue were generated from the food delivery business, respectively. We primarily engage local third-party food delivery service companies to deliver our food and we have less control over their services and quality control measures. As the food provider, we may be held liable for complaints and/or compensation related to orders made through these platforms, even if through no fault of ours.

Interruptions, delays or failures in providing our delivery services, whether or not at our fault, may materially and adversely impact the experience of our customers and, further, damage our reputation and business. These interruptions may be caused by unforeseen events that are beyond our control or the control of the food delivery services platforms, such as inclement weather, natural disasters, transportation disruptions, and labor unrest. In addition, food safety or product quality issues may occur when food delivery services are performed by third-party platforms. Any such incidents may result in the return of our food or complaints and, further, harm the reputation of our overall business image.

Any shortage or interruption in supply could slow our growth and reduce our profitability.

One, one, two and one of our five largest suppliers in 2019, 2020, 2021 and the three months ended March 31, 2022, respectively, were our connected persons. For the same periods, purchases from our five largest suppliers amounted to US$18.2 million, US$22.0 million, US$28.4 million and US$8.9 million, accounting for 8.2%, 8.5%, 10.1% and 10.6% of our total purchases, respectively. For example, Yihai Group was one of our primary supplier of soup bases. For details, see "Business" and "Continuing Connected Transactions." We cannot guarantee that our major suppliers, including Yihai, will not breach their contractual obligation to us or that these parties will have the capacity to meet our needs as we expand, or maintain the same level of quality in their products and services. We may not be able to find alternative providers if these parties are no longer able to meet our needs at acceptable costs and in a timely manner.

We maintain a relatively broad supplier network as we only adopt centralized procurement in markets where we have larger presence. During the Track Record Period, we procured food ingredients from over 150 qualified suppliers worldwide. During the Track Record Period, we did not experience any incidents of interruption or delay in our supply chain or failure to secure sufficient quantities of food ingredients from our suppliers, including those from our connected person that had a material and adverse effect on us. We may incur higher costs in managing such a broad supplier network. While we maintain good business relationships with these parties, we cannot assure you that these suppliers will not breach their contractual obligations to us, or that our agreements will not be suspended, terminated or otherwise expired without renewal. The operations of these parties may be subject to any natural disasters or other unanticipated catastrophic events, including adverse weather, natural disasters, fires, technical or mechanical difficulty, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of epidemics could cause a delay or suspension of operations of these parties, which may affect the quality of their products and services, cause interruptions in our operations. In such event, our business, financial conditions and results of operations may be materially and adversely affected.

We are subject to the risks associated with leasing premises for our restaurants.

We lease the premises for all of our restaurants. As of December 31, 2019, 2020 and 2021 and March 31, 2022, we had lease liabilities of US$124.1 million, US$235.9 million, US$243.2 million and US$214.3 million, respectively. Our property rent costs may increase our vulnerability to adverse economic conditions, limit our ability to obtain additional financing and reduce our cash for other purposes. Our property rent costs may further increase in line with our restaurant network expansion.

We normally negotiate with the landlords to renew our leases upon their expiration. If we are unable to renew the leases, we may have to close or relocate the restaurant. We may not be able to identify suitable premises at commercially reasonable prices and we may incur significant relocation and decoration costs in relation to the new premises we lease. In addition, the revenue and profit generated from this restaurant may be adversely affected. Even though we are able to renew the lease agreements, we cannot assure you that we will be able to renew without substantial additional costs or increase in rental cost. If a lease agreement is renewed at a rent substantially higher than the historical rate, or any historical favorable terms granted by the lessor to us are not extended, our business and results of operations may be materially and adversely affected. As a result, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially reasonable terms could have a material and adverse effect on our business, financial condition and results of operations.

We are also subject to risks generally associated with property rental market. These risks mainly include, changes of prevailing market rental rates, relocation of business districts or communities, supply or demand for the products of our restaurants and potential liability for environmental contamination. In addition, we are also subject to risks in relation to potential title defects of the premises we lease, which sometimes are beyond our control. For information regarding our leased properties, see "Business—Properties."

We may experience liability claims or complaints from our guests, or adverse publicity involving our products, our service or our restaurants.

Being in the catering service industry, we face an inherent risk of food contamination and liability claims. Our food quality substantially depends on the quality of the food ingredients provided by our suppliers and we may not be able to detect all defects in those supplies. We have implemented comprehensive food safety measures and inspection procedures for key stages in our supply chain, and we conduct periodic and spot inspections of the participants in our supply chain (i.e. suppliers, food processing service providers, and inventory and logistics providers) and of our restaurants. However, as we expand our business scale, we cannot assure you that these counterparties or our restaurant employees will adhere to our internal procedures and requirements at all times. Any failure to detect defective food supplies, poor hygiene or cleanliness standards in our operations or other failure to observe our requirements, could adversely affect the quality of the food served in our restaurants, which could lead to liability claims, complaints, or related adverse publicity and could result in the imposition of penalties by competent authorities or compensation awarded by courts against us.

During the Track Record Period, we received an insignificant number of guest complaints during the Track Record Period, considering the scale of our business and guest traffic. Most of the guest complaints we received were related to the taste and style of a particular dish, and the service quality of our staff. Some related to scalding and other accidents occurred in the dining process. We take these complaints seriously and endeavor to reduce such complaints by implementing various remedial measures. Nevertheless, we cannot assure you that we can successfully prevent all guest complaints of similar nature.

Any complaints or claims against us, even if meritless and unsuccessful, may divert management attention and other resources from our business and adversely affect our business and operations. Guests may lose confidence in us and our brand, which may adversely affect the business of our restaurants, resulting in declines in our revenue and even losses. Furthermore, negative publicity, including but not limited to negative online reviews on social media and restaurant review platforms, and media reports or industry findings related to food quality, safety, public health concerns, illness, injury or governmental investigations, whether or not accurate, and whether or not concerning our restaurants, can adversely affect our business, results of operations and reputation.

We may not be able to retain or secure key members of our core management team or other key personnel including our senior regional managers for our operations.

Our future success depends on the continued services and efforts of our core management team, including Mr. Zhou Zhaocheng (周兆呈), our Executive Director, chairman of the Board and chief executive officer, Mr. Wang Jinping (王金平), our Executive Director and chief operating officer, and Ms. Liu Li (劉麗), our Executive Director and product director. Losing the services of our core management team and key personnel with industry experience and know-how in areas such as restaurant operations, financial, accounting and risk management, could have a material and adverse effect on our ability to sustain and grow our business. We need to continue to attract, retain and motivate a sufficient number of qualified management and operating personnel to maintain consistency in the quality and atmosphere of our restaurants and meet our expansion plans.

Competition for experienced management and operating personnel in the restaurant industry is intense, and the pool of qualified candidates is limited. We may not be able to retain the services of our core management team and key personnel or attract and retain high-quality core management team or key personnel in the future. We invest significant amounts of time and effort to cultivate qualified restaurant managers and other key personnel. During the Track Record Period, substantially all of our restaurant managers were promoted internally within the organization from the most junior ranking positions. If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our results of operations may be materially and adversely affected. In addition, if any member of our core management team or any of our other key personnel joins a competitor or forms a competing business, we may lose business secrets and know-how as a result, which may have a material and adverse effect on our business and results of operations.

Our business is affected by changes in consumer taste and dining preferences in various geographical markets, and we may not be able to develop new dishes and adapt to evolving customer preferences and address these changes in a timely manner, or at all.

The catering industry is affected by consumer taste and dining preferences. We are committed to regularly updating our menu and introducing innovative and localized dishes from time to time to adapt to dining trends in different geographical locations, shifts in consumer taste and nutritional trends. We also seek to provide customized soup bases to provide personalized soup base flavors for each guest. However, we cannot assure you that hot pot is always preferred by guests among all cuisine styles, particularly in a market with smaller Asian communities. In addition, consumer tastes and preferences are constantly changing and our failure to anticipate, identify, interpret and react to these changes could lead to reduced guest traffic and demand for our restaurants. We cannot assure you that our hot pot will continue to be preferred by consumers, or that we will be able to adapt to local taste and preferences as we expand into new markets.

In addition, if prevailing health or dietary preferences and perceptions cause consumers to avoid our products in favor of alternative foods, our business could suffer. Even if we do correctly anticipate, identify, interpret and react to these changes, there can be no assurance that we will be able to launch new dishes that effectively respond to consumer preferences or result in increased profits. If we are unable to respond to changes in consumer taste and preferences in a timely manner or at all, or if our competitors are able to address these concerns more effectively, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to retain existing guests or attract new guests, our financial condition and business operations may be materially and adversely affected.

During the Track Record Period, we have served over 28 million guests. In 2019, 2020 and 2021 and three months ended March 31, 2021 and 2022, the revenue generated from restaurant operations amounted to US$232.5 million, US$209.3 million, US$296.1 million, US$65.0 million and US$105.0 million, respectively. Our success is largely dependent upon our ability to retain and expand our guest base. There is no guarantee that the number of guests would not decline and our business, financial conditions, results of operations and prospects may be materially and adversely affected.

Our ability to attract and retain guests could be negatively affected in the following events:

- decline in the quality of service;
- failure to introduce new services or dishes that gain popularity amongst guests;
- inability to meet the needs of our guests and changes in consumer tastes or preferences;
- inability to continually upgrade our technology system; and
- inability to present customized information that is useful and relevant to our guests.

We cannot guarantee that we will be able to retain our existing customers or attract new customers, and our financial condition and business operations may be materially and adversely affected.

We may be unable to receive compensation from suppliers for contaminated ingredients used in our dishes and indemnity provisions in our supply contracts may be insufficient.

In the event that we become subject to food safety claims caused by contaminated or otherwise defective ingredients or raw materials from our suppliers, we may attempt to seek compensation from the relevant suppliers. However, indemnities provided by suppliers may be limited and the claims against suppliers may be subject to certain conditions precedent which may not be satisfied. Further, our supply contracts usually do not have provisions to cover lost profits and indirect or consequential losses. If no claim can be asserted against a supplier or amounts that we claim cannot be recovered from the supplier, to the extent that our insurance coverage is insufficient, we may be required to bear such losses and compensation at our own costs. This could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to adequately manage our inventory.

As a restaurant operator, our raw materials mainly include food ingredients that have limited shelf lives. For instance, our hand-cut lamb typically has a shelf life of three days. The shorter the shelf life and the longer we hold such inventories, the higher our risk of inventory obsolescence is. We monitor our inventory levels at each restaurant through a just-in-time inventory management system. However, consumption of our food ingredients is subject to various factors beyond our control, including fluctuations in guest traffic, and in the long term, changes in consumer taste and dining preferences. We cannot guarantee that our inventory levels will be able to meet the demands of guests, which may adversely affect our sales. We also cannot guarantee that all of our food inventory can be consumed within its shelf life. Excess inventory may increase our inventory holding costs and subject us to the risk of inventory obsolescence or write-offs, which could have a material and adverse effect on our business, financial condition and results of operations.

Sites of our existing restaurants may become unattractive, and our new restaurants may not be able to obtain quality sites at commercially reasonable prices, if at all.

We consider geographical location to be critical in the success of our restaurants and we thus carefully evaluate our restaurant sites. See "Business—Expansion Plan, Site Selection and Development—Expansion Management—Site Selection." There can be no assurance that the sites of our existing restaurants will continue to be attractive as the areas in which they are located may deteriorate or otherwise change in the future, resulting in reduced sales at these sites. For example, construction or renovation works at the local areas or activities centers where our restaurants are located may adversely affect the accessibility of our relevant restaurant sites, which in turn may result in a decrease in the pedestrian or vehicle flow and ultimately the guest traffic at our relevant restaurants.

We compete with other retailers and restaurants for quality sites in the highly competitive market. Some of our competitors may have the ability to negotiate more favorable lease terms than we can, and some lessors and developers may offer priority or grant exclusivity to some of our competitors for desirable locations. If we cannot obtain desirable restaurant locations at commercially reasonable prices and terms, our ability to implement our growth strategy will be adversely affected.

Our information technology systems are subject to risks.

Our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including power outages, fire, natural disasters, systems failures, security breaches and viruses. Any significant failure of our information technology systems, or loss or leakage of confidential information could have a material and adverse effect on our business and result in transaction errors, processing inefficiencies and loss of sales and guests. Any security breach caused by hackings to gain unauthorized access to our information or systems, or to cause intentional malfunctions, loss or corruption of data, software, hardware or other computer equipment, or any intentional or inadvertent transmission of computer viruses and similar events or third-party actions could have a material and adverse effect on our business. We also receive and maintain certain personal information about our guests through our customer loyalty programs, as well as by making credit or debit cards sales, which may be breached due to the actions of outside parties, employee error, malfeasance, or a combination of these or otherwise. If any actual or perceived breach of our security occurs, our guests' confidence in the effectiveness of our security measures could be harmed and we may lose guests and suffer financial losses due to such events or in connection with remediation efforts, investigation costs and system protection measures, any of which could harm our reputation and materially and adversely affect our business and results of operations.

The improper collection, transfer, use or disclosure of data could harm our reputation and have a material adverse effect on our financial condition and results of operations.

Our business collects, transfers and processes certain personal and business data. We face risks inherent to the collection, transfer, use and disclosure of data, especially personal data. In particular, we face a number of challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behavior or improper use by our employees or business partners;

- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, transfer, use and actual or perceived sharing, safety, security and other factors;

- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects and compliance requirements in accordance with applicable laws and regulations.

Data protection and privacy laws, regulations and standards are constantly being reviewed and updated to ensure that the standard of protection afforded is kept abreast with technological developments and advancements in this digital era. For example, in Singapore, the Personal Data Protection Act 2012 governs the collection, use and disclosure of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need for organisations to collect, use or disclose personal data for purposes that a reasonable person would consider appropriate in particular circumstances. To this end, the Personal Data Protection (Amendment) Act 2020 took a general shift away from consent-centricity and sought to provide individuals with greater autonomy to control their personal data. Other amendments also included updating rules relating to digital marketing (to cover new communications platforms and applications) and introducing new provisions such as mandatory data breach notifications and offences relating to egregious mishandling of personal data, which have already come into effect since 1 February 2021. The increased financial penalties for data breaches by organisations introduced in this amendment is also set to take effect sometime from 1 October 2022. In lieu of the above, it is thus essential that our internal data protection policy, training materials and guidelines are similarly reviewed and updated in a timely manner to ensure that they remain in compliance and meet the standards required under the relevant data protection rules and regulations.

Any failure, breach or lapse of our data policies may expose us to liability and/or regulatory actions, and may attract negative publicity from media outlets, privacy advocates, our competitors or others, resulting in a material adverse effect on our financial condition and results of operations.

Our insurance policies may not cover the risks relating to our business and operations.

Currently, we maintain insurance policies that we believe are customary for businesses of our size and type and in line with the industry practice. We do not maintain insurance policies against all risks associated with the catering industry, either because we believe it is commercially unfeasible to do so, or the risk is minimal, or because the insurers have carved certain risks out of their standard policies. These risks include, without limitation, events such as the loss of business arising from increased competition and loss of reputation, among others. If an incident occurs, in relation to which we have inadequate insurance coverage, our business, financial position and operating results could be materially and adversely affected.

We may not be able to adequately protect our proprietary know-how or intellectual property, including our recipes, which, in turn, could harm the value of our brand and adversely affect our business.

Our proprietary know-how, recipes, trade secrets and other intellectual property, including our names and logos are important to our business. We use confidentiality and non-compete agreements with key management and operating personnel and other parties that may have access to our proprietary know-how, recipes and trade secrets. We also take other precautionary measures to protect our intellectual properties. However, we cannot assure you that these measures are adequate and effective in preventing others from independently developing or otherwise obtaining access to our proprietary know-how, recipes and trade secrets. As a result, the appeal of our restaurants could be reduced and our business and results of operations could be adversely affected.

We cannot assure you that we can prevent third-parties from infringing upon our intellectual property rights. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which could be time-consuming and expensive to resolve and would divert our management's time and attention regardless of its outcome, materially and adversely affecting our business, financial conditions and results of operations.

On the other hand, we may face claims of infringement that could interfere with the use of our proprietary know-how, recipes or trade secrets. Defending against such claims may be costly and, if we are unsuccessful, we may be prohibited from continuing to use such proprietary information in the future or be forced to pay damages, royalties or other fees for using such proprietary information, any of which could negatively affect our sales, profitability and prospects.

In addition, certain of our intellectual properties are licensed from Sichuan Haidilao. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Trademark License Agreement." We cannot guarantee that Sichuan Haidilao will not breach the trademark license agreement, due to the changes in the factors beyond our control, including local laws or government regulations or that the trademark license agreement will not be terminated for other reasons. We believe that our brand and trademarks are important to our business. If a third-party successfully challenges Sichuan Haidilao' ownership of, or our right to use, the "Haidilao (海底撈)" and related trademarks, our business, financial conditions and results of operations will be materially and adversely affected.

We may fail to be in compliance with regulatory requirements or obtain related licenses required by relevant authorities.

In accordance with the relevant laws and regulations in jurisdictions in which we operate, we are required to maintain various approvals, licenses and permits to operate our restaurant business, including food operation license, environmental protection assessment, fire safety verification and fire safety inspection. These approvals, licenses and permits are obtained upon satisfactory compliance with, amongst other things, the applicable food hygiene and safety, environmental protection, fire safety and liquor licensing laws and regulations.

Going forward, if we fail to obtain all of the necessary licenses, permits and approvals, we may be subject to fines, confiscation of the gains derived from the related restaurants or the suspension of operations of the restaurants, which could materially and adversely affect our business and results of operations. We may also experience adverse publicity arising from such non-compliance with government regulations that negatively impacts our brand. We may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for new restaurants. If we fail to obtain the material licenses, our restaurant opening and expansion plan may be delayed. In addition, there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain and/or maintain all licenses required by us, our ongoing business could be interrupted and we may also be subject to fines and penalties. In such event, our business, reputation and prospects will be materially and adversely affected.

We face intense competition in the international catering service industry.

The catering service industry is intensely competitive with respect to, among other things, service, food quality, taste, value, ambiance and location. We face significant competition at each of our locations from a variety of restaurants in various market segments, including locally owned Chinese cuisine restaurants and international chains. Many of our competitors are well-established in the markets where we have restaurants, or in which we intend to open new restaurants. Additionally, other companies may develop new restaurants that operate with similar concepts and target our guests resulting in increased competition.

Any inability to successfully compete with other restaurants in our markets may prevent us from increasing or sustaining our revenues and profitability and may result in losing market share, which could have a material and adverse effect on our business, financial condition, results of operations or cash flows. We may also need to modify or refine elements of our restaurant network to evolve our concepts in order to compete with popular new restaurant menu dishes or concepts that develop from time to time. We cannot assure you that we will be successful in implementing these modifications or that these modifications will not reduce our profitability.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, suppliers or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, suppliers or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. In particular, being in the restaurant business, we usually receive and handle relatively large amounts of cash in our daily operations. We implement internal procedures and policies to monitor our operations and ensure overall compliance, specifically in relation to employee conduct and cash management. See "Business—Settlement and Cash Management" for details. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, and other misconduct involving employees, suppliers and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in the future. Although we consider our internal control policies and procedures to be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material and adverse effect on our business and results of operations.

Macroeconomic factors may have a material and adverse effect on our business, financial conditions and results of operations.

The catering industry is affected by macroeconomic factors, including changes in international, national, regional and local economic conditions, employment levels and consumer spending patterns. In particular, our restaurants are located in multiple jurisdictions and accordingly, our results of operations are affected by the global macroeconomic conditions. Any deterioration of the global economy, decrease in disposable consumer income, fear of a recession and decrease in consumer confidence may lead to a reduction of guest traffic and average spending per guest at our restaurants, which could materially and adversely affect our business, financial conditions and results of operations.

Moreover, the occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could impact the availability of credit generally may have a material and adverse impact on financings available to us. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the countries where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. In such events, our restaurants may be forced to close or relocate. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the countries where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

We cannot guarantee that we will not be involved in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, food safety and quality incidents, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. For details related to our liabilities in relation to food safety, see "—We may experience liability claims or complaints from guests, or adverse publicity involving our products, our service or our restaurants." As of the Latest Practicable Date, we were not involved in any litigations or legal proceedings that may materially affect our business and results of operations. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be caused by defective supplies sold to us by our suppliers, who may not be able to indemnify us in full and in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, any discrimination or riot action against China-originated company, could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities, including the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act 2010, and other anti-corruption laws and regulations. The FCPA and the U.K. Bribery Act 2010 prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. The U.K. Bribery Act also prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation.

Our restaurant operations in various countries may subject us to cultural and language difficulties.

As of the Latest Practicable Date, we operated over 11 countries and all of our restaurants are operated outside of China. We have made, and expect to continue to make, significant investments to expand our international operations and compete with local competitors.

Conducting our business internationally, particularly in countries in which we have limited experience, subjects us to risks that we do not face to the same degree in other jurisdictions. In particular, we are subject to operational and compliance challenges caused by distance, language, and cultural differences. Further, we are subject to resources that are required to localize our business, which requires qualified employees with certain level of language skills, the translation of our website into foreign languages and the adaptation of our operations to local practices, laws, and regulations. We are also facing different levels of social acceptance of our brand, products, and offerings. These cultural and language risks could adversely affect our international operations, which could in turn adversely affect our business, financial condition, and operating results.

RISKS RELATING TO OUR FINANCIAL PERFORMANCE

We incurred net losses during the Track Record Period. Our historical financial and operating results may not be indicative of our future performance.

We recorded net losses of US$33.0 million, US$53.8 million, US$150.8 million and US$28.5 million as of December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. Our revenue amounted to US$233.1 million, US$221.4 million, US$312.4 million, and US$109.1 million during the same period, respectively. Due to the impact of the COVID-19 pandemic, our results of operations were adversely affected in 2020, but we recorded a rebound in revenue in 2021 and the first quarter of 2022, as COVID-19 related restrictions have been gradually alleviated, and we continued to expand our restaurant network. Our future profitability will depend on a variety of factors, including the expansion and performances of our new and existing restaurants, competitive landscape, customer preference and macroeconomic and regulatory environment. Therefore, our historical results and growth may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. As we expand and open new restaurants, our historical financial and operating results may not be indicative of the performance of our new restaurants. See "—We may be unsuccessful in opening and profitably operating new restaurants." Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, government regulations or policies affecting our restaurants and our ability to control costs and operating expenses. You should not rely on our historical results to predict the future performance of our Shares.

We had significant net current liabilities and net liabilities as of December 31, 2019, 2020 and 2021 and March 31, 2022.

We had net current liabilities of US$168.5 million, US$324.1 million, US$389.9 million and US$422.8 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively. As of May 31, 2022, we had net current liabilities of US$432.1 million. For details, see "Financial Information—Current Assets and Current Liabilities." As of December 31, 2019, 2020 and 2021 and March 31, 2022, we had net liabilities of US$10.7 million, US$67.0 million, US$187.2 million and US$224.7 million, respectively. Our net liabilities and net current liabilities during the Track Record Period were primarily due to the loans we obtained from Haidilao International Group to support our business expansion. A majority of the loans we obtained from Haidilao International Group in the amount of US$471.3 million were settled by issuing equity to Newpai, a wholly-owned subsidiary of Haidilao International, in June 2022.

A net current liability position can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests, or to seek debt financing, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects. Going forward, we cannot guarantee that we will not continue to have a net current liabilities position, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain external financing. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, receipt of necessary approvals from competent government authorities, investors' confidence in us, the performance of the restaurant industry, and our operating and financial performance. We cannot assure you that future financing will be available in amounts or on terms acceptable to us, if at all. In the event that financing is not available or is not available on terms acceptable to us, our business, results of operations and growth prospects may be adversely affected. In the event that we continue to have net current liabilities, our working capital for business operations may be constrained. If we do not generate sufficient positive operating cash flow, obtain bank loans or facilities, or obtain additional financing to meet our working capital needs, our business, financial condition and results of operations may be materially and adversely affected.

We may need to obtain substantial financing for our operations. If we fail to obtain sufficient funding, our growth may be adversely affected.

For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, our net cash generated from operating activities amounted to US$16.5 million, US$2.8 million, US$4.4 million and US$1.2 million, respectively. We cannot assure you that we will be able to continue generating positive cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. The cost of continuing operations could reduce our cash position, and any increase in our net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our business and to fund our business expansion.

During the Track Record Period, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations and borrowings from our related parties. As our business scale grows, we may require additional cash resources to finance our continued growth or other future developments, including any investments we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of our new restaurant openings, investments in new restaurants and the amount of cash flow from our operations. The incurrence of indebtedness would result in increased debt service obligations and finance costs and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

We have recognized, and may continue to recognize impairment losses for property, plant and equipment and right-of-use assets.

For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, we recognized impairment losses recognized in respect of property, plant and equipment and right-of-use assets of nil, US$5.7 million, US$63.1 million and US$8.3 million, respectively, due to the uncertain future prospects of certain restaurants at the end of each year/period during the Track Record Period, taking into account the COVID-19 pandemic. For details, see Note 16 to the Accountants' Report set forth in Appendix IA and Note 13 to the Report on Review of Condensed Combined Financial Statements in Appendix IB.

We may continue to recognize impairment losses for property, plant and equipment and right-of-use assets in the future as we are actively expanding our restaurant network and the performance of certain restaurants may not meet our expectation. If we continue to recognize impairment losses for property, plant and equipment and right-of-use assets, our financial condition and results of operations may be materially and adversely affected.

Our operations are susceptible to increases in our purchase costs of food ingredients, which could adversely affect our margins and results of operations.

Our profitability depends significantly on our ability to anticipate and react to changes in purchase costs of food ingredients. Food ingredient costs accounted for 26.9%, 26.4%, 29.6% and 31.2% of our revenues for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. We primarily rely on certain connected persons and local suppliers in the jurisdictions we operated to supply soup based, fresh produce, aquatic food, including seafood and freshwater fish and shrimp, poultry and other ingredients. Increases in distribution costs or sale prices or failure to perform by our suppliers could cause our food costs to increase. We may be unwilling or unable to pass these cost increases onto our guests, and our operating margins may decrease as a result.

The type, variety, quality and price of food supplies are volatile and subject to factors beyond our control, including seasonal shifts, climate conditions, natural disasters, local regulations and availability, each of which may affect our food costs or cause a disruption in our supply. Our suppliers may also be affected by higher costs to produce and transport commodities used in our restaurants, rising labor costs and other expenses that they pass through to their customers, which could result in higher costs for goods and services supplied to us. Although we are able to contract for some of the food ingredients used in our restaurants for periods of up to one year, the pricing and availability of some of the food ingredients used in our operations cannot be locked in for periods of longer than one month or at all. We currently do not enter into futures contracts or engage in other financial risk management strategies against potential price fluctuations in food costs. We may not be able to anticipate and react to changes in food costs through our purchasing practices and menu price adjustments in the future, and failure to do so could materially and adversely affect our business and results of operations.

Labor costs and the long-term trend of higher wages may lead to declines in our margins and operating results.

The catering service industry is labor intensive. In 2019, 2020 and 2021 and the three months ended March 31, 2022, our staff costs, accounted for 48.1%, 45.4%, 45.9% and 40.0% of our revenue. Since our staff costs accounted for a significant portion of our cost of sales, we believe that controlling and reducing our labor costs is crucial for us to maintain and improve our profit margins as well as other operating costs.

We face pressure from rising labor costs due to various factors, including but not limited to:

- *Higher minimum wages*. The minimum wage in certain jurisdictions where we operate may continue to increase, which has a direct impact on our labor costs; and

- *Increase in headcount*. As we expand our operations, the headcount of our employees may increase. We may also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which might further increase our total headcount. Any increases in headcount would also increase our costs in relation to, among other things, recruiting, salaries, training and employee benefits.

We cannot assure you that we will be able to control our labors costs or improve our efficiency. Any failure in effectively controlling our labor costs may have a material and adverse impact on our business, financial position and results of operations.

Fair value changes for our financial assets at fair value through profit or loss may adversely affect our financial condition and results of operations.

As of December 31, 2019, 2020 and 2021 and March 31, 2022, our financial assets at fair value through profit or loss amounted to nil, nil, US$36.1 million and US$35.9 million, respectively. According to the accounting policies applicable to us, financial assets at fair value through profit or loss are measured at fair value primarily using market-observable inputs including quoted prices in active markets for identical assets and where such inputs are not available, unobservable inputs such as expected volatility, discount for lack of marketability, expected rate of return and discount rate. The expected returns on the underlying assets may fluctuate due to changing market conditions, thereby affecting the fair value of our financial assets at fair value through profit or loss. Changes in fair value are recognized in profit or loss and such treatment of gain or loss may cause volatility in or adversely affect our year-to-year/period-to-period earnings, financial condition and results of operations.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations.

Because we conduct a significant and growing portion of our business in currencies other than the US dollars but report our combined financial results in US dollars, we face exposure to fluctuations in currency exchange rates. As exchange rates vary, revenue, cost of raw materials and consumables, exclusive of depreciation and amortization, operating expenses, other income and expense, and assets and liabilities, when translated, may also vary materially and thus affect our overall financial results. We have not to date, but may in the future, enter into hedging arrangements to manage foreign currency translation, but such activity may not completely eliminate fluctuations in our operating results due to currency exchange rate changes. Hedging arrangements are inherently risky, and we do not have experience establishing hedging programs, which could expose us to additional risks that could adversely affect our financial condition and operating results.

Our indebtedness could materially and adversely affect our business, financial conditions and results of operations.

As of May 31, 2022, our total indebtedness was US$683.4 million, which consisted of our bank borrowings, amounts due to related parties that were of a non trade nature and lease liabilities. This indebtedness is primarily used to support our daily operations and expansion plan. We intend to repay such indebtedness with cash flows from operations and our cash and cash equivalents. However, we may continue to incur debt to fund our daily operations and to pursue our expansion plans. This indebtedness could have important consequences for our business and operations including, but not limited to:

- limiting or impairing our ability to obtain financing, refinance any of our indebtedness, obtain equity or debt financing on commercially reasonable terms or at all, which could cause us to default on our obligations and materially impair our liquidity;

- restricting or impeding our ability to access capital markets at attractive rates and increasing the cost of future borrowings;

- reducing our flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow for other purposes;

- placing us at a competitive disadvantage compared to our competitors that have lower leverage or better access to capital resources;

- limiting our ability to dispose of assets that secure our indebtedness or utilize the proceeds of such dispositions and, upon an event of default under any such secured indebtedness, allowing the lenders thereunder to foreclose upon our assets pledged as collateral; and

- increasing our vulnerability to downturns in general economic or industry conditions, or in our business.

RISKS RELATING TO THE SPIN-OFF AND OUR SHARES

The shareholding of our Shareholders may be diluted as a result of future equity fundraising.

We may need to raise additional funds in the future to finance our expansion or for other reasons. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to our then Shareholders, the percentage ownership of individual Shareholders will be reduced. Such new securities may also have preferential rights or options that favor their holders over holders of our Shares, to the extent permitted by law, exchange rules and our constitutional documents.

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the Spin-off, there was no public market for, and no established price for, our Shares. Our Company has made an application for the listing of, and permission to deal in, our Shares on the Stock Exchange. The Spin-off, however, does not guarantee that an active trading market for our Shares will develop or, if it does develop, that it will be sustained following the Spin-off or that the market price of our Shares will not fluctuate following completion of the Spin-off. If an active and liquid trading market does not develop, you may have difficulty in selling any of our Shares that you purchase. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may significantly affect the trading volume and the price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general economic, market or regulatory conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of any lock-up or other transfer restrictions on the outstanding Shares or sales of perceived sales of additional Shares by our Company or other Shareholders.

You should note that the securities market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies listed on the Stock Exchange. Such wide market fluctuations may not be related or disproportionate to the operating performance of particular companies and may adversely affect the market price of our Shares. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

Future sales or perceived sales of a substantial number of our Shares in public markets could adversely affect the prevailing market price of our Shares and our ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

There can be no assurance that we will pay dividends.

We cannot guarantee when and in what form dividends will be paid on our Shares following the listing. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Our Controlling Shareholders may have substantial control over our Company and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately after completion of the Spin-off, our Controlling Shareholders will hold (including direct and indirect shareholdings) approximately [**REDACTED**]% of the issued share capital in our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Further, Haidilao Singapore served as guarantors under certain leases of us prior to the Reorganization at the requests of the landlords. It is possible that our Controlling Shareholders may exercise substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions.

Our corporate affairs are governed by our Memorandum and Articles of Association as well as the Cayman Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against the Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. These differences may mean that the remedies available to the Company's minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. See "Appendix III—Summary of the Constitution of Our Company and Cayman Islands Company Law" for further information.

It may be difficult to enforce a Hong Kong judgment against us, our Directors and officers based on Hong Kong securities laws claims or to serve process on our Directors and officers.

We are incorporated in the Cayman Islands with business operations in multiple jurisdictions through various subsidiaries. All of our Directors and officers are non-resident of Hong Kong, and substantially all of our assets and the assets of these persons are located outside of Hong Kong. Despite the existence of some precedents for the enforcement of civil judgments of Hong Kong courts in other jurisdictions we operate, it may still be difficult for a Shareholder, or any other person or entity, to effect service of process within Hong Kong upon us or upon any such Directors or officers, or to enforce a Hong Kong court judgment based upon the civil liability provisions of the Hong Kong securities laws in a foreign court against us or any of our Directors or officers. Hong Kong courts are also subject to certain limiting concerns when being used as an avenue for aggrieved investors, including enforcement of a Hong Kong judgment against the overseas assets, operations and/or directors and enforcement of an overseas judgment in Hong Kong courts. In particular,

- it may not be possible for foreign investors to effect service of process within the relevant jurisdiction upon us or our Directors and officers located outside the relevant jurisdiction or to enforce, in foreign courts, judgments obtained against them in foreign courts, including judgements predicated upon the civil liability provisions of foreign securities laws; and

- it may not be possible for Hong Kong investors to effect service of process within Hong Kong upon us or our Directors and officers located outside Hong Kong or to enforce, in the Hong Kong courts or outside Hong Kong, judgments obtained against them in the Hong Kong courts, or in courts outside Hong Kong including judgements predicated upon the civil liability provisions of Hong Kong securities laws.

Forward-looking information in this listing document may prove inaccurate.

This listing document contains certain forward-looking statements and information relating to us that is based on our management's belief and assumptions. The words "anticipate," "believe," "expect," "going forward" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described herein. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Prospective investors are strongly cautioned that reliance on any forward-looking statements involves known or unknown risks and uncertainties. Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this listing document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed herein might not occur in the way we expect, or at all. In all cases, investors should consider carefully how much weight or importance they should attach to, or place on, such facts or statistics.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources or other sources contained in this listing document.

Certain facts, statistics and data contained in this listing document relating to the industries where we operate our business have been derived from various official government publications or other third-party reports that we generally believe to be reliable. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this listing document and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of such source materials.

Such source materials have not been prepared or independently verified by us or the Joint Sponsors or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this listing document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give due consideration as to how much weight or importance they should attach to or place on such facts.

The entire listing document should be read carefully and any information contained in press articles, media and/or research reports regarding our Company, our business, our industry or the Spin-off not contained in this listing document should not be relied upon.

There may be certain coverage in the press or media regarding us, our business, our industry and the Spin-off. There has been, and subsequent to the date of this document there may be, press or media coverage regarding us, our business, our industry and the Spin-off containing, among other matters, certain financial information, projections, valuations and other forward-looking information about us and the Spin-off. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information disseminated in the articles or media and that such information was not sourced from or authorized by us. We make no representation as to appropriateness, accuracy, completeness or reliability of any such information, publication or underlying assumptions. To the extent that any of the information in the media or publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim it. Accordingly, you should read the entire document carefully and should make investment decisions about us on the basis of the information contained in this document only and should not rely on any other information.

In preparation for the Spin-off and the Listing, our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules provides that an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our head office is located in Singapore and substantially all of our business operations are not located, managed and conducted in Hong Kong, currently all of our executive Directors reside in Singapore and our Company does not, and for the foreseeable future, will not, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied for, and the Stock Exchange [has granted] us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

(a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. ZHOU Zhaocheng (周兆呈), our executive Director, and Ms. QU Cong (瞿驄) ("**Ms. QU**"), our joint company secretary. Our authorized representatives will be available to meet with the Stock Exchange within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and email, as the case may be. We will provide contact details of the two authorized representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in our authorized representatives. Both of them have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;

(b) both our authorized representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. To enhance communication between the Stock Exchange, our authorized representatives and Directors, we will implement a policy to provide the up-to-date contact details of each Director (such as office phone numbers, mobile phone numbers, facsimile and email, where applicable) to the authorized representatives and to the Stock Exchange;

(c) we will ensure that each Director who is not ordinarily resident in Hong Kong has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period;

(d) pursuant to Rules 3A.19 of the Listing Rules, our Company has appointed Maxa Capital Limited as the compliance advisor, who will act as an additional channel of communication with the Stock Exchange in addition to our authorized representatives. The compliance advisor will advise on ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the [**REDACTED**] at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the [**REDACTED**]; and

(e) meeting(s) between the Stock Exchange and our Directors could be arranged through our authorized representatives or our Company's compliance advisor, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance advisor of our Company in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, an issuer must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and is therefore capable to discharge the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provision) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Ms. QU as one of the joint company secretaries of our Company. She has extensive experience with international capital markets, corporate governance, communication with regulatory authorities and investor relationship. However, Ms. QU does not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfil the requirements of the Listing Rules on her own. Therefore, our Company has appointed Ms. SO Shuk Yi Betty (蘇淑儀) ("**Ms. SO**"), an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate of The Charted Governance Institution in the United Kingdom, who is qualified under Rule 3.28 of the Listing Rules to act as a joint company secretary and to work closely with and provide assistance to Ms. QU. The term of the appointment of Ms. QU and Ms. SO as the joint company secretaries is three years commencing from the [**REDACTED**]. The following arrangements have been, or will be, put in place to assist Ms. QU in acquiring the qualifications and experience as our company secretary required under Rule 3.28 of the Listing Rules:

(a) in the course of the preparation of the application for the Spin-off and Listing, Ms. QU has been provided with a memorandum and has attended a training seminar on the respective obligations of our Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Hong Kong legal advisor;

(b) in addition to the minimum training requirements under Rule 3.29 of the Listing Rules, we will ensure that Ms. QU continues to have access to relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of a company listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, our Company will ensure that both Ms. QU and Ms. SO will seek and have access to the advice from our Company's Hong Kong legal advisor and other professional advisors as and when required;

(c) Ms. SO will assist Ms. QU to acquire the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules and to discharge her functions as a joint company secretary. Ms. QU will be assisted by Ms. SO for an initial period of three years commencing from the [**REDACTED**]. As part of the arrangement, Ms. SO will act as one of the joint company secretaries of our Company and communicate regularly with Ms. QU on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company. Ms. SO will also assist Ms. QU in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary;

(d) upon expiry of Ms. QU's initial term of appointment as our joint company secretary, we will evaluate her experience in order to determine if she has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. QU's appointment as our company secretary continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules; and

(e) we have appointed Maxa Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange for a period commencing on the [**REDACTED**] and at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year after the [**REDACTED**]. The compliance advisor will act as our Company's additional channel of communication with the Stock Exchange, and provide professional guidance and advice to our Company and our joint company secretaries as to the compliance with the Listing Rules and all other applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules on the conditions that: (i) Ms. SO is appointed as a joint company secretary to assist Ms. QU in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Ms. SO, during the three-year period, ceases to provide assistance to Ms. QU as the joint company secretary or if there are material breaches of the Listing Rules by our Company. We expect that Ms. QU will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. QU, having had the benefit of Ms. SO assistance for three years and has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules upon the Listing.

Accordingly, our Company has applied for, and the Stock Exchange [has granted], a waiver in relation to certain continuing connected transactions between us and our connected persons under Chapter 14A of the Listing Rules. For details, see "Continuing Connected Transactions."

SHARE ISSUE RESTRICTION

Rule 10.08 of the Listing Rules provides that no further shares or securities convertible into equity securities of a listed issuer may be issued or form the subject of any agreement to such an issue within six months from the date on which securities of the listed issuer first commence dealing on the Exchange (the "**First Six-Month Period**") (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing), except for certain exceptions as stated under Rule 10.08 of the Listing Rules.

Rule 10.07(1)(a) of the Listing Rules provides that the controlling shareholders of the issuer shall not in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the last day of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer in respect of which he or she is or they are shown by that listing document to be the beneficial owner(s).

Our Company has applied to the Stock Exchange for a waiver from strict compliance with the restrictions on the further issue of Shares (or convertible securities) within the First Six-Month Period under Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with the requirements under Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by our Controlling Shareholders upon any issue of Shares (or convertible securities) by our Company within the First Six-Month Period based on the reasons, *inter alia*, as follows:

(a) our Company does not have any current plans to raise funds in the short term, but it is essential for us to have the flexibility to raise funds by issuing new Shares (or convertible securities) to the capital markets (including on the Stock Exchange or through a dual listing on another recognized stock exchange), enter into further acquisitions or establish joint venture(s) using Share (or convertible securities) consideration should an appropriate opportunity arise. Any issue of new Shares (or convertible securities) by our Company will enhance the Shareholder base and increase the trading liquidity of the Shares, and the interests of the existing Shareholders, the Qualifying Haidilao International Shareholders and prospective investors would be prejudiced if our Company could not raise funds for its business development or expansion due to the restrictions under Rule 10.08 of the Listing Rules;

(b) the Spin-off and Listing are planned to be implemented by way of a distribution in specie to the Qualifying Haidilao International Shareholders only. As no offering will be made by our Company, the Listing would not result in any dilution of the interests of the Qualifying Haidilao International Shareholders;

(c) the interests of the Shareholders are well protected since any further issue of the Shares (or convertible securities) by us would be subject to Rule 13.36 of the Listing Rules, where prior consent of shareholders in a general meeting should be obtained for allotting, issuing and granting of any shares or convertible securities, unless a general mandate has by ordinary resolution in a general meeting been given to the directors to, among other things, allot any shares or convertible securities not exceeding 20% of the number of issued shares as at the date of the resolution granting the general mandate; and

(d) it is a consequential technical waiver of Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by the Controlling Shareholders of our Company upon any issue of securities by us within the First Six-Month Period if waiver for strict compliance with Rule 10.08 of the Listing Rules is granted.

Accordingly, the Stock Exchange [has granted] us a waiver from strict compliance with Rules 10.07(1)(a) of the Listing Rules and a consequential waiver from strict compliance with Rule 10.08 of the Listing Rules, on the following conditions:

(a) any further issue of new Shares or convertible securities will be (i) made under a general mandate or (ii) subject to the Shareholders' approval as required under Rule 13.36 of the Listing Rules with the total number of Shares or convertible securities that are issued or may be issued not exceeding 20% of the total number of Shares in issue as at the [**REDACTED**];

(b) any issue of new Shares or convertible securities will not result in the Controlling Shareholders ceasing to remain their positions as a result of dilution of their holdings of the Shares of our Company (i.e., deemed disposal of Shares) upon the issue of any Shares or convertible securities within 12 months after the [**REDACTED**] in compliance with Rule 10.07(1) of the Listing Rules;

(c) upon the completion of any issuance(s) within the First Six-Months Period, the aggregate voting power of the Controlling Shareholders in our Company would be no less than [**REDACTED**];

(d) any issue of new Shares or convertible securities by our Company within the First Six-Month Period must be either (i) for cash to fund the acquisition of assets, repayment of loans, establishment of joint venture or expansion of business that will contribute to the growth of the Group's operation or for full or partial settlement of the consideration for such acquisition; or (ii) pursuant to a general mandate approved by the Shareholders for the issue of further shares or convertible securities as disclosed in the listing document; and

(e) each of our Controlling Shareholders undertakes to the Stock Exchange that (i) other than pursuant to the Spin-off and any deemed disposal of Shares upon issue of any securities by our Company pursuant to the consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules, each of them will not, in the period commencing on the date by reference to which the disclosure of their shareholding is made in this listing document and ending on the date which is the last day of the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares respect of which they are shown by this listing document to be the beneficial owner(s); and (ii) in the period of the second six months commencing on the date on which the First Six-Month Period expires, each of them will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, each of them would cease to be the Controlling Shareholders of our Company.

WAIVER IN RESPECT OF ACQUISITION AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which an issuer's latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

On September 4, 2020, Haidilao Singapore, a wholly-owned subsidiary of Haidilao International, entered into a share purchase agreement (the "**Hao Noodle Agreement**") with Mr. CHEN Long (陳龍) and Ms. ZHU Rong (朱蓉) (together, the "**Sellers**"), pursuant to which, the Sellers agreed to sell 80% of the issued and outstanding common stock of Hao Noodle and Tea Holdings Inc. ("**HN&T Holdings**") to Haidilao Singapore at a total consideration of approximately US$3.0 million, which was arrived at after arm's length negotiations between the parties with reference to, among other things, the financial and operational performance, brand and reputation as well as future prospects of HN&T Holdings. On April 21, 2022, a side letter to the Hao Noodle Agreement (the "**Side Letter**") was entered into among the Sellers, Haidilao Singapore and Singapore Super Hi, pursuant to which Haidilao Singapore agreed to transfer all of its rights, titles, claims, interests, duties and obligations in, to and under the Hao Noodle Agreement as the purchaser to Singapore Super Hi (the "**Hao Noodle Acquisition**").

Pursuant to the Side Letter, approximately US$1.6 million of the consideration has been paid and the remaining purchase price of approximately US$1.4 million will be paid to the Sellers upon closing. The consideration of the Hao Noodle Acquisition was and will be financed by internal resources of the Group.

HN&T Holdings is a corporation duly incorporated and validly existing under the laws of the State of Delaware of the United States and operates two restaurants under the brand of "Hao Noodle", "Hao Noodle and Tea by Madam Zhu's Kitchen" located in New York in provision of light food, beverages and alcohol. The Sellers are individuals and, to the best of the Directors' knowledge, information and belief and having made all reasonable inquiries, Independent Third Parties. According to the unaudited management accounts of HN&T Holdings, its net loss for the years ended December 31, 2020 and 2021 was approximately US$1.1 million and US$0.9 million, respectively, and its total assets as of December 31, 2021 were approximately US$1.8 million. The Directors believe that the business of HN&T Holdings is able to provide synergy to the Group's business and would be in line with the strategic direction and development plan for the Group.

Our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted,] a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Hao Noodle Acquisition on the following grounds:

1. **The percentage ratio of the Hao Noodle Acquisition is less than 5% by reference to the most recent financial year of our Track Record Period**

   Based on the financial information of HN&T Holdings available to us, the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in relation to the Hao Noodle Acquisition are below 5%. Accordingly, our Company considers that the Hao Noodle Acquisition is immaterial and does not expect it to have any material effect on the business, financial condition or operations of our Group. As such, a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules would not prejudice the interests of the investing public.

2. **Undue burden to obtain and prepare historical financial information of HN&T Holdings**

   The Hao Noodle Acquisition is expected to be completed by 2022, and our Company was not previously involved in the day-to-day management of HN&T Holdings. Therefore, it will require considerable time and resources for us and our reporting accountants to communicate with the management of the HN&T Holdings, which is a private company, to gain access and to be fully familiarized with the accounting policies of HN&T Holdings and to gather and compile the necessary financial information and supporting documents for disclosure in this listing document. As such, it would be impracticable within the tight timeframe for our Company to disclose the financial information of HN&T Holdings for the Track Record Period.

Therefore, having considered the immateriality of HN&T Holdings as well as the time and resources required to obtain, compile and audit such historical information in conformity with the Company's accounting policies, it would be unduly burdensome for us to prepare and include the financial information of HN&T Holdings in this listing document.

3. **Disclosure of necessary information in the listing document**

With a view of allowing the Shareholders and potential investors to understand the Hao Noodle Acquisition in greater details, we include in this listing document the following information in relation to HN&T Holdings, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including (a) a general description of the scope of principal business activities of HN&T Holdings; (b) the consideration of the Hao Noodle Acquisition and its basis; (c) how the consideration was satisfied and the payment terms; (d) reasons for and benefits of the Hao Noodle Acquisition; (e) the total assets and the net loss of HN&T Holdings; and (f) any other material terms in relation to the Hao Noodle Acquisition. For details, see the information as disclosed in this section.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. ZHOU Zhaocheng (周兆呈)	222 Ocean Drive #03-27 Singapore 098619	Singaporean
Mr. WANG Jinping (王金平)	93 Yishun Avenue 1 #03-20 Singapore 769136	Singaporean
Ms. LIU Li (劉麗)	93 Bedok North Avenue 4 #03-1477 Singapore 460093	Chinese
Independent non-executive Directors		
Mr. TAN Kang Uei, Anthony (陳康威)	52 Crowhurst Drive Singapore 557931	Singaporean
Mr. TEO Ser Luck (張思樂)	74 Stratton Drive Singapore 805672	Singaporean
Mr. LIEN Jown Jing Vincent (連宗正)	21 Holland Park Singapore 249476	Singaporean

Please see the section headed "Directors and Senior Management" in this listing document for further details of our Directors.

PARTIES INVOLVED IN THE SPIN-OFF

Joint Sponsors	**Morgan Stanley Asia Limited** Level 46 International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong and U.S. laws:*
	Kirkland & Ellis 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	As to PRC laws:
	Jingtian & Gongcheng 34/F, Tower 3 China Central Place 77 Jianguo Road Beijing PRC
	As to Cayman Islands laws:
	Conyers Dill & Pearman 29/F One Exchange Square 8 Connaught Place Central Hong Kong

As to Singapore laws:

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Dutamas 1
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Malaysia

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Central
Hong Kong

	As to PRC laws:
	Commerce & Finance Law Offices 12-14/F, China World Office 2 No. 1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan Limited** 1706, One Exchange Square 8 Connaught Place Central, Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office and Principal Place of Business in Singapore	1 Paya Lebar Link #09-04 PLQ 1 Paya Lebar Quarter Singapore 408533
Principal Place of Business in Hong Kong	40th Floor Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.superhiinternational.com** *(information on this website does not form part of this listing document)*
Joint Company Secretaries	**Ms. QU Cong (瞿驄)** Room 3704, Building 4 Vanke Yuncheng Phase III Nanshan District Shenzhen Guangdong PRC **Ms. SO Shuk Yi Betty (蘇淑儀)** *(an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate of The Chartered Governance Institute in the United Kingdom)* 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

CORPORATE INFORMATION

Authorized Representatives	**Mr. ZHOU Zhaocheng (周兆呈)** 222 Ocean Drive #03-27 Singapore 098619 **Ms. QU Cong (瞿驄)** Room 3704, Building 4 Vanke Yuncheng Phase III Nanshan District Shenzhen Guangdong PRC
Audit Committee	Mr. TEO Ser Luck (張思樂) *(Chairman)* Mr. TAN Kang Uei, Anthony (陳康威) Mr. LIEN Jown Jing Vincent (連宗正)
Remuneration Committee	Mr. LIEN Jown Jing Vincent (連宗正) *(Chairman)* Mr. TAN Kang Uei, Anthony (陳康威) Mr. TEO Ser Luck (張思樂) Mr. ZHOU Zhaocheng (周兆呈)
Nomination Committee	Mr. ZHOU Zhaocheng (周兆呈) *(Chairman)* Mr. TEO Ser Luck (張思樂) Mr. LIEN Jown Jing Vincent (連宗正) Mr. TAN Kang Uei, Anthony (陳康威)
Compliance Advisor	**Maxa Capital Limited** Unit 1908, Harbour Center 25 Harbour Road Wanchai Hong Kong
Hong Kong Share Registrar	[**REDACTED**]
Principal Share Registrar and Transfer Office	[**REDACTED**]

Principal Banks	**Bank of America West Arcadia** 1234 S Baldwin Ave Arcadia CA 91007-7923 The United States
	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
	Citibank N.A. 8 Marina View #17-01 Asia Square Tower 1 Singapore 018960
	The Hongkong and Shanghai Banking Corporation Limited 10 Marina Boulevard Marina Bay Financial Centre Tower 2 #47-01 Singapore 018983

The information and statistics set out in this section and other sections of this listing document were extracted from different official government publications, available sources from public, market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the Spin-off and the Listing. We believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, Joint Sponsors, any of their respective directors and advisor, or any other person or parties involved in the Spin-off and the Listing, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.[1]

CHINESE CUISINE IN THE INTERNATIONAL MARKET

Introduction

Chinese cuisine is one of the most popular cuisine types internationally. Originally, Chinese cuisine was brought overseas by early Chinese immigrants. Since the late 20th century, Chinese cuisine restaurant brands started to expand to major overseas markets including Southeast Asia, North America, East Asia, Europe and Australia, and has now spread to over 130 countries. The number of Chinese cuisine restaurants in the international market has

1 The contract sum to Frost & Sullivan is US$86,478 for the preparation and use of the F&S Report, and we believe that such fees are consistent with the market rate. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economics. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in China includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.

The market research process for this study has been undertaken through detailed primary research which involves discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Primary interviews are conducted with relevant institutions to obtain objective and factual data and prospective predictions. Secondary research involves information integration of data and publication from publicly available resources, including official data and announcements from local government departments, and market research on industry and enterprise player information issued by our chief competitors.

Projected total market size was obtained from historical data analysis plotted against macroeconomic data as well as specific related industry drivers. The F&S Report was compiled based on the below assumptions: (i) global economy is likely to maintain steady growth in the next decade; (ii) global social, economic, and political environment is likely to remain stable in the forecast period; and (iii) growing economy in overseas countries, increasing population in overseas countries, increasing Chinese population in overseas countries, appealing flavor of Chinese cuisine, innovation on Chinese cuisine, are likely to drive the future growth of the industry. The impact of COVID-19 has been incorporated in the assumptions.

Unless otherwise specified, "international market" in this section refers to the global market excluding mainland China, Hong Kong, Macau and Taiwan.

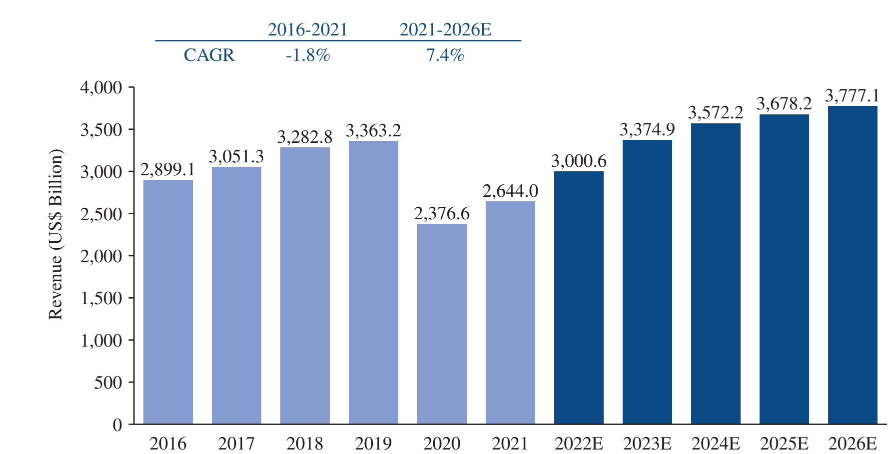
reached over 600,000 in 2021. Chinese cuisine serves as a window to showcase Chinese culture to the world. The growing popularity of Chinese cuisine restaurants enables them to attract not only overseas Chinese guests, but also local guests in different countries.

However, despite their popularity, very few Chinese cuisine restaurants have achieved global brand recognition and scale while maintaining consistently high service and quality standards. Due to the challenges in integrating into local culture, adapting to local tastes and eating habits and complying with local regulatory requirements, only a limited number of Chinese cuisine chain restaurants operate internationally. In 2021, Chinese cuisine restaurant brands in the international market that had over ten restaurants and brands that operated in two or more countries only accounted for 13.0% and less than 5.0% of the Chinese cuisine restaurant market in terms of the number of restaurants, respectively. More recently, Chinese cuisine chain restaurants have gradually put more effort into standardization, localization and brand building to expand internationally.

Market Size

Historically, the international catering service market has experienced rapid growth, increasing from US$2,899.1 billion in 2016 to US$3,363.2 billion in 2019. Due to the COVID-19 pandemic, the international catering service market experienced a temporary decrease in 2020 and began to recover in 2021 to US$2,644.0 billion as the COVID-19 pandemic gradually came under control. With more countries lifting restrictions, the international catering service market is expected to continue its steady growth and reach US$3,777.1 billion in 2026 at a CAGR of 7.4% from 2021 to 2026. The following chart illustrates the historical and forecasted market size of the international catering service market.

Market Size of International Catering Service Market, 2016-2026E

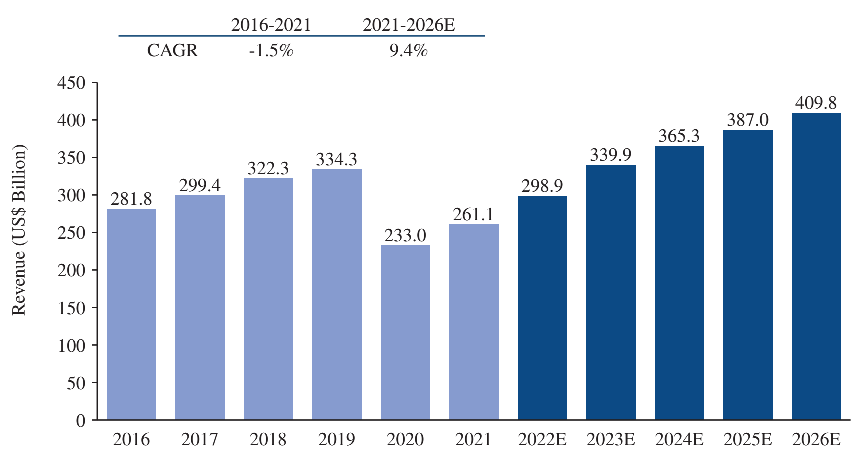


	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Proportion of Chinese Cuisine	9.7%	9.8%	9.8%	9.9%	9.8%	9.9%	10.0%	10.1%	10.2%	10.5%	10.8%

Source: Frost & Sullivan

As a percentage of the international market, the Chinese cuisine restaurant market is steadily growing, from 9.7% in 2016 to 9.9% in 2021 and is expected to continue to grow to 10.8% in 2026. This is primarily driven by the growing popularity of Chinese culture and increasing acceptance of Chinese food, as well as innovations that adapt Chinese cuisine to local guests. Growth of Chinese cuisine restaurants in the international market will outpace the growth of international catering services market, growing from US$261.1 billion in 2021 to US$409.8 billion in 2026 at a CAGR of 9.4%. The following chart illustrates the historical and forecasted market size of Chinese cuisine restaurants in the international catering service market.

Market Size of Chinese Cuisine Restaurants in the International Market, 2016-2026E



Source: Frost & Sullivan

HOT POT CUISINE IN THE INTERNATIONAL MARKET

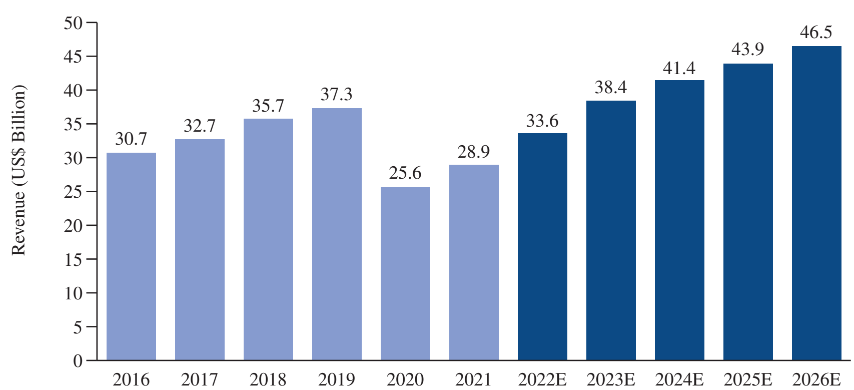
Hot pot is one of the most representative Chinese cuisine styles, with a history of over 1,700 years. Hot pot is prepared with a simmering pot of soup stock at the dining table. While the hot pot is kept simmering, food ingredients are placed into the pot and are cooked at the table. Hot pot dishes typically include various choices of food ingredients, such as sliced meat, fresh vegetables, tofu, wontons and seafood. After the food ingredients are cooked, the guests usually eat them with a dipping sauce for enhanced flavor.

Compared with other types of Chinese cuisine, hot pot restaurants usually do not require as many skilled chefs and hot pot soup bases can be prepared ahead of time, making it more scalable and readily standardized. In addition, hot pot is generally more welcomed by foreign guests as there is a wide selection of food ingredients and flavors, and is more customizable to guest tastes. Hot pot is a form of communal dining that is meant to be shared, which many foreign guests enjoy as a group with friends and family.

Hot pot is one of the most popular segments of Chinese cuisine in the international market, accounting for 11.1% of the international Chinese cuisine restaurant market in 2021 in terms of restaurant revenue. The market size of hot pot restaurants in the international market increased from US$30.7 billion in 2016 to US$37.3 billion in 2019 prior to the COVID-19 pandemic. Due to the pandemic, the market size decreased to US$25.6 billion in 2020. As the COVID-19 pandemic eased, the hot pot segment has begun to recover, growing to US$28.9 billion in 2021. The number of hot pot restaurants in the international market is expected to increase from 134,000 in 2021 to 169,000 in 2026. As a result of the increasing number of hot pot restaurants, the growing popularity of hot pot, ease of localization to attract local guests and its high degree of scalability and standardization, hot pot restaurants in the international market is expected to outpace the growth of other Chinese cuisines, reaching US$46.5 billion in 2026 at a CAGR of 10.0%. The following chart illustrates the historical and forecasted market size of the international hot pot restaurant market.

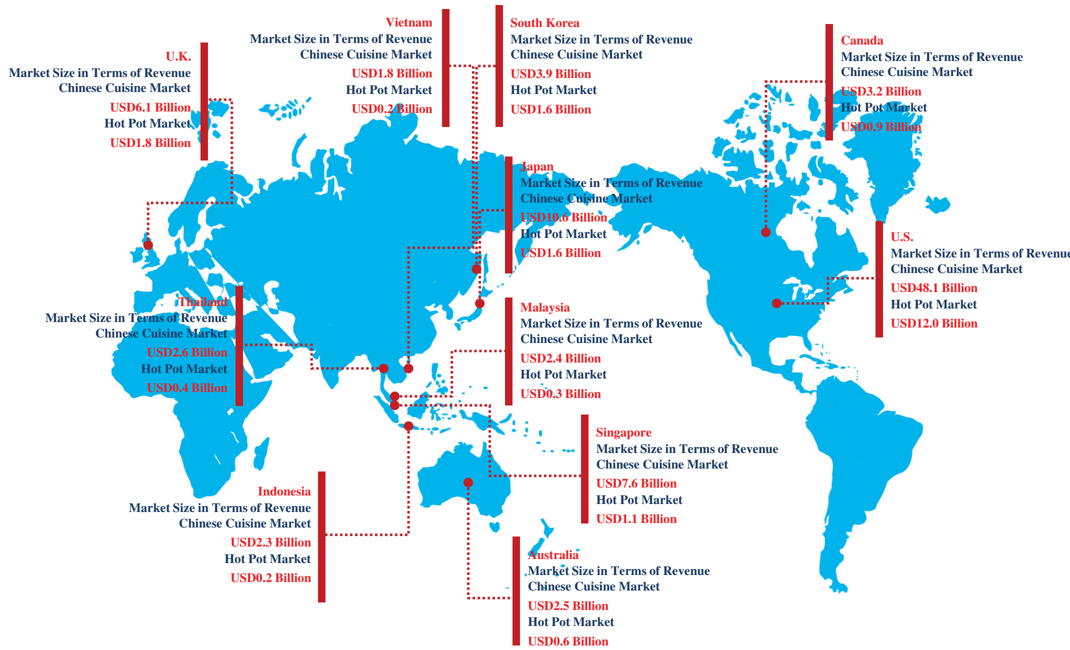
Market Size of the International Hot Pot Restaurant Market, 2016-2026E

	2016-2021	2021-2026E
CAGR	-1.2%	10.0%



Source: Frost & Sullivan

Currently, Chinese cuisine restaurants are mainly concentrated in regions where there are large populations of Chinese immigrants, such as Southeast Asia, East Asia and North America. These regions accounted for a significant proportion of the total international Chinese cuisine restaurant market. The following map summarizes the market size of Chinese cuisine restaurants and hot pot restaurants in our target markets.



Source: US Census, Japan Food Service Associate, Department of Statistics Singapore, Frost & Sullivan Analysis

COMPETITIVE LANDSCAPE

Chinese Cuisine Restaurants in the International Market

Currently, the international Chinese cuisine restaurant market is very fragmented with over 600,000 restaurants. We ranked third among all Chinese cuisine restaurant brands in the international market in terms of 2021 revenue. The following table summarizes the five largest Chinese cuisine restaurant brands in the international market in terms of 2021 revenue.

Ranking	Group	Background	Revenue in 2021	Number of restaurants as of December 31, 2021
			(US$ million)	
1	Company A	Founded in the United States in 1983, Company A is a quick service restaurant chain primarily offering westernized Chinese cuisine. In 2021, it had approximately 2,200 restaurants.	~4,000	~2,200

Ranking	Group	Background	Revenue in 2021	Number of restaurants as of December 31, 2021
			(US$ million)	
2	Company B	Founded in the United States in 1993, Company B is a casual dining restaurant chain offering westernized Chinese cuisine. In 2021, it had approximately 320 restaurants.	~1,000	~320
3	Our Company	For details, please see "Business."	312.4	94
4	Company C	Founded in Taiwan in 1972, Company C is a casual dining restaurant chain offering Jiangsu and Zhejiang cuisine. In 2021, it had approximately 120 restaurants internationally.	~150	~120
5	Company D	Founded in Singapore in 2002, Company D is a casual dining restaurant chain offering seafood, Chinese and Cantonese cuisines. In 2021, it had approximately 90 restaurants internationally.	~130	~90

Source: The data of the Group is provided by the Group, Frost & Sullivan

We covered the most countries with self-operated restaurants in 2021 among all Chinese cuisine restaurant brands in the international market. The following table sets forth the five largest Chinese cuisine restaurant brands in terms of country coverage by self-operated restaurants.

Ranking	Group	Background	Number of countries covered by self-operated restaurants
1	Our Company	For details, please see "Business."	11
2	Company A	Founded in the United States in 1983, Company A is a quick service restaurant chain primarily offering westernized Chinese cuisine. In 2021, it had approximately 2,200 restaurants.	4

Ranking	Group	Background	Number of countries covered by self-operated restaurants
3	Company E	Founded in China in 1999, Company E is a Mongolian-style hot pot restaurant chain. In 2021, it had approximately 25 restaurants internationally.	2
3	Company B	Founded in the United States in 1993, Company B is a casual dining restaurant chain offering westernized Chinese cuisine. In 2021, it had approximately 320 restaurants.	2
3	Company F	Founded in China in 2001, Company F is a Mongolian-style hot pot restaurant chain. In 2021, it had approximately 25 restaurants internationally.	2

Source: The data of the Group is provided by the Group, Frost & Sullivan

Chinese Cuisine Restaurants Originating from China

We were the largest China-originated Chinese cuisine restaurant brand in the international market in terms of 2021 revenue. The following table summarizes the five largest restaurant brands originating from China in terms of revenue in 2021.

Ranking	Group	Background	Revenue in 2021	Number of restaurants as of December 31, 2021
			(US$ million)	
1	Our Company	For details, please see "Business."	312.4	94
2	Company C	Founded in Taiwan in 1972, Company C is a casual dining restaurant chain offering Jiangsu and Zhejiang cuisine. In 2021, it had approximately 120 restaurants internationally.	~150	~120

Ranking	Group	Background	Revenue in 2021	Number of restaurants as of December 31, 2021
			(US$ million)	
3	Company G	Founded in China in 2003, Company G is a Sichuan-style hot pot restaurant chain. In 2021, it had approximately 15 restaurants internationally.	~19	~15
4	Company E	Founded in China in 1999, Company E is a Mongolian-style hot pot restaurant chain. In 2021, it had approximately 35 restaurants internationally.	~17	~35
5	Company F	Founded in China in 2001, Company F is a Mongolian-style hot pot restaurant chain. In 2021, it had approximately 25 restaurants internationally.	~13	~25

Source: The data of the Group is provided by the Group, Frost & Sullivan

MARKET DRIVERS AND FUTURE TRENDS

The following are the key market drivers and future trends of the Chinese cuisine and hot pot restaurants in the international market.

- ***Economic growth in the international market***. Over the past ten years, many countries have experienced steady economic growth. For example, the nominal GDP of the United States, Singapore and Vietnam grew with CAGRs ranging from 4.2% to 7.8% from 2016 to 2021. According to the International Monetary Fund, despite the COVID-19 pandemic, many countries have recovered economically from the outbreak of COVID-19 and their nominal GDPs are expected to continue to grow in the future. In addition, the steady growth of per capita disposable income has led to consumption upgrades. As a result of the consumption upgrades, consumers in the international market tend to desire higher-quality food, a better and more comfortable dining environment and a different cultural experience.

- ***Increasing overseas Chinese population***. Overseas Chinese people are a large demographic for Chinese restaurants in the international market, especially for restaurant brands that originate from China. There are large communities of Chinese immigrants, students and travelers in overseas countries, such as Singapore and the United States. The Chinese population in overseas countries has increased in past years and has reached about 60 million (including their descendants). It is expected that the Chinese population in overseas countries will keep increasing in the future with the COVID-19 pandemic gradually coming under control.

- ***Growing popularity of Chinese food and Chinese culture***. In recent years, China's cultural influence has grown along with its economic growth and increasing globalization. With the growing overseas Chinese population and number of foreign visitors in China, Chinese culture is becoming increasingly popular in other countries. For local guests who have not been to China, Chinese cuisine restaurants offer them opportunities to experience Chinese culture. Accordingly, leading Chinese cuisine restaurant brands will be able to attract more local guests by providing authentic Chinese cuisine that appeals to local tastes and preferences.

- ***Increasing penetration of food delivery and multiple sources of revenue***. The demand for food delivery service surged during the COVID-19 pandemic, when social distancing was required and governments imposed restrictions on dine-in services. In many countries, guests have developed the habit of ordering food delivery, as it is more convenient than cooking at home. In addition, many Chinese cuisine brands have developed new revenue channels, which can offset the sales decline of dine-in services. For example, prepackaged food has gained popularity over the last few years, especially among those who do not have sufficient time but still prefer to cook at home. Prepackaged food offers an alternative way for guests to enjoy home cooking in a simple, fast and healthy way. Companies with strong supply chain management capabilities can procure better ingredients and condiments, therefore providing high-quality prepackaged products. In addition, many Chinese cuisine restaurants also develop other product types, such as boba milk tea, which has gained popularity among guests.

- ***Market consolidation by leading restaurant brands***. Currently, the international Chinese cuisine restaurant market is highly fragmented, with over 600,000 market players. As leading restaurant brands generally enjoy better brand recognition and reputation, it is expected that guests tend to visit these leading restaurant brands and existing market leaders will capture a larger market share in the future.

ENTRY BARRIERS

There are significant entry barriers in operating a large-scale Chinese cuisine restaurant brand in the international market in different countries. The following sets forth major entry barriers:

- ***Brand recognition and awareness***. Generally, brand recognition and awareness are highly related to the restaurant's food taste, safety and quality, service and environment, among others. In the international Chinese cuisine restaurant market, a Chinese cuisine restaurant with strong brand recognition is more likely to be welcomed by guests in different countries. Generally, an international Chinese cuisine restaurant with strong brand awareness will have more exposure on social media platforms, which would attract more guests. In addition, strong brand awareness also helps brands to have relatively high bargaining power on the price of raw materials from local suppliers and rental costs in attractive commercial districts. It is hard for new brands to establish widespread awareness while existing brands with established brand awareness can gain market share easier.

- ***Ability to manage the quality and operating standards internationally***. For Chinese cuisine restaurant brands operating in multiple countries, it is more difficult to ensure that all restaurants adopt the same standards and comply with local laws and regulations, especially taking into account the different regulatory environments in different countries. Leading players in the market usually have strong and efficient management systems that allow them to implement standardized operations, thoroughly understand and comply with local regulations and steadily develop their Chinese cuisine restaurants in the international market.

- ***Localization capabilities***. It is crucial for an international restaurant brand to have localization capabilities to cater to the different tastes and preferences in different countries. Through localization, international restaurant brands can develop deeper and more solid roots in the local community. Compared to other cuisine types, Chinese cuisine generally uses more types of ingredients and its flavors are more diverse, allowing Chinese cuisine to have more flexibility for localization. Within Chinese cuisine, the hot pot dining format and wide selection of food ingredients and flavors in hot pot make it more customizable to local tastes and preferences. These characteristics enable Chinese cuisine, especially hot pot, to enjoy continued growth in the international market. In addition to menu localization, localizing operations, including understanding local customs and practices, and complying with local laws and regulations, are also crucial for international restaurant brands to successfully operate in multiple jurisdictions. New entrants may need significant time and effort to develop these localization capabilities.

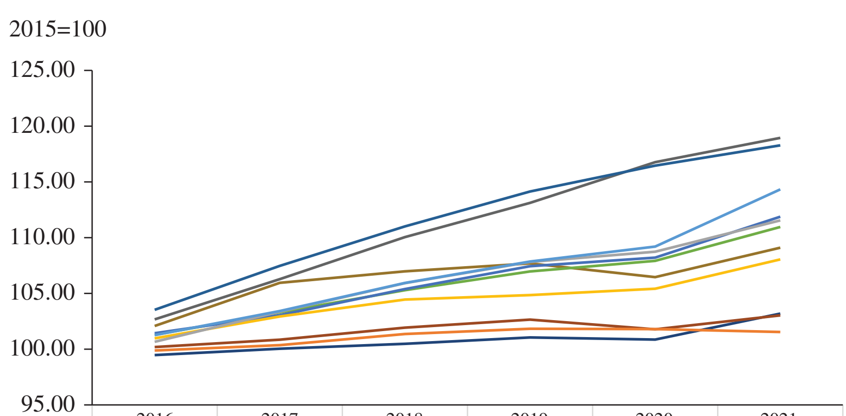
- ***Ability to manage a comprehensive supply chain system internationally***. The quality and taste of food and drinks provided in the restaurant largely depend on the freshness and quality of raw materials. For a Chinese cuisine restaurant brand in the international market, it is important to procure fresh and high-quality raw materials, especially food ingredients, at favorable prices from reliable suppliers and effectively manage the inventories and logistics across restaurants in different countries. Existing market players have already built reliable supply chains, while new entrants with less experience in supply chain management may experience difficulties, which may result in high costs and affect the overall dining experience of guests.

- ***Talent recruitment, training and management capability in different countries***. The catering service industry is a labor-intensive industry that requires lots of employees for daily operations. It is important for a Chinese cuisine restaurant brand in the international market to recruit, train and manage their employees to ensure that they comply with laws and regulations deliver exceptional services and food to guests, and drive the brand's expansion. Existing leading market players have adopted a well-established system to train and cultivate qualified restaurant staff and restaurant managers, while new entrants have to spend a long time building such a system. New entrants may also face the risk of high employee turnover rate, which will adversely affect their restaurant operations.

COST STRUCTURE

The costs of raw materials represented a major cost item for hot pot restaurants in the international market. The consumer price index ("CPI") is a crucial indicator in assessing the costs of raw materials. In all of the countries where we currently have operations, the 2015-based CPIs have increased from 2016 to 2021. The following table summarizes the CPIs of these countries.

Consumer Price Index of Select Countries, 2016-2021

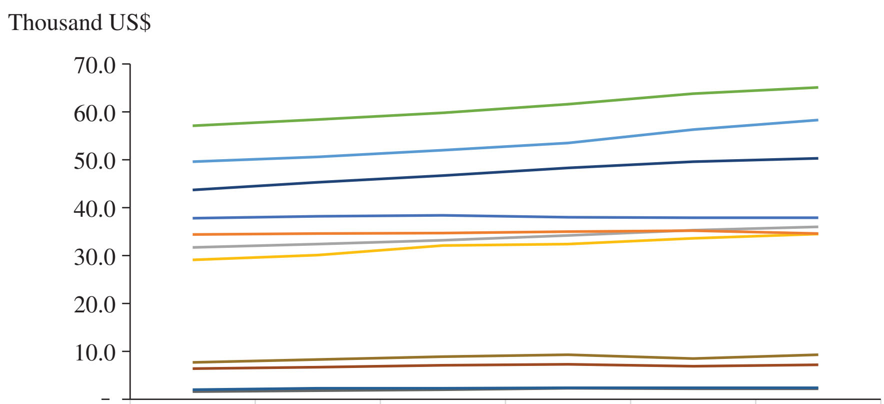


	2016	2017	2018	2019	2020	2021
United States	101.26	103.42	105.94	107.86	109.20	114.33
Japan	99.88	100.36	101.36	101.83	101.80	101.54
United Kingdom	100.66	103.36	105.92	107.82	108.74	111.55
South Korea	100.97	102.93	104.45	104.85	105.42	108.05
Canada	101.43	103.05	105.39	107.44	108.21	111.88
Australia	101.28	103.30	105.29	106.97	107.92	110.96
Indonesia	103.53	107.47	111.01	114.14	116.46	118.28
Thailand	100.19	100.85	101.93	102.65	101.78	103.03
Vietnam	102.67	106.28	110.05	113.12	116.77	118.95
Malaysia	102.08	105.95	106.98	107.69	106.46	109.10
Singapore	99.47	100.04	100.48	101.05	100.86	103.19

Source: Frost & Sullivan, IMF (April 2022)

Labor costs are another major cost item for hot pot restaurants in the international market. In line with economic growth, the average annual income of laborers has generally increased steadily from 2016 to 2021 in most countries where we currently have operations, while some countries have experienced a slight decrease due to the COVID-19 pandemic. The following table summarizes the average annual income of laborers in the countries where we currently have operations.

Average Annual Income of Select Countries, 2016-2021



	2016	2017	2018	2019	2020	2021
United States	49.6	50.6	52.0	53.5	56.3	58.3
Japan	34.4	34.6	34.7	35.0	35.2	34.6
United Kingdom	31.7	32.4	33.2	34.2	35.3	36.0
South Korea	29.1	30.1	31.2	32.4	33.6	34.5
Canada	37.8	38.2	38.4	38.0	37.9	37.9
Australia	57.1	58.4	59.8	61.6	63.8	65.1
Indonesia	2.0	2.3	2.3	2.4	2.4	2.4
Thailand	6.4	6.7	7.1	7.3	6.9	7.2
Vietnam	1.6	1.8	2.0	2.3	2.2	2.2
Malaysia	7.7	8.3	8.9	9.3	8.5	9.3
Singapore	43.7	45.3	46.7	48.3	49.6	50.3

Source: Frost & Sullivan

OVERVIEW

This section sets out a summary of certain aspects of the laws and regulations which are relevant to our Group's operations and business in Singapore, the United States, Malaysia and Vietnam. Information contained in this section should not be construed as a comprehensive summary of the laws and regulations applicable to our Group.

SINGAPORE LAWS AND REGULATIONS

License, Registration and Permits

Appointed under section 3 of the Sale of Food Act 1973 (the "**SFA**"), the Singapore Food Agency (the "**Agency**") was formed as a statutory board under the Ministry of the Environment and Water Resources (the "**MEWR**") on 1 April 2019 to oversee food safety and food security in Singapore. The establishment of the Agency brought together food-related functions that used to be carried out by three separate arms (being the former Agri-Food & Veterinary Authority of Singapore, the National Environment Agency and the Health Science Authority) under one single entity. Under section 5 of the Singapore Food Agency Act 2019, the Agency's functions include, amongst others, the accreditation of persons in the food industry.

Food Business Registration

As part of the Agency's food safety system pipeline, (i) establishments where food is manufactured, processed, prepared or packed for the purpose of distribution to wholesalers and retailers; (ii) cold stores that are used for the storage of meat and/or fish products and (iii) slaughterhouses for slaughtering of animals such as poultry, are required to obtain a licence issued by the Agency in order to operate in Singapore.

Pursuant to section 21 of the SFA, "*a person must not carry on a non-retail food business except in accordance with a licence issued to the person by the Director-General under this Part*". In this regard, "non-retail food business" is defined under section 2F of the SFA and includes, amongst others, "*central kitchens supplying food prepared, cooked and packed for the purpose of distribution to retail food businesses*". Failure to comply with the requirements under this section 21 of the SFA is an offence and pursuant to section 24(1) of the SFA, such person may be arrested without a warrant by any police officer or authorized officer and taken before a Magistrate's Court.

In relation to the use of premises that carry out such central kitchen operations (as defined above), pursuant to section 12 of the Wholesome Meat and Fish Act 1999 (the "**WMF**"), "*[a] person must not use any premises or permit any premises to be used as a processing establishment or a cold store except under and in accordance with the conditions of a licence granted by the Director-General*". Pursuant to section 12(2) of the WMF, a person who uses any premises as a processing establishment or a cold store without a licence, upon conviction, may be liable to a fine not exceeding SGD10,000 or to imprisonment for a term not exceeding twelve (12) months or to both.

Material Regulations and Procedures to Register a Restaurant in Singapore

All food retail establishments must be licensed in Singapore by the Agency in order to operate. In this regard, section 2 of the Environmental Public Health Act 1987 (the "**EPHA**") defines "food establishment" to mean any place or any premise or part thereof used for the sale, or for the preparation or manufacture for sale, or for the storage or packing for sale, of food, whether cooked or not, intended for human consumption.

Pursuant to section 32 of the EPHA, "*A person must not operate or use or knowingly permit a food establishment to be used for any of the purposes specified in the First Schedule without first obtaining a licence from the Director-General, Food Administration*". In this regard, paragraph 1 of the First Schedule of the EPHA describes a retail food establishment as a place "*where food is sold wholly by retail (whether or not the food sold is also prepared, stored or packed for sale or consumed at such premises), including (a) an eating establishment, such as a restaurant*".

Failure to comply with the requirements under section 32 of the EPHA is an offence and upon conviction, pursuant to section 41A(1)(b) of the EPHA, such person shall be liable to a fine not exceeding SGD10,000 and, where the person is a repeated offender, a fine not exceeding SGD20,000 or to imprisonment for a term not exceeding three (3) months or to both. Further, regulation 5(1) of the Environmental Public Health (Food Hygiene) Regulations (the "**EPH Regulations**") states that "*Every licensee shall use the licensed premises only for the purpose for which the licence is granted*". In particular, regulation 6(2) of the EPH Regulations states that "*A licensee who is permitted to carry out food catering shall insert his licence number in all advertisements relating to his food catering business*".

Specific Licences and Registration

A licence is also required where:

(a) fresh fruit or vegetable is imported for sale, supply, distribution or transshipment pursuant to section 7 of the Control of Plants Act 1993 (the "**CPA**"); and

(b) meat products and fish products are imported, exported or transshipped pursuant to section 5(1) of the WMF or imported for sale, supply or distribution in Singapore pursuant to section 6(1) of the WMF.

(each a "**Product Licence**", collectively, the "**Product Licences**")

Registration is also required for traders who import processed food products and food appliances are imported pursuant to the Regulation 4 of the Food Regulation ("**Import Registration**").

Such Product Licence and Import Registration shall be valid for the period as stated on the respective licences or registrations unless it is revoked or renewed upon its expiry. As a general note, the licensee or registered entity is to inform the Agency within fourteen (14) days should there be any changes in relation to the particular of the licensee or registered entity. In addition, for each individual consignment of fresh fruits or vegetables, meat products or fish products and processed food products and food appliances, the licensee or registered entity is required to obtain a permit for such consignment and the import of the consignment must be carried out in accordance with the conditions of the permit and such other requirements as stated under the CPA, WMF, SFA or Food Regulations (as applicable). These conditions generally include the need for the products transhipped to comply with prescribed/sanitary standards and do not include any prohibited substances (e.g. prohibited pesticide residues). A failure to obtain the necessary permits for each consignment is an offence and is punishable under the respective acts.

The Agency regularly inspects all food processing establishments to ensure that the licensees and their food production personnel adhere to good manufacturing practices and implement food safety programmes for the safe production of food on such premises.

For the supply of liquor, pursuant to section 4(1) of the Liquor Control (Supply and Consumption) Act 2015 (the "**LCA**"), "*a person must not supply any liquor unless the person is authorised by a liquor licence to supply the liquor*". In this regard, "supply" is defined under section 2 of the LCA to include, amongst others, to sell, offer or agree to sell, barter or exchange the liquor (whether the reward or consideration is received or to be received by the supplier specifically for the liquor or as part of services or other goods sold, bartered or exchanged) or to serve, send, forward or deliver the liquor in connection with sale, barter or exchange and includes causing or permitting to be supplied.

Section 5(1) of the LCA notes that, "*where licensed premises are specified in the liquor licence of a licensee, the licensee must not supply any liquor except at those licensed premises*". Failure to comply with this section 5(1) is an offence and shall, on conviction, be subject to a fine not exceeding SGD10,000. Further, section 6(1) of the LCA also provides that the supply of alcohol is only permitted, amongst such other conditions, during the trading hours specified in the liquor licence. It is an offence under the LCA for a person to supply liquor without a valid licence, and pursuant to section 4(3) of the LCA, such person may, on conviction, be subject to a fine not exceeding SGD20,000 and a repeated offender may be subject to a fine not exceeding SGD20,000 or to imprisonment for a term not exceeding three (3) months or to both. Notably, pursuant to section 32(1) of the LCA, any offence under the LCA by a body corporate may also result in the officer-in-charge (e.g. licence holder) being charged and tried in the same manner as the body corporate, if such offence is committed with the officer's consent or is attributable to his/her act or default.

Laws and Regulations on Food Safety and Environment Matters

Food Safety

1. *General Requirements under the SFA and the Food Regulations*

Pursuant to section 56 of the SFA, the minister may make regulations on, amongst others, (a) prescribing the standard of strength, weight, quality or quantity of any food or of any ingredient or component part thereof; (b) prohibiting the addition or use of any specified thing or of more than the specified quantity or proportion thereof to any food or food contact article; (c) regulate the identification and labelling of food or food contact articles for sale, including specifying the matter that must or must not be contained in any such label and the manner of labelling; (d) set out standards for the maintenance, cleanliness, sanitation and hygiene of premises at which a non-retail food business is carried out; or (e) set out requirements that apply to imported food or food contact articles to ensure that the food or food contact article is safe and suitable and to support a secure and reliable supply of imported food in Singapore, including keeping of records in relation to the source or traceability and handling of the food or food contact article imported.

In relation to the above, the Food Regulations enacted pursuant to section 56(1) of the SFA sets out general requirements, amongst others, in relation to (i) labelling of products; (ii) restrictions against importation and manufacturing of food articles containing regulated food additives; and (iii) restrictions against the importation and sale of products containing such prohibited incidental constituents. Part IV of the Food Regulations also specifically sets out the standards and particular labelling requirements for different categories of food products. A person who fails to comply with the requirements under the Food Regulations shall, upon conviction, be liable to a fine not exceeding SGD1,000 and in the case of a second or subsequent conviction, to a find not exceeding SGD2,000.

2. *General Food Hygiene Requirements under the Sale of Food (Food Establishments) Regulations*

Further, the Sale of Food (Food Establishments) Regulations (the "**SFA Regulations**") sets out general food hygiene requirements in relation to (i) the storage of food, (ii) the packaging of food, (iii) the transportation of food, and (iv) personal cleanliness for those engaged in the preparation of food. With regards to point (iii) above (the transportation of food), pursuant to section 23(1) of the SFA also requires that, "*[a]ny person who uses a vehicle to transport food must ensure that the surface of the vehicle with which the food is likely to come into contact is kept in a state of cleanliness, good order and condition so as to prevent any risk of contamination of the food*". A licensee who contravenes the regulations under the SFA Regulations shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding SGD5,000 and, in the case of a continuing offence, to a further fine not exceeding SGD100 for every day or part thereof during which the offence continues after conviction.

3. General Food Hygiene Regulations under the Environmental Public Health (Food Hygiene Regulations)

Similarly, Part III of the Environmental Public Health (Food Hygiene) Regulations (which is enacted pursuant to section 111 of the EPHA) (the "**EPHA Regulations**") also sets out general food hygiene standards that licensees (i.e. food establishment licensees) have to adhere to generally. Amongst others, these include storage and refrigeration of food requirements and time-stamping requirements. On this note, failure of a licensee to comply with the requirements under the EPHA Regulations, shall upon conviction, be liable to a fine not exceeding SGD2,000 and in the case of a continuing offence, to a further fine of not exceeding SGD100 for every day or part thereof during which the offence continues after conviction. Notwithstanding, this may affect the licensing and renewal (if any) of the licensee's licence granted under the EPHA.

4. Food Processing and Food Handling

All food processing establishments, cold stores and slaughterhouses must comply with the WFA, SFA and the Conditions of Licensing for Food Establishments prescribed by the Agency dated September 2010. Food handlers (e.g. chefs, cooks and kitchen assistants) working in food retail establishments must complete the WSQ Food Safety Course Level 1 certification and thereafter, be registered with the Agency. Such persons is also required to attend and complete a refresher course training every five (5) years starting from the date of first obtaining the Food Safety Course Level 1 certification. Pursuant to Regulation 10A of the EPHA Regulations, licensees are also required to appoint a senior staff member to be trained as a Food Hygiene Officer, who must also be registered with the Agency.

5. Points Demerit System

The Agency imposes a Points Demerit System whereby demerit points are given for each public health offence that is convicted in court or compounded, depending on severity, ranging from 0 demerit points for minor offences, 4 demerit points for major offences, to 6 demerit points for serious offences. Pursuant to section 99 of the EPHA, food establishments which accumulate twelve (12) or more demerit points within any twelve (12) month period may have its licence to operate suspended for a certain period or be revoked, depending on past suspension records.

6. Grading Scheme for Licensed Eating Establishments and Food Stalls

The Agency also conducts annual on-site audit assessments on Agency-licensed local food establishments to determine their grading status and provide on-site advice to help them improve and upgrade their premises. All licensed food establishments (including cold stores, slaughterhouses and food processing establishments) in Singapore are categorized into four (4) grades (A being excellent to D being pass). Each food establishment will be graded annually based on its food hygiene and food safety standards before its licence expires. The grade awarded will encourage the establishment to strive for better grades and seek improvement in food hygiene and safety standards. The areas of audit assessment of food establishments include (but are not limited to) general cleanliness and housekeeping of premises, food storage, food processing equipment and facilities, food hygiene training and documentation.

From 2023, a new food safety licensing framework, the Safety Assurance for Food Establishments (the "**SAFE**"), will replace the current annual grading scheme. Under the SAFE framework, food establishments will be awarded Bronze, Silver or Gold, which corresponds each with a three (3), five(5), or ten(10) year licence duration. Food establishments will be assessed based on their track records, such as having no major food safety lapses over a specific period, as well as being able to put in place systems to strengthen food safety assurance.

Public Health and Environmental Matters

1. *Code of Practice on Environmental Health (2021 Edition)* (*the "**COPEH**"*)

Issued by the National Environment Agency, the COPEH provides the guidelines to address environmental health concerns in the design of buildings. The COPEH sets out the objectives to be met and stipulates the minimum basic design criteria. Specifically, section 3 of the COPEH sets out design criterias relating to the ventilation, ducting and kitchen exhaust systems for foodshops at building plan and pre-operation (pre-licensing) stages which should be complied with when the Companies are renovating leased properties for the operation of the restaurant business.

Separately, pursuant to section 26 of the Fire Safety Act 1993 (the "**FSA**"), it is an offence if "*the owner or occupier causes, or does or omits to do anything that is likely to cause, a specified fire hazard to arise at the building*". Section 2 of the FSA defines a "specified fire hazard" to include, amongst others "*the obstruction of escape routes, passageways, common property or limited common property of the building such as might render escape in the event of fire more difficult*".

2. *COVID-19 Pandemic*

In light of the COVID-19 Pandemic, organizations are required to adhere to additional requirements stipulated under the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and any other applicable laws that may be promulgated during the pandemic period from time to time. In this regard, amongst others, the Agency has put in place new requirements to all personnel engaged in the sale and preparation for sale of food and drinks, such as the requirement to wear masks or other forms of physical barrier. On 3 February 2020, in response to the growing COVID-19 pandemic situation in Singapore, the Agency issued the "Sanitation and Hygiene Advisory for Food Establishments", which sets out good practices recommended collectively by the Agency and the National Environment Agency relating to personal hygiene, food hygiene, housekeeping or refuse management, toilets and pest control. These practices recommended continue to be in force today.

Since 13 April 2020, the requirement for all personnel engaged in the sale and preparation for sale of food and drinks to wear masks or other forms of physical barrier was introduced as a new licensing condition. Both new licence applicants and existing licence holders are required to adhere to this condition, failing which they shall be liable for a penalty of up to SGD5,000 and or suspension/cancellation of their licence. Further, with regards to dining and restaurant operations, all of food and beverage venues should take guidance from the advisory issued relating to Safe Management Measures dated 26 April 2022.

Labor, Employment & Work Safety

Employment Act 1968

The Employment Act 1968 of Singapore ("**EA**") is administered by the Ministry of Manpower ("**MOM**") and stipulates the rights and obligations of employers and employees. As a general note, the EA covers every employee who is under a contract of service with an employer, including workman (Part IV of the EA). Specifically, section 2 of the EA defines an "employee" to mean "*a person who has entered into or works under a contract of service with an employer and includes a workman*". Notably, since 1 April 2019, managers and executives with a monthly basic salary of more than SGD4,500 are also covered under the EA. In particular, not all parts of the EA are applicable to every employee or employer who comes within the definition of an employee (as highlighted above). In this regard, Part IV of the EA sets out rest days, hours of work, holidays and other conditions of service that apply only in relation to:

(a) workman who is in receipt of a salary not exceeding SGD4,500 a month; and

(b) every employee (other than a workman or a person employed in a managerial or an executive position) who receives a salary not exceeding SGD2,600 a month.

(in both instances, excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described)

The EA also provides for regulations relating to (i) the minimum number of days of annual leave, (ii) paid public holidays and sick leave, and (iii) statutory protection against wrongful dismissal, for all employees covered under the EA. To this end, the leave entitlements under Part 10 of the EA are mandatory for any employee that falls within the scope of the EA. Section 90 of the EA provides that where an employer employs any person as an employee contrary to the provisions of Part 10 or fails to pay any salary in accordance with the provisions of Part 10 shall be guilty of an offence and shall be liable on first conviction to a fine not exceeding SGD5,000.

Employment of Foreign Manpower Act 1990

Together with the Immigration Act 1959 and the Employment Agencies Act 1958, the employment of foreign employees in Singapore is governed and regulated by the Employment of Foreign Manpower Act 1990 (the "**EFMA**") and its subsidiary regulations, which are also administered by the MOM. Specifically, the EFMA regulates and protects the well-being of foreign workers in Singapore and sets out the responsibilities of employers who employ such foreign workers. In this regard, section 5(1) of EMFA states that an employer "*must not employ a foreign employee unless the foreign employee has a valid work pass*". Any employer who employs a foreign employee without a valid work pass shall be guilty of an offence and shall, on conviction, be liable to a fine of at least SGD5,000 and not more than SGD30,000 or to imprisonment for a term not exceeding twelve (12) months or to both.

In this regard, a "foreign employee" is defined under section 2 of the EMFA to include, amongst others, "*any foreigner, other than a self-employed foreigner, who seeks or is offered employment in Singapore*". Further, section 5(3) of the EFMA specifically states that the employment of a foreign employee must be in accordance with the conditions of his or her work pass, failing which such employer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD10,000. Employers are also required to comply with the conditions stipulated under the Employment of Foreign Manpower (Work Passes) Regulations 2012 for each specific work pass type. This includes, amongst others, the requirement to purchase and maintain medical insurance coverage of at least SGD15,000 per 12-month period of the foreign employee's employment for work permit and S-pass holders.

Foreign Worker Quota and Levy

To employ migrant workers for the services sector, a company is required to meet specific requirements relating to business activity, worker's source country or region, quota and levy. The number of work permit holders that a company can hire is limited by a quota and subject to a levy. Introduced by the government to regulate the foreign manpower numbers in Singapore, the employer is required to pay foreign worker levy (the "**FWL**") in relation to its employees holding a work permit or S pass. The amount of FWL to be paid for each such worker is determined by the sector the employer/company belongs to, and the educational qualifications and skills of the specific employee. In general, based on the latest guidelines by the Ministry of Manpower, updated as of January 1, 2022, the formula for the maximum number of foreign workers that would apply to businesses falling under the "services" sector (including restaurants and approved food establishments) is multiplying the Local Qualifying Salary (the "**LQS**") count (i.e., the number of local workers who can be used to calculate the work permit and S-pass quota entitlement) by 0.538462. The LQS count is based on the average of 3 months' CPF (as defined below) contributions. Presently, the LQS is SGD1,400 (i.e., a local worker who earns at least SGD1,400 per month is considered one (1) local worker whilst a local worker earning at least SGD700 but below SGD1,400 is considered a half (0.5) local worker). From September 1, 2022 onwards, companies who employ foreign workers are required to pay progressive wages ("**PW**") to local workers covered by relevant sectoral or occupational PWs (for example, amongst others, cleaning, security and landscape maintenance sectors) and at least the LQS to all other local workers (full time or part-time workers).

Central Provident Fund

The central provident fund (the "**CPF**") is a mandatory social security savings scheme funded by contributions from employers and employees (Singapore Citizens and permanent residents only) and is considered a key pillar in Singapore's social security system to meet the retirement, housing and healthcare needs of Singapore Citizens and Permanent Residents. The rate of contribution into CPF is dependent on the age of the employee and can range from 12.5% to 37% of one's monthly wages and is as set out in the First Schedule of the Central Provident Fund Act 1953 (the "**CPF Act**"). Specifically, section 9 of the CPF Act provides that where an employer fails to make the necessary contributions in respect of any month when due, the employer is liable to pay interest on the amount for every day the amount remains unpaid at a rate of 1.5% per month or the sum of SGD5, whichever greater.

Workplace Safety and Health Act

Section 12 of the Workplace Safety and Health Act 2006 (the "**WSHA**") requires every employer to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of the employer's employees at work, including, amongst others, providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work and ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees.

Pursuant to section 24(1) of the Work Injury Compensation Act 2019 (the "**WICA**"), every employer is required to "*insure and maintain insurance under one or more approved policies with one or more designated insurers against all liabilities that the employer may incur under this Act in respect of every employee of the employer*" (such insurance known as the "**Work Injury Compensation Insurance**"). Such liability includes personal injury suffered by an employee by an accident arising out of and in the course of his/her employment. Notably, section 24(2)(a) of the WICA read with Paragraph 1 of the Second Schedule of the Work Injury Compensation (Insurance) Regulations 2020 notes that Work Injury Compensation Insurance is mandated only for any employee doing manual work (regardless of salary level) and all employees doing non-manual work, earning a salary of SGD2,600 or less a month (excluding any overtime pay, bonus pay, annual wage supplement, productivity incentive payment or allowance).

Laws & Regulations in relation to Taxes

Corporate Income Tax

Companies (whether resident or non-resident) that carry on a business in Singapore are taxed on (i) their Singapore-sourced income when it arises and (ii) on foreign-sourced income when it is remitted or deemed remitted to Singapore. Under the Income Tax Act 1947 (the "**ITA**"), the prevailing corporate income tax rate is 17%, and a company's statutory income (for the purposes of determining assessable and chargeable income) is based on the full amount of its income for the year preceding the year of assessment (the "**YA**"). For the avoidance of doubt, a "year of assessment" refers to a period of twelve (12) months between 1 January and 31 December of a given year.

1. Tax incentives

Under section 43(1) of the ITA, every company will be taxed at the rate of 17% of chargeable income for each YA unless, amongst others, a company falls under (a) the partial tax exemption in section 43(6) of the ITA applicable to all companies save for Qualifying Companies (the "**Partial Tax Exemption**"); or (b) the tax exemption for "qualifying company[ies]" in section 43(6C) of the ITA (the "**Qualifying Company[ies]**") in their first three YAs, provided such YAs fall on or after YA 2008 (the "**Qualifying Company Tax Exemption**").

Under the Partial Tax Exemption, a company is subject to the tax rate of 17% under section 43(1) of the ITA, save that for YA 2008 to 2019, for every dollar of the first SGD10,000 of chargeable income, only 25% is chargeable with tax and every dollar of the next SGD290,000 of chargeable income, only 50% is chargeable with tax. For YA 2020 and subsequent YAs, for every dollar of the first SGD10,000 of the chargeable income, only 25% is chargeable with tax, and for every dollar of the next SGD190,000 of the chargeable income, only 50% is chargeable with tax.

Under the Qualifying Company Tax Exemption, a Qualifying Company in its first three (3) YAs (each a "**Qualifying YA**") which fall after YA 2008, is subject to the tax rate of 17% under section 43(1) of the ITA, save that for YA 2008 to 2019, every dollar of the first SGD100,000 of chargeable income is exempted from tax and every dollar of the next SGD200,000 of chargeable income, only 50% is chargeable. For YA 2020 and subsequent YAs, only 25% of every dollar of its first SGD100,000 of chargeable income for a Qualifying YA is exempt from tax, and only 50% of every dollar of its next SGD100,000 of chargeable income for that Qualifying YA is chargeable with tax.

2. Tax Exemption

Generally, foreign income derived from outside Singapore is taxable in Singapore when remitted to and received in Singapore. Such foreign income may thus be taxed twice—once in the foreign jurisdiction and a second time in Singapore. However, certain tax reliefs are provided to alleviate any double taxation suffered in Singapore. Specifically, in relation to foreign-sourced dividends, foreign branch profits and foreign-sourced income, section 13(8) of the ITA provides that, amongst others, (i) any dividend derived from any territory outside Singapore; or (ii) any profit derived from any trade or business carried on by a branch in any territory outside Singapore of a company resident in Singapore, that is received by any person, not being an individual or resident in Singapore, is exempt from tax, provided that, amongst others: (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received; (b) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and (c) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

3. Withholding tax

Singapore withholding tax (known as tax deduction at source in other countries) refers to the tax withheld and paid to the Inland Revenue Authority of Singapore (the "**IRAS**"), when a Singapore company or individual pays a non-resident payment for services of specific natures performed in Singapore. Provided for under sections 45A to 45H of the ITA, such payments include, amongst others, (i) interests, commissions or fees in connection with any loan or indebtedness; (ii) royalties or other payments for the use of or the right to use any movable property; or (iii) rent or other payment for the use of any movable property, amongst others, is subject to withholding tax when paid to non-resident companies. The rate of withholding tax is dependent on the nature of the payment. For example, payments to non-resident company director are subject to 22% withholding tax. This applies to all forms of income (salary, bonus, director's fees, accommodation, gains from stocks and shares, and other payments). However, where such payment is made to Singapore branches of non-resident company, withholding tax is waived.

Goods and Services Tax

Goods and Services Tax (the "**GST**") is a broad-based consumption tax levied on the import of goods (collected by the Singapore Customs), as well as nearly all supplies of goods and services in Singapore. This is similar to Value-Added Tax (the "**VAT**") in other jurisdictions. Under section 8(1) of the Goods and Services Tax Act 1993 (the "**GST Act**"), a person (i.e. business) who is or is required to be registered under section 9 of the GST Act is required to charge GST of 7% from and including July 1, 2007 on any taxable supply made by it in the course or furtherance of any business carried on by it. Such persons required to be registered are as set out in Paragraph 1 of the First Schedule of the GST Act, including (i) business whose total value of all its taxable supplies made in Singapore, at the end of any quarter the last day of which is a day before January 1, 2019, and immediately preceding three quarters or calendar year respectively has exceeded SGD1 million; or (ii) at the end of the year 2019 or a subsequent calendar year, the total value of all of (a) the taxable supplies made in Singapore and (b) if the subsequent calendar year is 2022 or later, the taxable supplies in Singapore under paragraph 3(2)(b)(ii) and (3A) of the Seventh Schedule of the GST Act in that calendar year, has exceeded SGD1 million.

Section 61 of the GST Act provides that where a person fails to apply for registration as required by the First Schedule of the GST Act, such persons shall be guilty of an offence and shall on conviction, (a) pay a penalty equal to 10% of the tax due in respect of each year or part thereof beginning on the date on which the person is required to make the notification or to apply for registration, as the case may be; (b) be liable to a fine not exceeding SGD10,000; and (c) be liable to a further penalty of SGD50 for every day during which the offence continues after conviction. As a registered person under the GST Act, a company is further required to file accurate GST returns and pay the tax due in a timely manner. Failure to do so would be considered an offence under the GST Act and upon conviction, may be subject to monetary penalties up to SGD10,000, depending on what the offence is.

Under the GST Act, GST may be payable on a transfer of assets in a business sale or under an amalgamation. However, pursuant to section 34A(1) of the GST Act, if the corporate reorganization involves the transfer of business (as a whole or part thereof) as a going concern, such a transaction is treated as neither a supply of goods nor a supply of services. Simply put, such a transfer would not be subject to GST.

1. Dividend Distribution

Singapore has adopted a one-tier corporate tax system pursuant to which tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by a Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders. There is also no withholding tax on such dividend payments on both resident and non-resident shareholders.

For completeness, section 403(1) of the Companies Act 1967 provides that no dividend is payable to the shareholders of any company except out of the profits available for distribution. This may further be subject to the company's constitution or shareholders' agreement (if any). In this regard, section 403(2) of the Companies Act further provides that every director or chief executive officer of a company who willfully pays or permits to be paid any dividend in contravention of this section, upon conviction, shall:

(a) without prejudice to any other liability, be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD5,000 or to imprisonment for a term not exceeding twelve (12) months; and

(b) also be liable to the creditors of the company for the amount of the debts due by the company to them respectively to the extent by which the dividends so paid have exceeded the profits and such amount may be recovered by the creditors or the liquidator suing on behalf of the creditors.

UNITED STATES LAWS AND REGULATIONS

License, Registration and Permits

Business License

A business license is a type of legal authorization to operate a business in a city, county, or state. A license may even be required on a federal level. As required by the local government, a general business license must be obtained in the city in which the business is located. For the restaurants operating in the state of California, business license certificate shall be obtained pursuant to the Union City Municipal Code. In respect of the restaurant in the state of New York, it is required to obtain a certificate of authority from the Department of Taxation and Finance subject to the New York Codes, Rules and Regulations. For the restaurants operating in the state of Washington, a business license shall be acquired from the Department of Revenue subject to the Revised Code of Washington.

Alcoholic Beverage License

Some of the Group's business in the United States involve the sale of alcoholic beverage, which need to obtain liquor licenses. In the state of California, subject to the California Alcoholic Beverage Control Act, the restaurants involving the sale of alcoholic beverage need to obtain an alcoholic beverage license from the Department of Alcoholic Beverage Control (the "**DABC**") for the state of California. To obtain an alcoholic beverage license, the restaurant must provide information to DABC as needed for the investigation, and pay for the DABC license. The restaurant must meet specific requirements, including not keeping distilled spirits on premises, operating and maintain the restaurant as a *bona fide* eating place, and making substantial sales of meals during normal meal hours. In respect of the restaurant in the state of New York, it is required to obtain a liquor license from New York State Liquor Authority subject to Alcoholic Beverage Control Law of the State of New York. For the restaurant operating in the state of Texas, a beverage certificate shall be acquired from Texas Alcoholic Beverage Commission subject to Texas Alcoholic Beverage Code.

Food Safety and Environment Matters

Food Safety

Employees working in the restaurants may include food handlers who are involved in the preparation, storage, or service of food. Pursuant to the Senate Bill 602, Senate Bill 303, and Health and Safety Code 113790 of California, the food handlers in the restaurants, unless exempt, will be required to obtain a food handler card after taking a food safety training course and passing an assessment. Further, for the restaurants in the state of Washington, all food workers who work with unpackaged food, food equipment or utensils, or with any surface where people put unwrapped food, subject to Chapter 246-217 of Washington Administrative Code, shall take food safety training before handling food served to the public. Food workers who take a food safety training class and pass the State of Washington exam on food safety basics are issued a food worker card.

Health Permit

The restaurants in the United States must obtain a local health permit from the county, as the business involves the preparation, handling or distribution of food. Health permits are typically part of the domain of a county health department.

In some states, businesses that involve contact with the human body will also require health department permits. The restaurants are subject to the inspection of the health department before issuing the permit and will be conducted annual inspections thereafter subject to local policies. In order to obtain and maintain the health permit, the staff have completed their food handler courses, and keep their certification up to date.

Environmental regulatory compliance

The restaurant in the United States is subject to state or local laws and regulations with respect to environmental regulatory compliance. Cooking oil use and kitchen grease management is often regulated on a municipal level. Many states require food service establishments to have grease traps installed and provide proof of regular cleanings from licensed service providers.

Labor, Employment and Working Safety

Statutory Benefits

Under the relevant provisions for general welfare in the United States involving the Social Security Act, Federal Unemployment Tax Act and the Patient Protection and Affordable Care Act, employers are required to provide statutory employee benefits to their employees, including health insurance, social security and medical care, unemployment insurance and disability insurance.

Occupational Safety and Health Act

The United States Occupational Safety and Health Act (the "**OSHA**") and the regulations adopted pursuant to OSHA, and similar statutes and regulations adopted by the states that concern occupational health and safety, require employers to, among other things, (i) provide a workplace that is free from serious recognized hazards and complies with applicable safety regulations, (ii) make certain that employees have and use safe tools and equipment, (iii) provide safety training and develop operating procedures that facilitate employee compliance with safety and health requirements, and (iv) keep records of work-related injuries and illnesses. In addition, the OSHA and such regulations, and such state statutes and regulations concerning occupational health and safety, require employers to keep records of hazardous materials that they use or generate and provide such information to employees and the relevant government authorities upon request.

Patient Protection and Affordable Care Act

Under the Patient Protection and Affordable Care Act, employers with 50 or more full-time equivalent employees, must either offer minimum essential health insurance coverage that is "affordable" and that provides "minimum value" to their full-time employees (and their dependents), or potentially make an employer shared responsibility payment to the Internal Revenue Service.

Taxation

Corporate Income Tax

The corporate income tax is levied by federal and state governments on corporations registered in the United States pursuant to subchapter A of the Internal Revenue Code.

Dividend Distribution

According to Sections 1441 and 1442 of the Internal Revenue Code, any dividends and other distributions payable to a non-U.S. holder by a corporation incorporated in the United States will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence. In the event that there is no treaty between such non-U.S. Holder's country (e.g. Singapore) and the United States, the corporation is required to pay tax on the income in the same way and at the same rates shown in the instructions for the applicable U.S. tax return.

Other Material Regulations

Import Tariffs

Goods imported from overseas are generally subject to the United States import duties. The rates of duty are set forth in the Harmonized Tariff Schedule of the United States (the "**HTS**") which identifies applicable duties for the universe of imported goods, organized by class and specific articles.

There are a number of provisions of the U.S. trade law which may allow or result in modification of these duties. For instance, Sections 201 through 204 of the Trade Act of 1974 provide the authority and procedures for the United States to take various actions to facilitate a domestic industry's adjustment to import competition. Under such Sections, if the International Trade Commission determines that an article is being imported in such increased quantities as to threaten domestic producers of similar products, the United States may, among other things, increase or imposes a duty, or a tariff-rate quota.

Product Safety Law

The law of product safety is regulatory law and is governed primarily by the United States Consumer Product Safety Commission (the "**CPSC**"), an administrative agency of the United States federal government that regulates certain classes of products sold to the public. The CPSC has jurisdiction over the safety and labeling of consumer products pursuant to certain statutes.

Products Liability Law

The United States state law generally imposes liability on all manufacturers and retailers (and parties in the supply chain) for injuries that result from unsafe, defective and dangerous products sold to consumers. The term "product liability" refers to the legal liability of manufacturers and sellers to compensate buyers, users, and even bystanders for damages or injuries suffered because of defects in goods purchased. In addition, the United States laws and regulations (for example, the Consumer Product Safety Improvement Act of 2008) can impose obligations manufacturers and retailers (and parties in the supply chain) to remedy product defects, which can include safety recall campaigns.

Product Liability Law sets out the full range of legal responsibilities of manufacturers, distributors and sellers of products. Parties involved in selling or distributing a product are subject to liability for harm caused by a defect in that product. Generally speaking, any and all entities in the supply chain of a product can potentially be held liable. This includes manufacturers of component parts (at the top of the chain), assembling manufacturers, the wholesalers, and the retail store owners (at the bottom of the chain).

There is no federal Products Liability Law in the United States. As such, each state determines the liability of product designers, manufacturers, distributors and sellers. Several states have passed statutes relating to Products Liability Law but most Products Liability Law is based on common law and is similar in most jurisdictions.

MALAYSIAN LAWS AND REGULATIONS

Business Operations

Local Government Act 1976 ("LGA 1976")

Under the LGA 1976 and the by-laws of the respective local councils and authorities issued under the LGA 1976 ("**By-Laws**"), no person shall operate any activity of trade, business and industry or use any place or premises in Malaysia for any activity of trade, business and industry and/or display any signboard without a license issued by the local councils.

As such, the company that is currently occupying various business premises in Malaysia, is required to obtain business/signboard license for each premises it occupied for purposes of its businesses, display the licenses at the premises and produce the licenses upon request. The By-Laws provides for certain requirements which the licensee shall adhere to, amongst others, in relation to the disposal of refuse, effluent and sewage pollution, work safety, fire prevention, cleanliness of the food establishment, requirement to obtain Halal certificate (if applicable) and installation of grease trap in the kitchen.

Pursuant to the LGA 1976 and the By-Laws, any person who operates or occupies a business premises without a license shall be liable to a fine not exceeding RM500 or imprisonment for a term not exceeding 6 months or both. Under the By-Laws, the local councils and authorities also have the rights to order for the closure of any premises if he is satisfied that there has been a breach of any condition or restriction of the license or contravention of any provision of the By-Laws.

Industrial Co-Ordination Act 1975 ("ICA 1975")

The ICA 1975 governs the licensing requirement of manufacturing licenses in Malaysia. The objectives of the legislation are to co-ordinate and ensure orderly development of manufacturing activities in Malaysia.

"Manufacturing activity" in accordance with the ICA 1975 means the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade. The legislation requires any person engaging in any manufacturing activity in Malaysia with a shareholders' fund of RM2,500,000 and above or employing 75 or more full-time paid employees to obtain a manufacturing license issued by the Ministry of International Trade and Industry of Malaysia.

Consumer Protection

Consumer Protection Act 1999 ("CPA")

The CPA provides for the protection of consumers, the establishment of the national consumer advisory council and the tribunal for consumer claims, and connected matters. The CPA stipulates amongst others, the following:

(a) no person shall engage in conduct that, in relation to goods or services, is misleading or deceptive, or is likely to mislead or deceive, the public as to the nature, manufacturing process, characteristics, suitability for a purpose, availability or quantity, of the goods or services;

(b) no person shall advertise for supply at a specified price, goods or services which that person (1) does not intend to offer for supply; or (2) does not have reasonable grounds for believing can be supplied, at that price for a period that is, and in quantities that are, reasonable having regard to the nature of the market in which the person carries on business and the nature of the advertisement; and

(c) no person shall supply, or offer to or advertise for supply, any goods or services which do not comply with the safety standards.

Trade Description Act 2011 ("TDA 2011")

The TDA 2011 aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services. The TDA 2011 further standardizes the surveillance and issuance of Halal certificates via the Trade Description (Definition of Halal) Order 2011 and the Trade Descriptions (Certification and Marking of Halal) Order 2011 which provide for matters pertaining to Halal.

The Department of Islamic Development Malaysia ("**JAKIM**") is appointed as the sole issuer of Halal certificates for any food, goods or related services under the legislation. Pursuant to the Trade Description (Certification and Marking of Halal) Order 2011, all food and goods, or services in relation to the food and goods shall not be described as Halal unless they are certified as Halal via a certificate of authentication issued by JAKIM and marked with the Halal logo as specified in the order.

Food Safety

Food Act 1983 ("FA 1983"), Food Regulations 1985 ("FR 1985") and Food Hygiene Regulations 2009 ("FHR 2009")

The FA 1983 and the FR 1985 are laws governing the food safety and quality control, including standards, hygiene, import and export, advertisement and accreditation of laboratories. The legislation applies to all foods, whether locally produced or imported, which are sold in Malaysia, and covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalty.

Under the FA 1983, "food premises" means premises used for or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food, or the relabelling, reprocessing or reconditioning of any food, and any food that is sold, exposed or offered for sale at any food premises shall be deemed to be sold, exposed or offered for sale for human consumption.

The FHR 2009 which governs and control the hygiene and safety of food sold in Malaysia requires the food premises be registered with the Ministry of Health and to conspicuously display the certificate of registration issued thereof within the food premises. The objectives are to ensure food premises are hygienic and satisfactory in terms of design and building, ensure food handlers maintain personal hygiene and avoid practices that can contaminate food, and amongst others to provide for requirement of mandatory food safety assurance programs in food manufacturing factories.

The FHR 2009 also requires the owner of the food premises to ensure its employees working within the food premises who are directly involved in the preparation of food, come into contact with food or food contact surfaces and handle packaged or unpackaged food or appliances to undergo a food handlers training from an institution approved by the Ministry of Health and to be medically examined and vaccinated by a registered medical practitioner.

Environmental Matters

Environmental Quality Act 1974

The Environmental Quality Act 1974 sets out the provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. The legislation restricts, unless licensed to do so, the pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters, prohibits the discharge of oil into Malaysian waters, discharge of wastes into Malaysian waters and prohibits open burning.

The Environmental Quality (Scheduled Wastes) Regulations 2005 further regulates the notification of the generation, disposal, treatment, storage and labelling of the scheduled wastes. Scheduled wastes shall only be disposed of at prescribed premises and be treated at prescribed premises or on-site treatment facilities.

Labor, Employment and Work Safety

Employment Act 1955 ("EA 1955")

The EA 1955 and the regulations made thereunder govern the employment laws in Peninsular Malaysia and set out the basic terms and conditions of employment, as well as the rights and responsibilities of employers and employees who fall within the ambit of the EA 1955.

An "employee" pursuant to the EA 1955 means any person, who has entered into a contract of service and wages do not exceed RM2,000 a month or any person who, irrespective of the amount of wages, is engaged in, among others, manual labor, the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes, supervises other employees engaged in manual labor, in any capacity in any vessel registered in Malaysia, or as a domestic servant.

Pursuant to the EA 1955, any term or condition of a contract of service or of an agreement which provides a term or condition of service which is less favorable to an employee than a term or condition of service prescribed by the EA 1955 or the subsidiary legislation made thereunder shall be void and of no effect to that extent and the more favorable provisions of the EA 1955 or the subsidiary legislation thereof shall be substituted therefor.

Employment Provident Fund Act 1991 ("EPFA")

The EPFA provides for the law relating to a scheme of savings for employees' retirement purposes and for matters incidental thereto. Every employee and every employer of a person who falls within the ambit of the EPFA is liable to pay monthly contributions on the amount of wages at the rate set out in the Third Schedule of EPFA.

Employees' Social Security Act 1969 ("ESSA")

The ESSA provides social security for employees in the private sector in certain contingencies such as workplace injuries, emergencies, occupational sickness and death. The Social Security Organisation ("**SOCSO**") was established as one of the governmental departments under the Ministry of Human Resources of Malaysia to administer, implement and enforce the ESSA.

The contribution payable under the ESSA in respect of an employee shall comprise contribution payable by the employer the employee, respectively, which shall be paid to SOCSO. There are two categories where the contributions fall into, namely insurance for the contingencies of invalidity and employment injury and insurance for the contingency of employment injury only.

Occupational Safety and Health Act 1994 ("OSHA")

The OSHA sets out the general duty of an employer to its employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, in so far as is practicable, the safety and health of its employees at work, and to provide a working environment, which is as far as possible, safe, without risks to health, and adequate as regards to facilities for their welfare at work.

Taxes

Income Tax Act 1967 ("ITA")

The ITA imposes income tax which is charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

The corporate tax rate in Malaysia is 24% in general. A company is considered a tax resident in Malaysia if its management and control are exercised in Malaysia i.e. place where the directors' meeting of the company is held. Such resident companies with a paid-up capital of RM2.5 million or less and gross income from business of not more than RM50 million, will be charged at a tax rate of 17% for the first MYR600,000.00 of chargeable income and any subsequent chargeable income will be taxed at 24%, provided always that the company is not part of a group of companies where any of their related companies have a paid-up capital of more than RM2.5 million.

Service Tax Act 2018 ("Service Tax Act")

Under the Service Tax Act, service tax is charged and levied on any taxable services provided in Malaysia by a registered person in carrying on his or her business. A taxable person listed under the Service Tax Regulations 2018 ("**Service Tax Regulations**") providing taxable services listed under the same regulations is liable to register if the value of its taxable services for a period of 12 months exceeds the thresholds (as applicable) stipulated in the Service Tax Regulations.

A restaurant operator is a taxable person and the provision of preparing and serving of food or drinks is a taxable service pursuant to Group B, First Schedule of the Service Tax Regulation, and the total value of taxable service is at RM1,500,000. Pursuant to the Service Tax (Rate of Tax) Order 2018, the prevailing service tax rate is at 6%.

Sales Tax Act 2018

Sales tax administered in Malaysia is a single-stage tax charged and levied on locally manufactured taxable goods at the manufacturer's level and as such is often referred to as manufacturer's tax. The tax is also imposed on taxable goods imported into Malaysia at the point of entry. In the case of locally manufactured goods, sales tax is charged and levied when such goods are sold or disposed of by the manufacturers. Taxable goods are goods of a class or kind not for the time being exempted from sales tax. Sales tax is an ad valorem tax and rates between 5% to 10% apply based on the group of taxable goods. General rule is sales tax is levied on imported and locally manufactured goods (except those exempted by the Ministry of Finance, Malaysia).

VIETNAMESE LAWS AND REGULATIONS

License, Registration and Permits

Business registration

Pursuant to the Law on Investment which was promulgated by the 14th National Assembly of the Socialist Republic of Vietnam during its 9th session on June 17, 2020 and came into effect on January 1, 2021 (the "**LOI 2020**"), an enterprise established under foreign laws shall be defined as a foreign investor and may conduct the investment activity directly or indirectly under the following forms: (i) a foreign investor establishes a foreign-invested company within the territory of Vietnam, independently of jointly with any other investor, (ii) a foreign investor contributes capital or purchases shares or stakes of an enterprise established under Vietnamese laws, (iii) a foreign investor makes investment to initiate a new project within the territory of Vietnam, independently of jointly with any other investor, (iv) a foreign investor enters into a business cooperation contract (BCC) for business cooperation and distribution of profits or products without establishment of a business organization, or (v) a foreign investor makes investment in any other way stipulated by applicable laws.

Furthermore, the foreign-invested business organizations established under Vietnamese law, must satisfy the conditions and follow investment procedures applied to foreign investors in case: (i) over 50% of its charter capital or more is held by a foreign investor(s) or the majority of the general partners are foreigners if the business organization is a partnership; (ii) over 50% of its charter capital or more is held by a business organization(s) or by a business organization(s) and foreign investor(s) mentioned in point (i) of this Item.

Except for prohibited fields specified in the negative list which are not permitted to invest, the foreign investor must obtain permit for investment in other fields from competent authorities, i.e. Investment registration certificate (the "**IRC**") for investment form mentioned in point (i) (iii) (iv) of Item 1 and Notice of conditions satisfaction for capital contribution, shares purchase and stakes purchase for investment form mentioned in point (ii) of Item 1.

For the foreign investors who establish a foreign-invested company within the territory of Vietnam, after the issuance of the IRC, they need to carry out the procedures for establishing and then operating the companies. After being granted a Certificate of Enterprise Registration by the Business Registration Office which is affiliated to the provincial Department of Planning and Investment, the company will be a legal person and thus be eligible to enter into any business relation on its own behalf. The conduct of business activities of the company must be in accordance with its business lines registered with the Business Registration Office.

Business location registration

A business location of an enterprise is the place at which specific business operations are carried out.

For business locations that are restaurants, Under Decree No. 15/2018/ND-CP issued by the Government on February 02, 2018, last amended on November 14, 2019, restaurant shall obtain the Certificate for food safety eligibility before operating.

Furthermore, pursuant to the provisions of the Law on Investment, spirit trading is on the list of conditional business lines. Decree No. 105/2017/ND-CP issued by the Government on September 14, 2017, deals with activities related to trade in alcohol including production, import, distribution, wholesaling and retailing of alcohol, and sale of alcohol for on-site consumption. The term "sale of alcohol for on-premises consumption" means an act of directly selling alcohol to a buyer for consumption right on the premises. The company shall obtain the license to sell alcohol at the premises for each restaurant. However, on February 05, 2020, the Government issued Decree No. 17/2020/ND-CP, which took effect from March 22, 2020, amended Decree No. 105/2017/ND-CP. Accordingly, the company shall need to satisfy the following conditions to sell spirits having at least 5.5% alcohol by volume for on-premises consumption: (i) having the right to legally use a fixed place of business, a clear address; (ii) alcohol consumed on premises shall be provided by the trader having the license for alcohol production/distribution/wholesaling/retailing; (iii) complying with regulations of the law on environmental protection, food safety and firefighting and prevention; and (iv) registering sale of alcohol for on-premises consumption with the Economic and Infrastructure Division of the district where the restaurant is located.

In addition, The Law on Fire Prevention and Fighting No. 27/2001/QH10 was promulgated by the National Assembly on June 29, 2001, and last amended on November 22, 2019, regulates the basic measures for fire prevention; designs on fire prevention and fighting, examination and approval thereof; requirements in fire prevention and fighting measures for establishments; as well as equipment of fire prevention and fighting means for establishments. Following Decree No. 136/2020/ND-CP issued on November 24, 2020, restaurants are on the list of facilities requiring fire management. Depending on the specific business space or volume of the restaurant, it shall need to obtain the fire prevention plan approved by competent authorities and/or the certificate of design appraisal and design appraisal document and the written approval of fire safety commissioning results.

Food Safety and Environment Matters

The Law on Food Safety No. 55/2010/QH12 was promulgated by the National Assembly on June 17, 2010, and last amended on June 15, 2018, (the "**Law on Food Safety**") provided the rights and obligations of organizations and individuals in assuring food safety.

The Law on Environmental protection No. 72/2020/QH14 of the Socialist Republic of Vietnam which was issued by the National Assembly on November 17, 2020, came into effect on January 01, 2022 (the "**Law On Environmental Protection**"), provides general regulations as well as the detailed regulations on many issues related to environmental protection.

Environmental criteria for investment project classification

Under Article 28.1 of the Law On Environmental Protection, environmental criteria for investment project classification include: (i) scale, capacity and type of production, business and service; (ii) area of land, land with the water surface, and sea used; scale of extraction of natural resources; and (iii) environmentally sensitive factors including high-density residential areas; water source used for supply of domestic water, etc. In this regard, according to the environmental criteria set out above, investment projects shall be classified into Group I, II, III and IV. For example, among others, Group I investment projects are those that pose a high risk of adverse environmental impacts, including large-scale and capacity projects involved in types of production, business and services that are likely to cause environmental pollution; projects providing hazardous waste treatment service; projects involving import of scrap from foreign countries as production materials.

Based on the investment projects classification as well as the environmental-affecting factors of each project, the project investor and/or related parties must carry out procedures to apply for an environmental license and environmental registration in accordance with the Law on Environmental Protection.

Environmental protection during production, business operation and service provision

Business operation and service provision are required to collect, classify, store, and treat waste under the Law on Environmental Protection and environmental standards. In general, on the basis of waste classification, waste generators are required to classify waste at source and storage waste in appropriate equipment. Regarding the collection and treatment of waste, under the Law on Environmental Protection and as well as related guiding documents, waste generators can transfer solid waste and wastewater to appropriate functional entities to carry out waste collection and treatment.

Waste Classification

The Law on Environmental Protection provides waste management requirements for domestic solid waste; normal industrial solid waste; hazardous waste and wastewater; dusts, exhaust gases and other pollutants. In general, all kinds of waste must be: (i) managed during its generation, reduction, classification, collection, storage, transfer, transport, reuse, recycling, treatment and disposal; (ii) treated by licensed facilities having an appropriate environmental license; and (iii) are encouraged to be reused, recycled with a view to maximization of its value.

Sanctions of the violation of laws on environmental protection

Pursuant to the Criminal Code No. 100/2015/QH13 which is promulgated by the National Assembly of the Socialist Republic of Vietnam on November 27, 2015, among others, the act of violation of the laws on environmental protection can be prosecuted for criminal liability based on the scale and consequences of environmental pollution, environmental emergencies, the types of waste to be illegal discharged.

Under the Law on Environmental protection and related guiding documents, the acts of violation of rights and responsibilities regarding environmental protection can be subject to administrative penalties. In this regard, Decree No. 155/2016/ND-CP promulgated by the Government of the Socialist Republic of Vietnam on November 18, 2016, on sanctioning of administrative violations in environmental protection amended and supplemented by Decree No. 55/2021/ND-CP has provided legal background on specifying acts of administrative violation, sanctioning forms and levels, remedies; etc. Accordingly, any organization or individual who violates the regulations of environmental protection may depending on the nature and seriousness of the violation also be subject to (i) a caution or a monetary fine; (ii) the additional penalty(s) and (iii) the measure(s) for remedying consequences.

Labor, Employment and Occupational Safety

The Labor Code No. 45/2019/QH14 of the Socialist Republic of Vietnam which was issued by the National Assembly on November 20, 2019, came into effect on January 01, 2021 (the "**Labor Code**"), provides general regulations as well as the detailed regulations on many issues related to labor.

Labor contract

Labor contract is an agreement between an employee and an employer on a paid job, salary, working conditions, and the rights and obligations of each party in the labor relations. Under the Labor Code, a labor contract shall be concluded in writing, except for the case that labor contracts with a term of less than 01 months, both parties may conclude an oral contract.

Salary

The term "salary" in the Labor Code includes wages by job or title, allowances and other additional amounts. The must wages by job or title shall not fall below the statutory minimum wages under Decree No. 90/2019/ND-CP, which was promulgated by the Government on November 15, 2019. On December 14, 2020, the Government promulgated Decree No. 145/2020/ND-CP, which came into effect on February 01, 2021 ("**Decree 145/2020/ND-CP**"), elaborates some detailed articles about salary, including: salary payment forms; calculating methods of overtime salaries, night work salaries, night overtime salaries.

Following the Labor Code, an enterprise shall have to build pay scales, payrolls and labor productivity norms as the basis for recruitment and use of labor, negotiation and payment of salaries and publicly post at the workplace before implemented. The employer shall consult with the internal employee representative organization during establishment of the pay scale, payroll and labor productivity norms.

Foreign employees who work in Vietnam

Decree No. 152/2020/ND-CP which was issued by the Government on December 30, 2020, came into effect on January 15, 2021 ("**Decree 152/2020/ND-CP**"), sets forth foreign workers working in Vietnam and recruitment, management of Vietnamese workers working for foreign organizations and individuals in Vietnam. According to Decree 152/2020/ND-CP, enterprises shall only employ foreigners to hold positions of managers, executive directors, specialists, and technical workers the professional requirements for which cannot be met by Vietnamese workers, and the recruitment of foreign employees in Vietnam shall be explained and subject to written approval by competent authorities. A foreign employee who works in Vietnam shall be in compliance with the legal requirements and has a work permit granted by a competent authority of Vietnam. In certain cases, the foreign employee may work in Vietnam without work permit.

Occupational Safety and Hygiene

The Law on Occupational Safety and Hygiene No. 84/2015/QH13 ("**Law on Occupational Safety and Hygiene**") which was issued by the National Assembly on June 25, 2015, came into effect on July 01, 2016, deals with occupational hygiene and safety assurance; policies and benefits for victims of occupational accidents and occupational diseases; rights and obligations of organizations or individuals relating to occupational hygiene. Pursuant to the Law on Occupational Safety and Hygiene, the employer must provide adequate personal protective equipment and healthcare for employees who have occupation as prescribed in List of heavy, harmful or dangerous occupations and extremely heavy, harmful or dangerous occupations.

Taxes

Corporate Income Tax

According to the Law on Corporate Income Tax Law or Law on CIT, which was promulgated on 03 June 2008, came into effect on 01 January 2009, and amended by the Law on amendments to the Law on Corporate Income Tax 2013, the Law on amendments to the laws on taxation 2014 and the Law on Investment 2020, a standard income tax rate of 20% shall be applied to enterprises that have established under the law of Vietnam, foreign enterprises with or without permanent establishment.

The difference between [Total Revenue – Deductible Expenses] is considered an income from main business activities which is entitled to CIT incentives, if any. Normally, other forms of income such as gains from foreign exchange revaluation, income from disposal of fixed assets, interest income, etc. not related to the main business are not entitled to CIT incentives, and thus, shall be subject to the standard CIT rate of 20%. On the other hand, an expense might be deductible for CIT purpose if the following conditions are met: (i) such expense is actually incurred and relevant to the company's business activities, (ii) such expense must be supported by proper documents, (iii) payments above VND 20 million must be supported by bank payment vouchers (or deemed as made via banks), (iv) such expense is not in the list of non-deductible expenses.

Regarding tax losses, tax loss is carried forward within a maximum period of 5 years after the loss-making year. Carry-back of tax loss is not allowed. Losses from incentive business activities can be offset against income from non-incentive activities. Losses from the transfer of real estate, investment projects, rights to participate in investment projects (except for mineral exploitation and exploration projects) can be offset against profits from other business activities.

Regarding capital assignment profit tax, although not specifically a separate tax, Capital Assignments Profit Tax ("**CAPT**") applies a 20% tax to gains from assignment of capital in limited liability companies in Vietnam. The time of determining taxable income is the time of capital transfer.

Dividend distribution

Under the Double Taxation Avoidance Agreements to which Vietnam is a party, Vietnam is entitled to levy taxes on dividend income. Under the provisions of the current law on CIT, Vietnam has not yet imposed tax on income from dividends of enterprises, thus, there is no CIT on dividends paid to corporate shareholders. Nonetheless, a 5% personal income tax shall be applied on dividends paid to individual shareholders, whether the individual is tax resident or non-resident.

OVERVIEW

Our history can be traced back to 2012 when Haidilao International Group opened the first overseas restaurant in Singapore. Since then, we have been principally engaged in the operation of restaurant business outside Greater China and have become the third largest Chinese cuisine restaurant brand in the international market and the largest Chinese cuisine restaurant brand originating from China in the international market in terms of 2021 revenue, according to F&S Report.

Our Company was incorporated in May 2022 in the Cayman Islands and is the holding company of our Group. For further details of the incorporation and major shareholding changes of our Company, see "—Our Group—Our Company" below.

The Listing constitutes a spin-off of our Group from Haidilao International under Practice Note 15 to the Listing Rules. The proposal in relation to the Spin-off was submitted by Haidilao International to the Stock Exchange for approval pursuant to Practice Note 15 to the Listing Rules and the Stock Exchange has confirmed that Haidilao International may proceed with the Spin-off. Haidilao International and our Company will comply with the requirements of the Listing Rules and respective articles of associations regarding the Haidilao International Distribution and the Spin-off as and when necessary. For further details of the Spin-off, see "—Spin-off of Our Group from Haidilao International" below.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
2012	We opened our first restaurant in Singapore.
2013	We opened our first restaurant in the United States.
2014	We opened our first restaurant in South Korea.
2015	We opened our first restaurant in Japan.
2018	We opened our first restaurant in Canada.
2019	We opened our first restaurants in the United Kingdom, Thailand, Vietnam, Australia, Malaysia and Indonesia, respectively.
2022	Our Company was incorporated in the Cayman Islands for the purpose of the Reorganization and the Spin-off.

OUR GROUP

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 6, 2022. The authorized share capital of our Company was US$50,000 divided into 10,000,000,000 Shares with a par value of US$0.000005 each. Upon incorporation, one Share was allotted and issued to an initial third party subscriber and such Share was then transferred to Newpai, a wholly-owned subsidiary of Haidilao International. On June 1, 2022, two Shares were further allotted and issued to Newpai.

Upon completion of the Reorganization, our Company became the holding company of our Group. For details, please see "—Reorganization" below.

On [●], 2022, in order to implement the Share Award Scheme, one Share was allotted and issued to Futu Trustee Limited, or its wholly-owned subsidiary (the "**ESOP Platform**"), as the trustee appointed by the Company to manage and administer the Share Award Scheme, to hold the underlying shares under the Share Award Scheme and accordingly, six Shares were allotted and issued to Newpai, after completion of which, our Company was held as to 90% and 10% by Newpai and the ESOP Platform, respectively. For details, see "—Share Award Scheme" in this section.

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

As approved and authorized by the Haidilao International Shareholders on [●], 2022, on [●], 2022, the Haidilao International Board declared the Haidilao International Distribution to the Qualifying Haidilao International Shareholders. The Haidilao International Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Haidilao International Shareholders of an aggregate of [**REDACTED**] Shares, representing 90% of the issued Shares of our Company, being the entire interest held by Haidilao International immediately prior to the Spin-off and Listing, in proportion to their respective shareholdings in Haidilao International as at the Record Date. Pursuant to the Haidilao International Distribution, the Qualifying Haidilao International Shareholders will be entitled to one Share for every [**REDACTED**] Haidilao International Shares held as at the Record Date.

Our Principal Subsidiaries

As of the Latest Practicable Date, we had 39 subsidiaries across Asia, North America, Europe and Oceania. Each of our restaurants is operated by a subsidiary incorporated in the local jurisdiction. We believe that this corporate structure can optimize the operation and management efficiency of our restaurants. The details of our principal subsidiaries during the Track Record Period are set out below.

Singapore Super Hi

Singapore Super Hi was incorporated in Singapore by Haidilao Singapore, a wholly-owned subsidiary of Haidilao International, on December 9, 2020 with an issued share capital of SGD1. 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, all the shares of Singapore Super Hi were transferred from Haidilao Singapore to another wholly-owned subsidiary of Haidilao International, Newpai, at a consideration of approximately US$1.5 million, being a sum equal to the net assets value of Singapore Super Hi according to its unaudited statement of accounts as of December 31, 2021. On March 21, 2022, a further 10,000,000 shares were allotted and issued to Newpai.

On June 20, 2022, as part of the Reorganization, all the shares of Singapore Super Hi were transferred from Newpai to our Company at a consideration of approximately SGD10.1 million, being a sum equal to the book value of Singapore Super Hi as of May 31, 2022.

Upon the completion of the Reorganization, Singapore Super Hi became a subsidiary of our Group and a holding company of our operating subsidiaries. For details, see "—Reorganization" in this section. As of the Latest Practicable Date, Singapore Super Hi also controls the food factory business that supplies raw materials for the restaurants in Singapore.

Singapore Dining

Singapore Dining was incorporated in Singapore by Haidilao Singapore on January 17, 2012 and currently has an issued share capital of SGD3 million. On March 8, 2022, as part of the Reorganization, all the shares of Singapore Dining were transferred from Haidilao Singapore to Singapore Super Hi. Singapore Dining principally conducts restaurant management business and managed 19 restaurants in Singapore as of the Latest Practicable Date.

HDL Management

HDL Management USA Corporation ("**HDL Management**") was incorporated in the United States by Haidilao Singapore on December 3, 2018. On February 28, 2022, Haidilao Singapore transferred all of the shares it held in 17 subsidiaries in the United States operating restaurant business to HDL Management, after completion of which, HDL Management became the holding company of these 17 operating companies of our Group in the United States.

In March 2022, all the shares of HDL Management were transferred from Haidilao Singapore to Newpai and further to Singapore Super Hi as part of the Reorganization. Upon completion of the above share transfers, HDL Management become a wholly-owned subsidiary of our Group.

Haidilao Malaysia

HAI DI LAO MALAYSIA SDN. BHD. ("**Haidilao Malaysia**") was incorporated in Malaysia by Haidilao Singapore on May 14, 2018. On February 25, 2022, as part of the Reorganization, all the shares of Haidilao Malaysia were transferred from Haidilao Singapore to Singapore Super Hi. Haidilao Malaysia principally conducts restaurant management business and managed 12 restaurants in Malaysia as of the Latest Practicable Date.

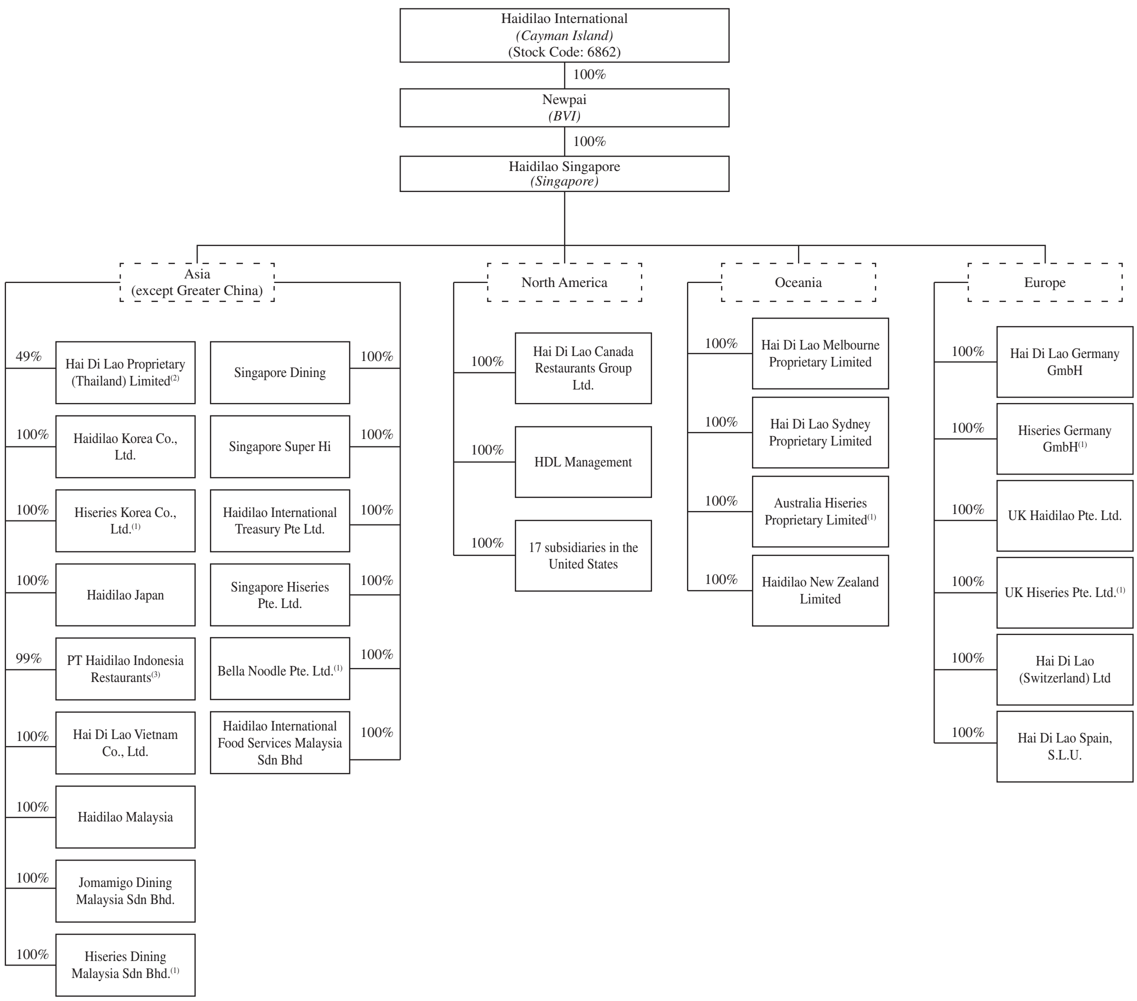
Haidilao Japan

HAIDILAO JAPAN CO., LTD. ("**Haidilao Japan**") was incorporated in Japan with a share capital of JPY50,000,000 by Haidilao Singapore on September 3, 2014. On June 2, 2022, as part of the Reorganization, all the shares of Haidilao Japan were transferred from Haidilao Singapore to Singapore Super Hi. Haidilao Japan principally conducts restaurant management business and managed 10 restaurants in Japan as of the Latest Practicable Date. In addition, Haidilao Japan also operates a hotel business and holds the license for developing hot spring in Japan and may develop relevant business in the future.

Our overseas legal advisors has confirmed that all the required consents, approvals, authorizations and filings have been made or obtained for the above transfers and such transfers comply with the laws under relevant jurisdictions.

REORGANIZATION

Before the Reorganization, Haidilao Singapore, a wholly-owned subsidiary of Haidilao International, was the holding platform of the entire business of our Group. In preparation for the Spin-off and the Listing, our Group underwent the Reorganization by transferring the overseas business from Haidilao Singapore to Singapore Super Hi. The following chart sets forth the corporate structure of our Group immediately before the Reorganization.



Notes:

(1) Refer to the entities that did not have any material business operations nor hold any material assets and would not be transfered to our Group for the purpose of the Reorganization.

(2) Haidilao Singapore held 49% equity interest in Hai Di Lao Proprietary (Thailand) Limited ("**Haidilao Thailand**") and other two shareholders incorporated in the United States which are Independent Third Parties (the "**U.S. Shareholders**") collectively held 51% equity interest in Haidilao Thailand. Haidilao Singapore controlled a majority of voting rights of Haidilao Thailand by way of shareholders' agreement and therefore had control over the relevant activities of Haidilao Thailand unilaterally and Haidilao Thailand was accounted for as a subsidiary of Haidilao Singapore.

(3) The remaining interest of PT Haidilao Indonesia Restaurants is held by Singapore Dining.

Step 1: Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 6, 2022. The authorized share capital of our Company was US$50,000 divided into 10,000,000,000 Shares with a par value of US$0.000005 each. Upon incorporation, one Share was allotted and issued to an independent third party subscriber and such Share was then transferred to Newpai, a wholly-owned subsidiary of Haidilao International. On June 1, 2022, two Shares were further allotted and issued to Newpai.

Step 2: Share transfer of Singapore Super Hi from Newpai to our Company

On June 20, 2022, all the shares of Singapore Super Hi were transferred from Newpai to our Company at a consideration of approximately SGD10.1 million, being a sum equal to the book value of Singapore Super Hi as of May 31, 2022. Upon the completion of the transfer, Singapore Super Hi became a direct wholly-owned subsidiary of our Company.

Step 3: Business and Corporate Restructuring

Prior to the Reorganization, the subsidiaries holding overseas business were directly or indirectly owned by Haidilao Singapore, a wholly-owned subsidiary of Haidilao International. Since January 2022, we conducted a series of equity and business transfers, as a result of which these overseas subsidiaries were transferred from Haidilao Singapore to Singapore Super Hi, a wholly-owned subsidiary of our Company. Please see "—Our Group—Our Principal Subsidiaries" above for details. Meanwhile, a number of subsidiaries which did not have any material business operations nor hold any material assets would not be transfered to our Group for the purpose of the Reorganization. Upon completion of the business and corporate restructuring, Singapore Super Hi became the immediate holding company of all of the operating subsidiaries of our Group. For the corporate structure of our Group after the Reorganization, please see "—Our Shareholding and Corporate Structure—After the Reorganization and Immediately Prior to the Spin-off and Listing" below.

PUBLIC FLOAT

Upon completion of the Spin-off and the Listing, (i) Mr. ZHANG Yong, Ms. SHU Ping together with ZY NP LTD, SP NP LTD and NP United Holding Ltd will be our Controlling Shareholders; and (ii) a close associate of our executive Director, Mr. ZHOU Zhaocheng, will hold [**REDACTED**] of the total equity interest in our Company. Therefore, the shares held by them will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the Listing.

Save as disclosed above, to the best of our Directors' knowledge, all other Shareholders are not core connected persons of our Company and the Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the Listing. As a result, over 25% of the Company's total issued Shares will be held by the public upon completion of the Spin-off and the Listing as required under Rule 8.08(1)(a) of the Listing Rules.

SHARE AWARD SCHEME

On [●], 2022, our Company [adopted] the Share Award Scheme to grant share awards to provide incentives or rewards to eligible participants for their contribution to our Group. On the same date, the Board [issued] one Share to the ESOP Platform, to hold the underlying shares under the Share Award Scheme. Upon completion of the above share issuance, approximately 10% of the total issued share capital of the Company was held by the ESOP Platform. Immediately before the Spin-off, the ESOP Platform holds [**REDACTED**] Shares. Given that the relevant voting rights attached to the Shares held by the ESOP Platform are exercised by the remuneration committee of the Company, a majority of which being independent non-executive Directors who will independently perform their duties and responsibilities in accordance with the terms of reference of the committee as well as the Listing Rules and not in their respective individual capacity as core connected person(s), the Shares held by the ESOP Platform will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. The Company will not grant share awards to core connected persons to the extent that the Company does not comply with Rule 8.08 of the Listing Rules.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, mergers or disposals.

SPIN-OFF OF OUR GROUP FROM HAIDILAO INTERNATIONAL

Our Directors are of the view that the Spin-off, if proceeds, is in the interests of our Company, Haidilao International, and shareholders as a whole and the Spin-off will position each of the Retained Group and our Group better for growth in their/our respective businesses and deliver clear benefits to both due to the following reasons:

(1) the Spin-off will enable more focused development and strategic planning, better allocation of resources for the respective businesses given their distinctive geographic nature, and therefore, unlock value of the developing business of our Group and provide Haidilao International and the Haidilao International shareholders an opportunity to realize the value of their investment in our Group under a separate standalone listing platform;

(2) the Spin-off will enable our Group to obtain a separate listing status and an independent fund-raising platform. After the Spin-off, both the Retained Group and our Group will have separate fundraising platforms that have direct access to both equity and debt capital markets, which will be of the benefit to both groups' existing operations and future expansion;

(3) the Spin-off will strengthen the operational management ability of both the Retained Group and our Group where their/our respective management teams can focus more efficiently and effectively on each business and improve their/our abilities to recruit, motivate and retain key management personnel for each line of business as well as to expediently and effectively capitalize on any business opportunities that may arise, thereby enforcing their respective expansion and improving operating and financial performance, which in turn aiming to provide better returns to the shareholders of both the Retained Group and our Company;

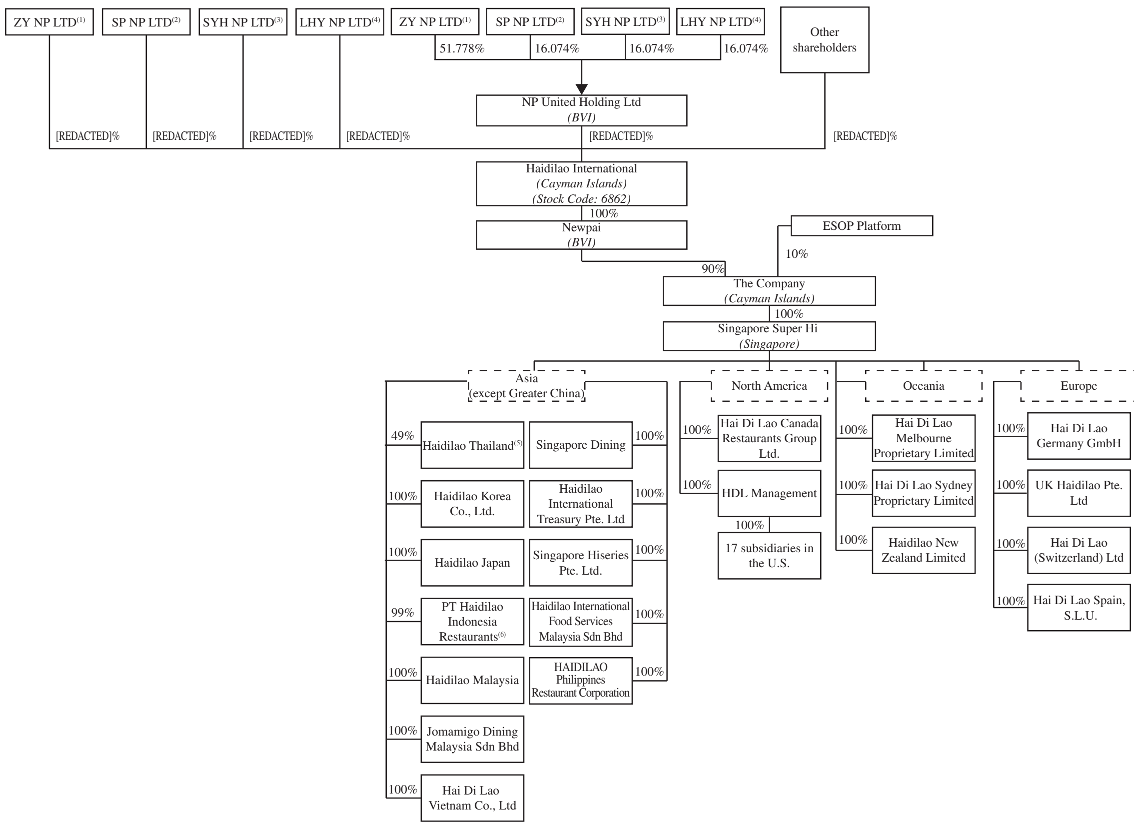
(4) the Spin-off will enhance the corporate governance, management incentive mechanism and operational efficiency of our Group and provide investors, financial institutions and rating agencies with greater disclosures on the businesses and financial status of our Group and of the Retained Group, on a stand-alone basis, and such disclosures are expected to enhance and further facilitate investors' informed investment decisions and invest in respective businesses based on their assessment of the performance, management, strategy, risks and returns of both our Group and the Retained Group. It will also create an independent platform for a potentially new investor base for our Company after it is listed on the Main Board of the Stock Exchange as it will be able to attract new investors who are seeking focused investments specifically in the international restaurants business. Potential investors will have the choice to invest in either one or both of the businesses and shareholders will have the opportunity to realize the value of their investment in the Retained Group and our Company; and

(5) the Spin-off will enhance the business profile and market influence of our Company. As a separately listed group, we will be in a better position to independently negotiate and solicit more businesses. By way of a distribution in specie, the Haidilao International Shareholders will therefore continue to enjoy the benefits from our future development and growth through their shareholdings in our Group.

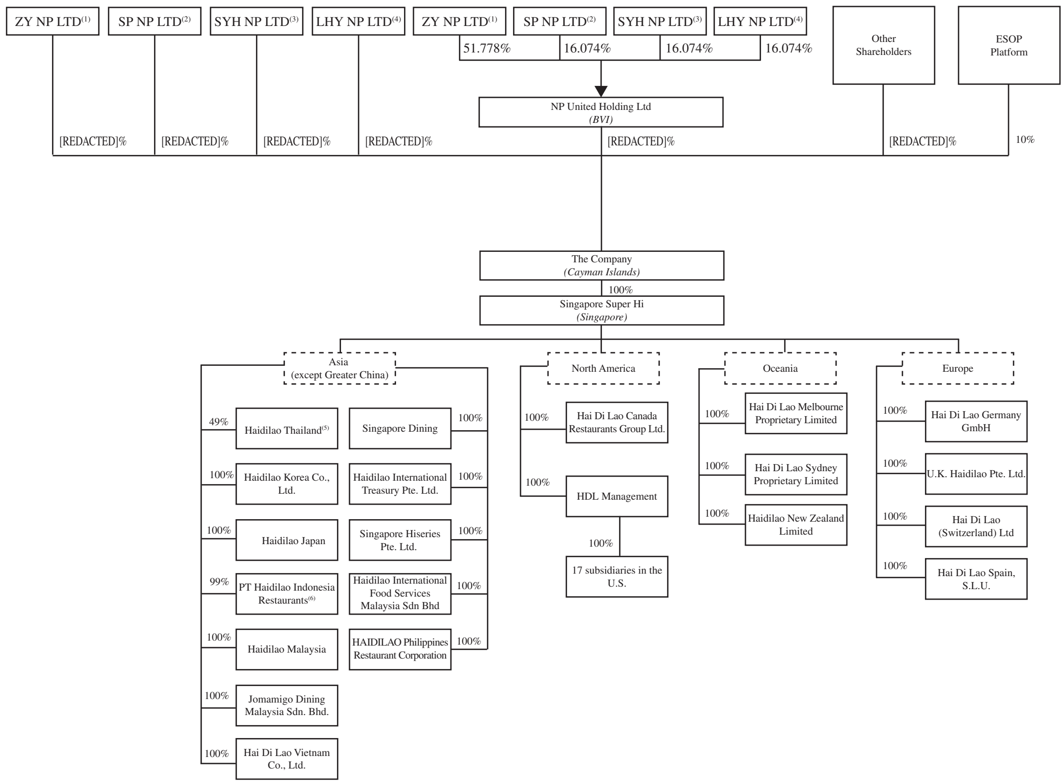
The Spin-off will be implemented by way of a distribution alone, which will not constitute a transaction of Haidilao International under Chapter 14 of the Listing Rules and accordingly, Haidilao International is not required to comply with the requirements under Chapter 14 of the Listing Rules. The Haidilao International Distribution was approved by the Haidilao International Shareholders on [●], 2022 as required under Article 134 of the articles of association of Haidilao International. For further details of the Spin-off and the Haidilao International Distribution, see the section headed "The Distribution and Spin-off" in this listing document.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

After the Reorganization and Immediately Prior to the Spin-off and Listing



Immediately Following the Spin-off and Listing



Notes:

(1) ZY NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Apple Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Apple Trust.

(2) SP NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Rose Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Rose Trust.

(3) SYH NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Cheerful Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Cheerful Trust. UBS Trustees (B.V.I.) Limited takes instructions from Mr. Sean SHI, spouse of Ms. Hailey LEE, regarding the exercise of the voting rights attached to the Shares held by SYH NP LTD.

(4) LHY NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the Cheerful Trust via UBS Nominees Limited in its capacity as nominee for the trustee of the Cheerful Trust. UBS Trustees (B.V.I.) Limited takes instructions from Ms. Hailey LEE, spouse of Mr. Sean SHI, regarding the exercise of the voting rights attached to the Shares held by LHY NP LTD.

(5) As part of the Reorganization, all the ordinary shares of Haidilao Thailand held by Haidilao Singapore and the U.S. Shareholders were transferred to Singapore Super Hi and a certain number of preferred shares were issued to the U.S. Shareholders. Upon completion, we hold ordinary shares representing a 49% shareholding in Haidilao Thailand and the U.S. Shareholders hold preference shares representing a 51% shareholding. According to the Articles of Association of Haidilao Thailand, our Company has a majority of voting rights and therefore has control over the relevant activities of the Haidilao Thailand and Haidilao Thailand is accounted for as a subsidiary of our Group.

(6) The remaining interest of PT Haidilao Indonesia Restaurants is held by Singapore Dining.

OUR MISSION

Our mission is to build the leading international Chinese restaurant brand and to spread Chinese culinary heritage across the globe. We uphold Haidilao's core values to satisfy two critical groups of people—"changing your future with your own hands" (用雙手改變命運) to motivate our employees, and delivering an exceptional and fun dining experience to our guests. Guided by our proven management philosophy, "aligned interests and disciplined management" (連住利益, 鎖住管理), we believe we are well positioned to expand internationally by balancing standardization and localization.

OVERVIEW

We are a leading Chinese cuisine restaurant brand in the international market committed to spreading Chinese culinary heritage across the globe. With a unique dining experience and outstanding service quality, our Haidilao restaurants have become a worldwide cultural phenomenon. According to the F&S Report, we were the third largest Chinese cuisine restaurant brand in the international market and the largest Chinese cuisine restaurant brand originating from China in the international market in terms of 2021 revenue. We were also the largest Chinese cuisine restaurant brand in the international market in terms of number of countries covered by self-operated restaurants as of December 31, 2021.

Food is an expression of cultural identity, values and a way of life. Chinese cuisine is one of the richest and most diverse culinary heritages in the world. However, due to challenges in standardization, scalability and localization across countries, very few Chinese cuisine restaurant brands have successfully expanded internationally while maintaining consistent quality and a brand identity that resonates across cultures. Chinese cuisine restaurant brands with over 10 stores and brands covering two or more countries only accounted for approximately 13.0% and less than 5% of the international market in terms of number of restaurants in 2021, respectively. With a unique dining experience and service quality, our Haidilao restaurants have become a worldwide cultural phenomenon. Since opening our first restaurant in Singapore in 2012, we have expanded to 97 restaurants in 11 countries across four continents as of March 31, 2022.

We believe striking a balance between honoring the Haidilao legacy and continuous innovation for localization has been the foundation of our growth and expansion in the international market.

Brand legacy. Leveraging the renowned Haidilao brand and our extensive experience in standardized restaurant operation, we seek to address challenges faced in international expansion through implementing our operating paradigm of "aligned interests and disciplined management."

- *Brand image*. After close to 30 years of cultivation, Haidilao has become a unique cultural phenomenon and a household name worldwide. Our Haidilao brand commands customer loyalty and strong brand equity through our commitment to a unique dining experience and service quality as well as uncompromised food safety. With a brand recognition that precedes our presence, we believe the Haidilao brand will enable us to steadily expand in the international market.

- *Management philosophy*. Haidilao's management philosophy of "aligned interests and disciplined management" fuels our international expansion. Under this philosophy, the interests of our employees are highly aligned to ours, motivating them to drive our bottom-up dynamic growth. Meanwhile, our disciplined management systematically ensures our high-quality expansion by controlling operational risks and providing key resources and support to our restaurants. We believe that this principle appeals to human nature across different cultures and regions and has been proven in Haidilao's expansion both in China and international markets.

- *Standardized operations*. Over the years, we have gained extensive experience in standardizing restaurant operations in different countries. We maintain strict control over key aspects of restaurant operation, including restaurant network expansion, employee training and promotion, food safety, service quality control and supply chain, which, we believe, have been crucial to our continuous expansion and efficient operations.

Localization. Under the framework of standardized operations and guided by core Haidilao values, we seek to adapt restaurant operations to local customs, tastes and preferences in order to provide a unique dining experience to guests and keep employees incentivized in different regional markets. We continue to innovate in the following aspects.

- *Food and menu*. We continuously develop and launch new menu items (including food ingredients, soup bases and dipping sauces) tailored to local tastes and preferences and introduce local food ingredients into our menu. Generally, a significant portion of our menu in each restaurant is localized.

- *Guest services*. We give employees the autonomy to discover how to best serve our guests and encourage them to adjust how we effectuate warm and personalized services based on local customs and cultural norms. For example, we organize themed events and decorate our restaurants to celebrate holidays, such as Easter and Halloween. We also recommend optimal cooking times for each hot pot ingredient and dipping sauce combos in countries that are relatively new to hot pot dining.

- *Management structure*. We have established a three-layer structure consisting of our headquarters, senior regional managers and restaurant managers, to effectively manage our restaurants. Our headquarters hold control over critical restaurant management functions to ensure standardization across our multi-national operations and optimized resource allocation. Leveraging strong local know-how, our senior regional managers act as bridges between the strategic objectives of our headquarters and individual restaurants. They play key roles in expanding localized supply chains and building local teams to support operations, developing business strategies with our headquarters and implementing our strategies at the local level providing support to restaurant managers. Our restaurant managers are responsible for managing the day-to-day operations of our restaurants.

Benefiting from our proven management philosophy and successful localization efforts, we have built an international Haidilao restaurant network with highly standardized operations, effective management systems, motivated employees and a high level of guest satisfaction. Despite the effect of the global COVID-19 pandemic, we have achieved strong growth during the Track Record Period.

- *Restaurant expansion*. Our restaurant network expanded from 24 restaurants in five countries as of January 1, 2019 to 97 restaurants in 11 countries as of March 31, 2022. Our revenue increased from US$233.1 million in 2019 to US$312.4 million in 2021 at a CAGR of 15.8%. We also recorded a robust recovery from the COVID-19 pandemic in 2022, with our revenue increasing from US$68.3 million in the three months ended March 31, 2021 to US$109.1 million in the three months ended March 31, 2022.

- *Entering new markets*. Prior to the start of the COVID-19 pandemic, we expanded into six new countries in 2019, including four countries in Southeast Asia, namely Vietnam, Malaysia, Thailand and Indonesia, the UK and Australia. In the same year, we achieved strong table turnover rates of over 4.8 times per day on average in these countries. During the pandemic, we focused primarily on expansion within existing countries and enhancing their operating performance, opening a total of 61 new restaurants as of March 31, 2022.

- *Guest traffic*. Prior to the COVID-19 pandemic, we recorded a total of approximately 8.1 million guest visits at our restaurants in 2019. While our guest traffic was significantly affected by COVID-19, through our efforts, we increased guest visits from approximately 7.1 million in the height of the pandemic in 2020 to 9.8 million in 2021 and our same store guest visits per restaurant increased from 133.2 thousand in 2020 to 143.2 thousand in 2021. In the first quarter of 2022, we recorded approximately 3.8 million guest visits in total as the pandemic gradually eased in certain countries, a 60.3% increase from approximately 2.4 million for the same period in 2021.

- *Table turnover rate*. We recorded a strong overall table turnover rate of 4.1 times per day in 2019. During the pandemic, we implemented a number of measures, such as offering discounts, reactivating existing guests and offering off-peak hour meals, to improve table turnover rates. In the first quarter of 2022, our overall table turnover rate was approximately 2.7 times per day, improving from the overall table turnover rate of 2.4 times per day and 2.1 times per day in 2020 and 2021, respectively.

COMPETITIVE STRENGTHS

A leading Chinese cuisine restaurant brand in the international market

We are a leading Chinese cuisine restaurant brand in the international market, ranking third in terms of 2021 revenue. With roots in Sichuan from 1994, we were also the largest Chinese cuisine restaurant brand originating from China in the international market, in terms of 2021 revenue. Since opening our first Haidilao restaurant in Singapore in 2012, we have expanded to 97 restaurants in 11 countries in Asia, North America, Europe and Oceania as of March 31, 2022, making us the largest Chinese cuisine restaurant brand in terms of number of restaurants covered by self-operated restaurants as of December 31, 2021.

We are committed to serving our guests authentic Chinese food with international appeal. Chinese cuisine is one of the most popular cuisine types internationally, with a market size of US$261.1 billion and over 600,000 Chinese cuisine restaurants abroad in 2021. Brought overseas by early Chinese immigrants hundreds of years ago, Chinese cuisine has become especially popular in countries with large immigrant populations, such as Singapore, the United States, Thailand and Vietnam. Within Chinese cuisine, hot pot is popular and one of the fastest-growing segments, with a market size of US$28.9 billion in 2021. With its unique dining experience, social nature and fresh ingredients, hot pot has garnered a strong international fan base. F&S estimates that the international hotpot market will grow to US$46.5 billion by 2026 at a CAGR of 10.0% from 2021.

We have continued to achieve strong growth during the Track Record Period despite the global COVID-19 pandemic. Our revenue increased from US$233.1 million in 2019 to US$312.4 million in 2021, and our Haidilao restaurant network grew from 24 restaurants at the beginning of 2019 to 97 as of March 31, 2022. We also recorded a robust recovery from the COVID-19 pandemic, with our revenue increasing from US$68.3 million in the three months ended March 31, 2021 to US$109.1 million in the three months ended March 31, 2022. We believe our international leading position, the Haidilao brand recognition and our management philosophy of "aligned interests and disciplined management" will continue to fuel our international expansion and growth.

Haidilao has become a global cultural phenomenon and an ambassador of Chinese culinary heritage

Brand Finance, one of the world's leading brand valuation consultancies, ranked Haidilao as 9th in the "Top 25 Most Valuable Restaurant Brands" in 2021, firmly establishing our brand in the same league as restaurant giants Starbucks and McDonald's. Haidilao is also the first and only Chinese cuisine restaurant to make the list and has risen fast up the ranking from 15th in 2019. With humble beginnings in Jianyang, Sichuan, we believe Haidilao's dining experience and service quality have propelled the brand into a global cultural phenomenon. Haidilao is well-loved by guests for its unique dining experience—warm and attentive service, great ambiance and delicious food, standing out among global restaurant chains. Beyond the dine-in experience, the Haidilao brand has extended its reach through its delivery business and hot pot condiments business. As of December 31, 2021, Haidilao had 1,443 restaurants worldwide with over 378 million guest visits in 2021 and Haidilao brand condiment products were sold around the world.

With a unique value proposition, we have leveraged the Haidilao brand to cultivate a cult following of loyal guests. Capitalizing on Haidilao's global brand equity, we have gained recognition among those who have not even stepped foot in our restaurants, which has been instrumental to our successful international expansion. During the Track Record Period, we accumulated over 28 million guest visits at our restaurants. Our guest loyalty program had approximately 0.8 million members as of December 31, 2019, which increased to approximately 2.3 million as of the Latest Practicable Date.

We believe Chinese cuisine is an expression of China's rich cultural heritage. Although hot pot has been an essential part of Chinese cuisine for centuries, it is still relatively new to many foreign guests. As interest in Chinese culture and food has grown, we have aspired to give the world a taste of Chinese culture with our distinctively Chinese hot pot dining format and unique cultural experiences, such as our famed hand-pulled noodle dance and Chinese opera face-changing performances. Leveraging Haidilao's global position as a quintessential Chinese cuisine brand, we have become an ambassador of the rich Chinese cultural heritage. Through our restaurants, we hope to showcase China's culinary heritage by reaching communities beyond those that most Chinese cuisine restaurants abroad serve. More importantly, by doing so, we hope to build larger brand communities, which will enable our sustainable growth and expansion to farther corners of the world.

Strong local know-how and international operating capabilities

The international Chinese cuisine restaurant market is highly fragmented. Despite the popularity of Chinese food, very few Chinese cuisine restaurant brands have successfully expanded internationally while maintaining consistent quality and a brand identity that resonates across cultures. Chinese cuisine restaurant brands with over 10 restaurants and brands covering two or more countries outside China only accounted for 13.0% and less than 5.0% of the international market in terms of number of restaurants in 2021, respectively. Most Chinese cuisine restaurants in the international market are single-restaurant operations or operate a few restaurants within one city or region.

We seek to address these challenges by striking a balance between standardization and localization.

- *Standardization*. We believe standardization is the foundation of our restaurant operations, enabling us to control and manage critical aspects of our operations and ensure the quality of our restaurants. We have consistently applied Haidilao's management philosophy and operating tenets across all of our restaurants, especially in relation to expansion strategy, employee training and management, performance assessment, food safety and supply chain management.

- *Localization*. Within the framework of our standard operating tenets, we believe that adapting our operations to local practices and cultures is crucial to keep two critical groups of people, our guests and employees, happy, and to operate and expand effectively. For example, a significant portion of our menu items is tailored to local tastes and preferences. To deliver a great dining experience across cultures, we adjust the manner in which we effectuate warm and personalized service, such as by recommending optimal cooking times for each hot pot ingredient to guests. Similarly, to employees, we show care and tailor their compensation structure according to local practice. To manage our growing restaurant network with more precision, we divide our current operations into four groups and formulate localized growth strategies and restaurant-level operating guidelines that fit the needs of each group. See "—Proven management philosophy that enables sustainable international expansion" for details of our group management structure.

Through our two-pronged approach, we have achieved strong growth during the Track Record Period despite the effects of the global COVID-19 pandemic:

- *Restaurant expansion*. Our Haidilao restaurant network expanded from 24 restaurants in five countries as of January 1, 2019 to 97 restaurants in 11 countries as of March 31, 2022. Our revenue increased from US$233.1 million in 2019 to US$312.4 million in 2021 at a CAGR of 15.8%. We also recorded a robust recovery from the COVID-19 pandemic in 2022, with our revenue increasing from US$68.3 million in the three months ended March 31, 2021 to US$109.1 million in the three months ended March 31, 2022.

- *Entering new markets*. In formulating our expansion strategy, we carefully assess the markets that we choose to enter based on a deep understanding of local market conditions, cultures, consumer behavior and regulatory framework. Moreover, we evaluate the performance of existing restaurants to develop strategies to deepen our penetration. Prior to the start of the COVID-19 pandemic, we expanded into six new countries in 2019, including four countries in Southeast Asia, namely Vietnam, Malaysia, Thailand and Indonesia, the UK and Australia. In the same year, we achieved strong table turnover rates of over 4.8 times per day on average in these countries. During the pandemic, we focused primarily on expansion within existing countries and enhancing their operating performance, opening a total of 61 new restaurants as of March 31, 2022.

- *Guest traffic*. Prior to the COVID-19 pandemic, we recorded a total of approximately 8.1 million guest visits at our Haidilao restaurants in 2019. While our guest traffic was significantly affected by the COVID-19, through our efforts, we increased guest visits from approximately 7.1 million in the height of the pandemic in 2020 to approximately 9.8 million in 2021 and our same store guest visits per restaurant increased from 133.2 thousand in 2020 to 143.2 thousand in 2021. In the first quarter of 2022, we recorded approximately 3.8 million guests visits in total as the pandemic gradually eased in certain countries, a 60.3% increase from approximately 2.4 million for the same period in 2021.

- *Table turnover rate*. We recorded a strong overall table turnover rate of 4.1 times per day in 2019. During the pandemic, we implemented a number of measures, such as offering discounts, to improve table turnover rates. In the first quarter of 2022, our overall table turnover rate was approximately 2.7 times per day, improving from 2.4 times per day and 2.1 times per day in 2020 and 2021, respectively.

Proven management philosophy that enables sustainable international expansion

We are guided by the Haidilao management philosophy of "aligned interests and disciplined management", which has served as our compass in developing management systems for localized international operations.

Aligned interests. We and our employees are aligned with common interests to propel our growth:

- *Mentor-mentee system*. We implement a mentor-mentee system in all of our restaurants. Our restaurant managers not only can share in the profits of their own restaurants, but are also encouraged to train first- and second-generation mentees to share in the profits of their restaurants. Our mentor-mentee system is crucial in our bottom-up expansion strategy. As of March 31, 2022, all of our 97 restaurant managers were trained and promoted through our mentor-mentee system. As of the same date, we had over 50 restaurant manager candidates in our talent pool.

- *Piece rate compensation*. We implement a piece rate compensation system to empower employees to be self-driven, earning better pay by working with higher productivity and quality. Most of our restaurants utilize a piece rate system, including in Singapore, Canada, the UK, Malaysia and Vietnam. Each system is tailored to be in line with local industry norms and laws and regulations. For instance, in countries with a tipping culture, we have adjusted our compensation structure of employees to include a piece rate pay plus tips.

Disciplined management. Our headquarters maintain effective control over critical aspects of restaurant management. By providing key supporting services to restaurants and managing operating risks, our headquarters ensure our disciplined and sustainable expansion.

- *Group management structure*. We have organized our restaurants into four groups to facilitate our multi-national management. These four groups are each overseen by a senior regional manager, who acts as a bridge between the guiding principles and strategic objectives of our headquarters and the day-to-day operations of individual restaurants. Their primary role is to provide supporting services to restaurants and conduct KPI assessments for restaurants within the group. For example, they oversee human resources, procurement, finance and brand development functions and communicate with restaurant managers on a monthly basis to drive initiatives, resolve issues and conduct training. They also work with our corporate headquarters to rate each restaurant within the group every quarter.

- *Rating system*. We implement a rating system to evaluate our restaurant performance systematically and hold accountability to improve performance, which we believe is crucial to ensure our high-quality and scalable growth. Our headquarters and senior regional managers establish KPIs for each restaurant group based on the conditions and characteristics of local markets. These KPIs are the bases of our quarterly assessment and help us rate of all of our restaurants on a scale of A, B, C, and C-rated or lower. As a commitment to food quality, restaurants that have food-safety incidents are automatically rated below C. Restaurant managers that are rated below C are held accountable—they cannot open new restaurants and may be removed from their positions.

- *Critical management functions*. Our headquarters hold control over critical restaurant management decisions, including product development, food safety, performance assessment, brand management, finance, construction, IT, supply chain and restaurant automation. By overseeing these critical aspects, we can ensure standardization across our multi-national operations and achieve scalable growth.

The Haidilao management philosophy is recognized and studied across the world, including as a case study by the Harvard Business School. Moreover, the Haidilao management philosophy is proven in the international market through decades of successful operations, including our international expansion to 97 restaurants since 2012. We believe that aligned interests and disciplined management will continue to empower our dynamic and sustainable growth.

Seasoned management team with a corporate culture that prescribes acting with kindness

We are led by a seasoned management team, many of whom are home grown leaders that embody core Haidilao values. They lead our operations with a commitment to treat people with kindness and pursue quality excellence, which we believe is crucial to create loyalty in employees and guests with our restaurants and the Haidilao brand. Our executive Director, Chairman and chief executive officer, Mr. Zhou Zhaocheng (周兆呈), has extensive experience in enterprise management, brand management and strategic consulting. Since joining Haidilao in 2018, Mr. Zhou has been deeply involved in the strategic growth, international operation and brand building of Haidilao. Mr. Zhou is supported by a core team who has extensive operational experience in international Haidilao restaurants, including Mr. Wang Jinping (王金平), our executive Director and chief operating officer, and Ms. Liu Li (劉麗), our executive Director and product director. Mr. Wang has been with Haidilao for over 14 years and has overseen our international restaurant operations for over eight years. Ms. Liu started as a waitress in our Singapore restaurant and has been with us for approximately ten years. Guided and inspired by the Haidilao management philosophy formulated by Mr. Zhang Yong, the founder of Haidilao, our management team develops strategies to drive our continued growth as an international Chinese cuisine restaurant brand.

BUSINESS STRATEGY

We believe that there is significant opportunity for growth in the international market for Chinese cuisine restaurants. According to the F&S Report, the international Chinese cuisine restaurant market is expected to grow from US$261.1 billion in 2021 to US$409.8 billion in 2026 at a CAGR of 9.4%. Capitalizing on our decade-long international operating experience and our broad and loyal guest base, we believe we are well-positioned to continue our growth and to spread Chinese culinary culture across the globe. We intend to implement the following business strategies going forward:

Continue to grow our international Haidilao brand, enhance our dining experience and spread Chinese culinary heritage internationally

- ***Brand building***. We will continue to enhance the brand awareness of Haidilao internationally and promote and spread Chinese culinary culture, especially hot pot, internationally. We will stay true to our brand motto—good hot pot speaks for itself (好火鍋自己會說話)—and bring the Haidilao philosophy and culture to different countries. We have gained a broad and loyal guest base from our operations and marketing efforts in the past. For example, the number of Haidilao members in the United States increased by over 50.0% in 2021. We will continue to retain and cultivate our guest base to enhance brand awareness. Observing trends in the digital age of marketing, we plan to launch innovative online marketing campaigns on popular social media platforms to target local guests and expand our guest reach. We will also create online marketing initiatives to increase guest interactions and engagement, which we believe will enhance our brand loyalty. We also intend to expand our guest reach further with traditional offline marketing efforts.

- ***"Pursue the perfect dining experience."*** We believe providing a unique dining experience is what makes Haidilao great. We will continue to offer a unique dining experience to our guests, which may mean different things in different parts of the world and will require us to innovate, adapt and localize.

  Menu items. As part of this effort, we will continue to develop menu items, including new soup bases, signature dishes and dipping sauces, adapted to local taste. In particular, we will continue to develop, install and upgrade automated equipment that can customize soup bases in different jurisdictions, enabling our guests to adjust the depth of flavor and type and amount of ingredients added based on personal preference. We believe this type of personalization provides a unique and appealing dining experience and enhances guest engagement. We also plan to develop customized menus for different countries by launching innovative menu dishes while optimizing our menu structure and layout. Through these efforts, we aim to satisfy guest demands and tailor to different dining and consumption preferences in different countries, which we believe will, in turn, increase guest traffic and average spend per guest. Further, we are also planning to launch other add-on services in our restaurants, such as boba milk tea and cocktails.

Services and restaurant atmosphere. We have opened two tech-forward restaurants in Singapore, equipped with digitalized and automated equipment with food preparation and busser functions as well as architectural lighting, audio and visual technologies. These new technologies allow us to provide an immersive and fun dining experience for our guests while significantly enhancing our operational efficiency. For our services and restaurant atmosphere, we will continue to adhere to our signature Haidilao services and interior design while making localized adjustments based on customs and practices in different countries to make our dining experience warm, comfortable and fun.

- ***Promote Chinese cuisine internationally***. Leveraging our extensive restaurant network and brand awareness, we plan to attract more local guests and promote Chinese cuisine and Chinese culture internationally. Initially, we have focused our operations in countries and cities with large Chinese communities. Their word-of-mouth marketing and our localization efforts have enabled us to attract more and more local guests, thereby increasing our penetration rate in local communities. We will continue to seek opportunities to showcase Chinese cuisine and Chinese culture and expand our reach to more local guests, which we believe will enable us to solidify our position as an iconic Chinese cuisine restaurant brand internationally.

Enhance restaurant performance and explore new sources of revenue

We are dedicated to enhancing our sales performance through increasing restaurant-level revenue, optimizing our operational efficiency and exploring new revenue sources. For our dine-in services, we plan to implement the following strategies:

- ***Better utilize off-peak hours***. We plan to capitalize on off-peak hours to improve overall restaurant performance. For example, we plan to offer discounts for dining during off-peak hours to increase occupancy and table turnover rate of our restaurants. We may also offer special menu items or set meals to attract guests during off-peak hours.

- ***Supply chain upgrade***. We will actively explore opportunities to collaborate with local suppliers to establish localized procurement and supply chain systems and further reduce our procurement costs. We may also set up central kitchens to support the innovation, safety, and quality control of our food to enhance our operational efficiency and performance. As a first step, we plan to establish local procurement and supply chain systems in markets where we have more extensive restaurant operating experience and a larger restaurant network, such as Singapore. For other markets, we will assess when and whether to establish local procurement and supply chain system based on the needs of the restaurants.

In addition, we also plan to explore and develop new sources of revenue to complement our dine-in services:

- ***Food delivery***. We plan to establish food delivery services in more of our restaurants. For these restaurants, we intend to offer both delivery and pick-up options, aimed to provide more flexibility and convenience for our guests. In addition, we intend to increase the menu items available for delivery services and upgrade the accessory packages that accompany our food, which normally include disposable tableware and tablecloths, hairbands and gum, among others, to give guests a more complete Haidilao dining experience. Through these efforts, we believe we are well-positioned to capture the significant growth potential in the food delivery market.

- ***Sales of prepackaged food***. With the increasing diversification of dining scenarios, we have observed an increase in demand for prepackaged, ready-to-eat food. In line with this trend, we plan to develop and launch different kinds of prepackaged food, and actively expand the sales channels for these products. We believe our prepackaged food will create more opportunities for our guests to enjoy our food and provide a stable source of revenue for us.

Strategically optimize and expand our restaurant network

We will continue to adhere to our management philosophy of "aligned interests and disciplined management" to optimize and expand our restaurant network. Leveraging over ten years of experience in international restaurant operations and extensive insights in each local market, we will expand our restaurant network by implementing the following strategies:

- ***Increase restaurant density***. We have gained abundant insights in guest preferences and characteristics of each market where we have restaurant presence. Leveraging these valuable insights and the historical performance of our existing restaurants, we believe we are able to identify areas with significant growth potential to open new Haidilao restaurants and increase our restaurant density. We will implement a tailored restaurant expansion plan for different jurisdictions based on their specific market conditions and the performance of existing restaurants and prudently expand our restaurant network. With our localization efforts, we believe these new restaurants will be able to meet local demand and deepen our penetration.

- ***Expand geographic coverage***. We will continue to explore opportunities to expand into new countries with significant growth potential to achieve long-term growth. We will assess the local tastes, eating habits, demographics, consumer preferences, market and cultural conditions and regulatory environments in these jurisdictions and enter into new markets when appropriate.

Identify opportunities for organic growth and seek potential acquisition opportunities

We plan to identify opportunities for organic growth and potential acquisition targets to strengthen our market position and competitiveness.

- ***Organic growth***. While we continue to focus on our core Haidilao hot pot restaurants business, we will also explore opportunities to create new Chinese cuisine brands in the international market. We will develop restaurant concepts tailored for target markets of interest and formulate restaurant opening plans for these new restaurant brands to further expand our restaurant network. Leveraging our extensive experience and insights in Chinese cuisine and the local restaurant market in different countries, we believe we are well-positioned to launch new restaurant brands tailored towards different markets and create growth opportunities for us.

- ***External acquisition***. As part of our overall growth strategy, we plan to pursue opportunities to acquire high-quality businesses or assets that can achieve synergies with our existing business to strengthen our market position and competitiveness. We will evaluate their strategic value, brand image, business scale, financial performance and synergistic value in assessing each potential acquisition opportunity. For example, we have agreed to acquire a majority stake in Hao Noodle and Tea Holdings Inc., which held two restaurants under the "Hao Noodle" brand in the United States. As of the Latest Practicable Date, save as disclosed above, we did not have any specific acquisition targets and were not in negotiations with any specific acquisition targets.

OUR BUSINESS

We are one of the leading Chinese cuisine restaurant brands in the international market and the largest Chinese cuisine brand in the international market originating from China in terms of revenue in 2021, according to the F&S Report. During the Track Record Period, we generated substantially all of our revenue from Haidilao restaurant operations. To a lesser extent, we also generated revenue from food delivery and sales of hot pot condiment products and food ingredients. The following table sets forth the components of our revenue for the period indicated.

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	(US$ in thousands, except for percentages)						*(Unaudited)*			
Restaurant operation	232,542	99.8%	209,275	94.5%	296,059	94.8%	65,019	95.2%	105,043	96.3%
Delivery business	158	0.1%	10,225	4.6%	11,783	3.8%	2,588	3.8%	2,596	2.4%
Others[1]	419	0.1%	1,911	0.9%	4,531	1.4%	665	1.0%	1,436	1.3%
Total	233,119	100.0%	221,411	100.0%	312,373	100.0%	68,272	100.0%	109,075	100.0%

Note:

(1) Others primarily represented revenue generated from sales of hot pot condiment products and food ingredients.

Our Localized Haidilao Dining Experience

Originally from Sichuan, China, Haidilao has grown to be a worldwide cultural phenomenon, delivering a unique dining experience with outstanding service, food and restaurant atmosphere. To give our guests at all of our restaurants a classic Haidilao dining experience, we offer our signature menu items (e.g. spicy Sichuan-style soup base and hand-pulled noodles (捞麵)) and services (e.g. providing birthday celebration) for guests across all our restaurants. Understanding that a great dining experience means different things in different parts of the world, we also make adjustments to our services and food based on local culture, tastes and preferences. As a leading international Chinese cuisine restaurant brand, we have become an ambassador to China's culinary heritage, spreading Chinese cuisine culture across the globe through the Haidilao dining experience.

Services

Haidilao is renowned for its unique services, differentiating us from other restaurant brands. The ultimate goal of our services is to make our guests feel happy, warm and comfortable at our restaurants. To achieve that, we encourage our servers to take initiative and be creative in giving guests a memorable dining experience.

Generally, our restaurants offer major services that are iconic to Haidilao, such as the seated waiting area with free fruits, snacks or other beverages, hairbands for dine-in guests with long hair and eyeglass cleaning cloths for those wearing glasses. Some restaurants also offer manicure services at the seated waiting area. We also provide personalized services to care for first-time local guests, providing them with suggested cooking times for each hot pot ingredient. From time to time, our restaurants also collaborate with other third parties to host Chinese cultural events. For example, our restaurant in the UK hosted parties with local galleries to showcase traditional Chinese watercolor paintings.

As an international restaurant brand, we also encourage our servers to take into consideration local customs in providing our services. For example, we organize themed events and decorate our restaurants to celebrate holidays in local cultures, such as Easter and Halloween. Our restaurants in South Korea serve free rice cake dishes to students on the day of college entrance exams, which is a symbol for good luck. The following images illustrate examples of our localization efforts in different countries.

"Trick or Treat"
(the United States)

"Time for Chinese New Year"
(Indonesia)

Menu and Ingredients

Our hot pot offering has three major components—the soup base, the sauces and condiments, and the food ingredients to be cooked in the soup base. Generally, a majority of our menu consists of Haidilao signature or classic dishes, while also incorporating localized or seasonal items. Depending on restaurant size and the availability of food ingredients in the country that meet our high standards on freshness, quality and food safety, our restaurants typically offer 110 to 180 types of food ingredients under eight categories, namely signature Haidilao dishes, seafood, classic hot pot dishes, meatballs and pastes, leafy vegetables, root vegetables and mushrooms, snacks, and alcohol and beverages.

To offer guests a complete Haidilao dining experience, our restaurants offer substantially all of the Haidilao signature menu items, including four signature soup bases, namely our spicy vegetable oil Sichuan-style soup base, tomato soup base, mushroom soup base and savory bone soup base, as well as signature "Laopai" (撈派) dishes including classic Sichuan-style hot pot ingredients, such as beef tripe (毛肚), shrimp paste (蝦滑) and hand-pulled noodles. In addition, our restaurants also feature Haidilao's signature self-serve sauce and condiment bar, allowing guests to mix and match different dipping sauces and garnishes to their preference and have fun in the process. Normally the sauce and condiment bar will include over 20 ingredients, including soy sauce, chopped garlic, hoisin sauce, sesame sauce, chopped cilantro and dried chili pepper flakes. In addition, our sauce and condiment bars also serve cold dishes, fruit and soup or porridge. We also have several dishes that, we believe, showcase Chinese cuisine and Chinese culture to local guests. Our signature "Laopai" hand-pulled noodles are prepared at guest tables along with a noodle dance, allowing guests to enjoy Chinese culinary culture in a fun atmosphere. Videos of our hand-pulled noodle dance have gone viral and attracted millions of views on social media platforms.

In addition to our core menu, we also offer localized soup bases and food ingredients and tailor our menu format to local practices. Our restaurants in Japan offer traditional Japanese style soup bases, such as miso soup base, as well as localized food ingredients, such as beef intestines, and our restaurants in Southeast Asia offer tom yum soup base. We offer sauces and condiments common to the country, such as black pepper sauce, pickles and olives in the United Kingdom. We also provide classic sauce recipes to cater to our international guests. In addition, we offer individual combo meals, consisting of a choice of protein, a fresh plate of vegetables and choice of rice or noodles, in countries where guests are more accustomed to having individual instead of shared meals. The following images illustrate some of our soup bases and food ingredients adapted to local tastes.

Tom yum soup base in Thailand

Beef intestines in Japan

Spicy poutine in Canada

Combo meals in the United States

Restaurant Atmosphere and Design

Our restaurants are designed and decorated to make our guests feel relaxed and comfortable. Most of our restaurants are designed with a light green and yellow theme, with slight modifications in different countries. We opened two tech-forward restaurants in Singapore, which use architectural lighting, audio and visual technologies to create a full-sensory immersive dining experience, making guests feel like they are dining in different landscapes and time periods in history. These tech-forward restaurants are also equipped with automatic busser equipment. For details, see "—Technologies." The following images show the typical interior of our restaurants and our tech-forward restaurants.

Light green and yellow theme

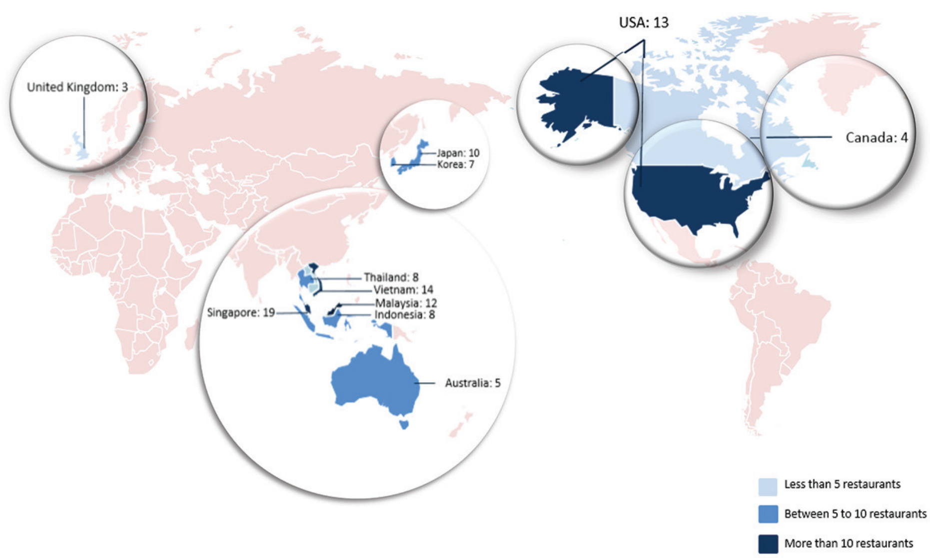
Singapore tech-forward restaurants

Our restaurants generally have a main dining hall and private dining rooms for larger parties. Given the nature of hot pot, we do not need to maintain large kitchens and approximately 75% to 80% of our restaurant space is the dining area. The GFA of our restaurants generally ranges from 400 to 1,500 square meters with 30 to 85 tables that can seat two to eight people each. Some of our restaurants also have smaller tables for solo-dining customers. The total capital expenditure per restaurant in Asia typically ranged from US$1.4 million to US$3.0 million and may be higher in other countries depending on the size of the restaurant and the country it is located in.

Our Haidilao Restaurant Business

Restaurant Network

We opened our first restaurant in Singapore in 2012. Since then, we have gradually expanded our restaurant network to 97 restaurants in 11 countries in Asia, North America, Europe and Oceania as of March 31, 2022. As of the Latest Practicable Date, we had 103 restaurants in 11 countries. We own and operate all of our Haidilao restaurants and lease all of the premises on which our restaurants operate. The following map sets forth our restaurant network as of the Latest Practicable Date.



The following table summarizes the number of restaurants and breakdown of our revenue from restaurant operation by geographic region as of the date and for the period indicated.

	As of/For the Year Ended December 31,						As of/For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue
	(US$ in thousands, except for number of restaurants)						*(Unaudited)*			
Southeast Asia	20	128,933	39	136,263	55	165,942	43	44,432	57	64,040
East Asia	10	49,910	17	34,309	17	37,251	17	8,112	17	11,768
North America	6	37,888	13	25,203	16	68,064	14	8,289	16	20,149
Others[(1)]	2	15,811	5	13,500	6	24,802	5	4,186	7	9,086
Total	**38**	**232,542**	**74**	**209,275**	**94**	**296,059**	**79**	**65,019**	**97**	**105,043**

Note:

(1) Others include Australia and the United Kingdom.

As of December 31, 2019, 2020 and 2021 and March 31, 2022, we owned and operated 38, 74, 94 and 97 restaurants, respectively. The following table summarizes the number of restaurants and their movements during the Track Record Period.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	**2020**	**2021**	**2022**
Number of restaurants at the beginning of the year/period	24	38	74	94
Number of new restaurants opened during the year/period	15	36	22	3
Number of restaurants closed during the year/period	1	–	2	–
Number of restaurants at the end of the year/period	38	74	94	97

We opened 15 new restaurants in 2019, including ten restaurants in six new countries. Starting in 2020, we adjusted our expansion plan taking into consideration the COVID-19 pandemic and focused primarily on opening new restaurants in countries where we already have restaurant presence. In 2020, we opened a total of 36 new restaurants. In 2021, we further adjusted our expansion plan, focusing more on optimizing the performance of existing restaurants, and therefore the number of new restaurants we opened decreased to 22 in 2021 and three in the first quarter of 2022. During the COVID-19 pandemic, many countries imposed restrictive measures on restaurant dine-in and social gatherings, resulting in lower guest traffic and the temporary closure of many of our restaurants. Nevertheless, most of our restaurants opened during the Track Record Period were able to achieve initial monthly breakeven within six months.

We believe our expansion strategy was generally effective during the Track Record Period, as we did not experience significant restaurant closures as a result of the pandemic. During the Track Record Period, we closed a total of three restaurants, primarily due to expiry of leases and other commercial reasons based on our assessment of their performance.

Restaurant Performance

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

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
Total guest visits (million)				
Southeast Asia	5.0	5.4	6.7	2.8
East Asia	1.8	1.0	1.3	0.4
North America	0.9	0.4	1.3	0.4
Others(1)	0.4	0.3	0.5	0.2
Overall	**8.1**	**7.1**	**9.8**	**3.8**
Table turnover rate(2) (times per day)				
Southeast Asia	4.5	2.9	2.2	2.8
East Asia	3.4	1.9	1.9	2.3
North America	4.2	1.5	2.1	2.5
Others(1)	4.3	1.7	1.9	2.4
Overall	**4.1**	**2.4**	**2.1**	**2.7**
Average spending per guest(3) (US$)				
Southeast Asia	25.6	25.2	24.8	22.7
East Asia	28.1	34.0	28.8	28.5
North America	43.5	58.7	54.3	52.1
Others(1)	37.0	46.3	45.6	45.2
Overall	**28.7**	**29.4**	**30.3**	**27.5**
Average daily revenue per restaurant(4) (in thousands of US$)				
Southeast Asia	25.8	14.9	10.5	13.2
East Asia	13.1	7.4	5.9	8.4
North America	21.1	8.2	12.2	14.1
Others(1)	27.3	11.7	13.7	17.1
Overall	**20.8**	**11.6**	**10.0**	**12.8**

Notes:

(1) Others include Australia and the United Kingdom.

(2) Calculated by dividing the total tables served for the year/period by the product of total restaurant operation days for the year/period and average table count during the year/period in the same geographic region.

(3) Calculated by dividing the revenue generated from restaurant operation for the year/period by total guest visits for the year/period in the same geographic region.

(4) Calculated by dividing the revenue from restaurant operation for the year/period by the total restaurant operation days for the year/period in the same geographic region.

Table Turnover Rates

Starting from 2020, our results of operations were adversely affected by the COVID-19 pandemic. Local governments across the world implemented various restrictive measures in order to contain the spread of the disease, including city- or nation-wide lockdowns, temporary restaurant closures, limited dining hours, social distancing seating, among others. These measures resulted in a significant decrease in guest traffic at our restaurants. Accordingly, we experienced a decrease in our table turnover rates from 4.1 times per day in 2019 to 2.4 times per day in 2020 and 2.1 times per day in 2021. In 2022, the performance of our restaurants gradually recovered as the COVID-19 pandemic has come under control. Many local governments have lifted restrictive measures, enabling us to operate normally. Our table turnover rates bounced back to 2.7 times per day in the three months ended March 31, 2022.

Average Spending per Guest

Generally, our average spending per guest is affected by the number of guests per table. As the number of soup bases ordered per table, a major cost component in hot pot meals, is not necessarily tied to the number of guests dining at the table, having fewer guests per table may increase average spending per guest. In addition, our average spending per guest may also be affected by our restaurant mix, the discounts we provided, adjustment of our pricing and introduction of new menu items. Our average spending per guest, especially in East Asia and North America, increased in 2020 due to a decreased average number of guests per table as various social distancing measures were implemented against the COVID-19 pandemic. In 2021, our overall average spending per guest continued to increase as we opened new restaurants in regions with higher consumption levels, such as the United States and Singapore. This increase was partially offset by the increase in guests per table as governments gradually relaxed social distancing restrictions in certain regions. The decrease in our average spending per guest in the three months ended March 31, 2022 was primarily because our business recovery in Southeast Asia outpaced other geographic regions, where we normally have a lower average spending per guest.

Average Daily Revenue Per Restaurant and Same Store Sales

As a result of the above, our average daily revenue per restaurant was US$20.8 thousand, US$11.6 thousand, US$10.0 thousand and US$12.8 thousand in 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively. Our same store sales decreased by 39.3% and 1.4% in 2020 and 2021 as compared to the previous year, respectively. We recorded a same store sales growth of 32.0% in the three months ended March 31, 2022 as compared to the same period in 2021.

Delivery Business

We started to offer delivery services at Haidilao restaurants in 2019. Our delivery business has become an increasingly important part of our business as the COVID-19 pandemic restricted dine-in services. We have endeavored to offer delivery services in more restaurants, with over 60 of our restaurants offering delivery as of the Latest Practicable Date. We provide delivery services through our hotline and social media account (e.g. WeChat and WhatsApp), as well as local online food delivery platforms.

During the Track Record Period, most of our delivery services were conducted through local third-party online food delivery platforms. Based on our collaboration agreements with these third-party online platforms, we generally agreed to pay them a certain percentage of the revenue generated through their platforms as commission fees, which normally ranging from 10% to 20%. These platforms are responsible for picking up the food and delivering to our guests. For delivery orders we receive from our own channels, we normally assign our employees to deliver our food. To a lesser extent, some restaurants also engage third-party delivery companies to deliver our food.

We aim to provide our guests a true Haidilao dining experience even if they do not dine in our restaurants. For each delivery order, we generally include side dishes and a complementary care package containing napkins and peppermint candies. To guarantee freshness and hygiene, our food is packed in sealed food containers and we allow our guests to return the food if the seal is damaged. In such an event, we will seek compensation from the relevant third-party responsible for food delivery.

In 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, revenue generated from our delivery services amounted to US$0.2 million, US$10.2 million, US$11.8 million, US$2.6 million and US$2.6 million, respectively.

Others

During the Track Record Period, we also generated revenue from other activities, primarily including sales of hot pot condiment products to local guests and food ingredients to retailers. These products aim to enable our guests to enjoy hot pot at home.

ORGANIZATION STRUCTURE

We adopt a management system focused on balancing standardization and localization. Based on our mentor-mentee system, our restaurants are grouped into four groups, taking into account the number of restaurants within the group and similarities in local cultures and practices. We believe managing restaurants by group enables us to formulate more effective business strategies and operating guidelines that fit the needs of the group. Each group is overseen by a senior regional manager, to whom all restaurant managers in the group report directly. Normally, the senior regional managers are nominated from the mentors of the restaurant managers within the same group. The senior regional manager is generally responsible for implementing business strategies and management of restaurant operations in the group. The senior regional manager is supported by seven core business functions under our headquarters, including product management, finance, IT and food safety, among others.

Headquarters

Our headquarters maintain control over critical aspects of our restaurant operation, including food safety, legal, IT, finance and restaurant expansion strategy. Our headquarters set corporate goals, business strategies and operational standards so that we can achieve high-quality management and scalable growth. Under the framework set out by our headquarters, we grant significant autonomy to senior regional managers and restaurant managers to execute our corporate objectives in each country.

Senior Regional Managers

Our senior regional managers serve as a bridge between the guiding principles and strategic objectives of our headquarters and overseeing the operations of individual restaurants. As our senior regional managers are normally promoted from the restaurant manager pool, we believe they are familiar with local restaurant operations and market conditions, enabling them to formulate the most suitable business strategy for each group. For example, senior regional managers are responsible for implementing marketing strategies and executing restaurant expansion plans. Senior regional managers are also responsible for assessment of restaurants and restaurant managers within the group, including formulating KPIs, conducting restaurant performance evaluation and review within the group.

Restaurant Level

Our restaurant managers are responsible for day-to-day management of our restaurants. We grant significant autonomy and decision-making power to them in operating restaurants. They are responsible for restaurant staff assessment and promotion, handling complaints and emergency situations, holding staff meetings and reviewing financial and performance metrics. Depending on restaurant size, each restaurant is normally staffed with 60 to 120 employees, which are assigned to beginner, intermediate and advanced-level roles. New joiners will start from beginner roles and move up to more advanced roles when they gain sufficient experience.

EXPANSION PLAN, SITE SELECTION AND DEVELOPMENT

We have established a series of internal procedures to implement our expansion plans and new restaurant development. Our headquarters together with our senior regional managers determine the overall strategic expansion plan of each group, for example, whether to enter into a new market and whether to open new restaurants in existing market. We encourage our senior regional managers and restaurant managers to submit proposals for new restaurants, which will be subject to our headquarters' approval. We do not set fixed annual expansion targets for our expansion plan. Since 2020, we have also taken into account the COVID-19 pandemic when determining our expansion plan.

We generally adopt a bottom-up approach in expanding our restaurant network. We align the financial interests of our restaurant managers with their ability to cultivate new locations and leaders to open new restaurants, which has become a significant driver in our expansion. Under our leadership program, existing restaurant managers can identify and train restaurant manager candidates through our leadership training program. As of the Latest Practicable Date, all of our restaurant managers were promoted through our leadership training program.

Expansion Management

We have established standardized procedures to open a new restaurant. For each new restaurant project, our senior regional managers are primarily responsible for choosing new restaurant managers based on recommendations from restaurant managers. After the restaurant manager is identified and the restaurant premise is determined, the new restaurant manager will be responsible for project execution with the support from senior regional managers. Our headquarters will also supervise and provide guidance on the expansion process. The following chart illustrates the major steps in our restaurant opening process after a new restaurant project has been determined.

Selection of New Restaurant Managers

We believe selecting a qualified restaurant manager lays the foundation for the success of a new restaurant. The ideal new restaurant manager should have extensive experience as restaurant staff so that he/she is familiar with every detail of restaurant operations. During the Track Record Period, all of our restaurant managers were home grown and have served in various non-managerial positions, such as waiters or janitors. See "—Assessment, Compensation and Training—Training and Promotion" for details of our apprenticeship program.

Our restaurant managers are encouraged to recommend new restaurant manager candidates, normally being their mentees. If the new restaurant was originally proposed by an existing restaurant manager, we will consider his or her recommendation for the new restaurant manager as the first choice, subject to senior regional manager's review and approval. In other cases, our senior regional manager will review the restaurant manager candidates recommended by each restaurant manager to select the most suitable candidate. Generally, we consider the following factors in the review process:

- *Historical performance*. We give priority to mentees of restaurant managers with A ratings in selecting new restaurant managers. Managers of C- or lower-rated restaurants may not be eligible to open new restaurants. For details of our restaurants rating system, see "—Assessment, Compensation and Training—Performance Assessment—Restaurant Level."

- *Language proficiency*. We require our restaurant manager candidates to be proficient in the local language of the country that he/she is nominated for or English.

Site Selection

The location of a restaurant is crucial to its success. Our headquarters are responsible for providing guidance in our site selection process with the consideration of our Group's strategic growth. Our restaurant managers are responsible for identifying suitable locations, since they have a deeper understanding of the local market. We carefully consider potential markets and devote a substantial amount of time and effort to evaluating each potential restaurant site. The criteria we consider in selecting new restaurant sites includes:

- density of Chinese cuisine restaurants in the area;

- consumption level within the area;

- presence of activity centers or community centers, such as offices, shopping complexes and residential areas, that generate guest traffic;

- popularity of other restaurants in the vicinity;
- accessibility by public transportation, traffic conditions and parking space; and
- rent level and property conditions and features.

Lease Arrangement

We generally enter into long-term leases ranging from three to fifteen years with an option to renew for our restaurants in order to secure more favorable terms. We do not own any property for substantially all of our restaurant sites and believe such strategy can significantly reduce our capital expenditures. Most of our leases include a rent-free period for several months to facilitate the interior design and renovation of the premises. Generally, our lease agreements were under fixed rent arrangements, or alternatively, the rents were calculated in connection with restaurant revenue or table turnover rates.

Rent under a substantial majority of our leases is subject to incremental increases upon renewal based on the lease terms. Lessors may terminate our lease agreements but may be required to pay us damages, the amount of which is dependent on the length of our occupancy and our rental fee. Some of our leases are automatically renewed unless notified by either party, and we enjoy the right of first refusal to lease certain properties. We did not experience any significant difficulties in renewing our leases in a timely manner during the Track Record Period.

Leveraging our strong brand image, we have maintained good relationships with a number of renowned real estate developers. As Haidilao restaurants can help them attract significant guest traffic, they normally invite us to their newly-developed commercial properties and offer us favorable commercial terms.

Project Execution

The new restaurant manager will be responsible for project execution, with assistance provided by the senior regional manager and our headquarters. Key aspects of our new restaurant opening process include:

- *Licenses, registrations and compliance*. Our restaurant manager, with the assistance from the senior regional manager and headquarters, initiates the application process, including but not limited to business license, food safety licenses and alcohol license.

- *Restaurant decoration*. Our senior regional managers are responsible for selecting the most suitable interior design and service providers for each restaurant. We also engage Shuyun Dongfang, our connected person, to provide decoration project management and related services. After the restaurant design is determined, the restaurant manager and senior regional manager identify and engage qualified local construction teams to execute the decoration plan.

- *Menu selection and pricing*. We have a dedicated product development team that conducts market research on local cuisine and taste preferences in the new markets we enter. Based on such research, they will build a menu and give pricing suggestions for the senior regional manager's approval. For new restaurants in countries where we already have presence, we typically adopt substantially the same menu and pricing strategies as existing restaurants in the same country.

- *Staff recruitment*. We typically promote staff from the existing restaurant to higher-level positions at the new restaurant to motivate our employees by providing more opportunities for career development. Through this approach, we can also ensure the smooth opening and operation of new restaurants in its initial months. Other restaurant staff are primarily recruited locally.

- *Supply chain*. Based on our menu selection, our senior regional manager will help the restaurant manager to identify suitable suppliers. Considering our stringent requirements on freshness of the food ingredients, most of our food ingredients are procured from local suppliers. For new restaurants in existing markets, we will normally engage suppliers of other restaurants within the same group.

- *Restaurant set-up*. We require the new restaurant manager and all new staff to arrive at the new restaurant to set up approximately one month prior to the restaurant opening. During such period, the restaurant manager and staff shall receive extensive training. Our senior regional manager will conduct a final inspection and review before opening of the restaurant.

Restaurant Operations and Review

The senior regional manager will continue to provide support and guidance after the new restaurant is opened, including conducting site visits, and reviewing initial table turnover rates and other performance metrics. New restaurants are subject to the same restaurant performance assessment as existing restaurants in the same group. Senior regional managers are available to provide training and assistance to new restaurants that are rated C. See "—Assessment, Compensation and Training—Performance Assessment—Restaurant Level."

ASSESSMENT, COMPENSATION AND TRAINING

Performance Assessment

Group Level

The performance of senior regional managers is assessed and reviewed by our headquarters, which is primarily based on certain key performance metrics, in particular, the table turnover rates and assessment results of restaurants within each group.

Restaurant Level

Our headquarters have formulated a set of criteria to review and assess the performance of each restaurant. We place an emphasis on guest satisfaction and guest experience as we believe they capture intangible elements in restaurant operations that are unmeasurable by operating or financial performance metrics but are crucial for evaluating a restaurant's quality and service.

We conduct monthly evaluation of the performance of our restaurants and derive a monthly rating for each restaurant based on the criteria above, which also ties to the rating of each restaurant manager. The ratings of each restaurant will be published on a monthly basis via online meeting or internal announcement, incentivizing them to improve their performance in the following months. We also derive a final rating for each restaurant each quarter, taking into account the ratings of the restaurant in the three months. These final ratings issued by our senior regional managers are applied as follows:

- *A-rated restaurants*. A is our highest rating. When we select candidates to serve as managers of new restaurants, we give preference to employees from A-rated restaurants. When a new restaurant opens, the new restaurant manager's mentor may share a percentage of the profit of that new restaurant. A-rated restaurant managers may have first pick in new restaurant project.

- *B-rated restaurants*. We consider B-rated restaurants to have satisfactory performance but still have room for improvement. Managers of B-rated restaurants may seek help and advice from our senior regional managers.

- *C-rated restaurants*. For a restaurant that receives a C rating for the first time, its restaurant manager is encouraged to undergo management training to improve the restaurant's performance. We normally will give the restaurant managers a three-month rectification period, during which the senior regional manager will help them improve their performance.

- *Lower than C*. For restaurants that receive a rating lower than C, we consider the performance of these restaurants are far below Haidilao standards and may be detrimental to our guests and brand. The restaurant manager of such restaurants will be replaced, or, in the worst case scenario, the restaurant may be closed.

Mystery Guest Program

We have established a quarterly mystery guest review program, allowing us to understand the performance of restaurants from our guests' points of view. We invite certain mystery guests to register on our designated mobile app and apply to be a mystery guest at a specific restaurant. Once the task is assigned, they are invited to visit our restaurants and provide a feedback report on their dining experience. The report generally covers aspects including (i) quality of service; (ii) dedication of their servers; (iii) quality of food; and (iv) restaurant environment. The reviewers are required to provide an overall rating to the restaurant as "A", "B", "C" or lower at the end of review, which we believe provides the most direct indication of guest satisfaction and whether they would visit us again. Our senior regional managers then will review these reports. Based on these reports, which are not shared to restaurant managers, we will provide general feedback to restaurant managers.

Ratings from our mystery guest reviewers form one of the most important criteria for our performance assessment of a restaurant. Other criteria that we may take into account include: (i) results of unannounced inspections, which focus on safety and hygiene of restaurant areas not visited by guests, such as the kitchen; (ii) reviews from online restaurant review sites; (iii) attrition rate of employees; and (iv) financial performance of the restaurants. We also implement a dynamic assessment system by adjusting the weight given to different performance metrics to better understand the performance of each restaurant.

Restaurant Staff

Our restaurant managers are responsible for conducting staff performance assessment and promotion. Staff that interact with guests, such as waiters, are reviewed based on service quality and guest feedback.

Compensation

Senior Regional Manager

The compensation for the senior regional managers is directly tied to the performance of the restaurants within the restaurant that he/she is responsible for, taking into account the ratings and profitability of each restaurant.

Restaurant Manager

The compensation for our restaurant managers is directly tied to the performance of the restaurants they or their mentees are in charge of. Under this compensation model, our restaurant manager will be self-motivated to enhance the guest satisfaction rate and self-incentivized to train additional talented restaurant managers. Our restaurant manager's compensation primarily includes a base salary and an additional percentage of profits from restaurants. Our restaurant managers may receive a higher percentage of profits by training and developing more mentees. Restaurant managers shall not be entitled to share a restaurant's net profit if their restaurant is rated-C or below. We review the compensation scheme and adjust their salary from time to time.

Restaurant Staff

The compensation and benefits package for our restaurant staff is competitive and is proportionate to the amount of work performed by each employee. As an extension of our Company's management philosophy and taking into account local customs, we adjust the compensation system in each country to better motivate our employees. Our compensation systems include (i) the piece rate compensation system where every activities involved in guest services is measured by units; (ii) hourly rate; and/or (iii) tip system. In order to incentivize and reward outstanding employees, the restaurant manager may decide to allocate up to a low single digit of the net profits of a restaurant every month to managerial staff in the restaurant, such as our floor manager and kitchen manager.

Training and Promotion

We conduct comprehensive training for all of our employees, from management positions to restaurant staff. We create an outcome-oriented and merit-based working environment and seek to instill Haidilao's core values and culture in our employees. Substantially all of our restaurant managers are promoted internally from junior roles at our restaurants.

Restaurant Managers

We are dedicated to identifying, training and retaining experienced employees with high potential who are capable of becoming restaurant managers. As of the Latest Practicable Date, we had over 50 restaurant manager candidates, respectively.

The following sets forth the steps to promote restaurant managers:

- *Qualification to talent pool*. Mentors may nominate outstanding mentees to a talent pool. These mentees receive additional training on restaurant management, service offerings and our internal policies.

- *Internal training*. We encourage restaurant staff that have mastered skills in all major roles in our restaurant operation to enroll in more advanced trainings provided by our headquarters. These trainings primarily cover our corporate culture, restaurant management and assessment skills and interpersonal skills, aiming to help them smoothly transition to a qualified restaurant manager. In particular, the assessment of such trainings is conducted in English, Chinese and/or the local language to ensure that they have the requisite language skills as the restaurant manager at our restaurant.

- *Promotion to restaurant managers.* Restaurant manager candidates are required to complete our internal training and pass various tests to be qualified into our restaurant manager pool. These tests not only cover the trainings we provide, but also cover their performance at different roles within the restaurant, including front office manager and kitchen manager. Subject to the performance of the restaurants of their mentors, they will be promoted to restaurant managers when there are suitable new restaurant openings.

Restaurant Staff

During the Track Record Period, most of our restaurant staff were recruited locally. For restaurants opened in new markets, our restaurant managers will provide on-board training to new joiners, emphasizing on culture and philosophy, corporate values and operating standards and procedures. We have also established an apprenticeship program at our restaurants. Each new employee is assigned a mentor upon joining us. Under our apprenticeship program, the mentor provides new-joiner mentees with a week-long orientation, and regularly provides guidance and support throughout their career. Restaurant staff are reviewed and promoted by restaurant managers. Depending on their performance, outstanding restaurant staff can be promoted to restaurant managers in approximately four years.

SUPPLY CHAIN MANAGEMENT

Our ability to offer consistently high-quality food across our restaurants depends largely upon the ability to procure the highest quality food ingredients commercially available. Our overall procurement strategy is generally based on the guest volume of our restaurants. We primarily procure (i) soup base for our hot pot, (ii) food ingredients, such as meat, seafood and vegetables, as well as consumables used in our restaurants, and (iii) decoration services and equipment for restaurant operation. We have established a procurement team within each group. The procurement team is responsible for identifying suitable suppliers based on each restaurant's demands and supply chain management.

Procurement of Soup Base

During the Track Record Period and up to the Latest Practicable Date, Yihai Group has been our primary supplier of soup base. The soup bases we procured from Yihai Group are primarily Haidilao signature soup bases. For the years ended December 31, 2019, 2020 and

2021 and the three months ended March 31, 2022, purchases from Yihai Group amounted to US$6.7 million, US$5.8 million, US$8.6 million and US$3.1 million, respectively. In addition to soup bases, we also procured small amounts of other products, such as instant hot pot products, from Yihai Group. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Yihai Master Purchase Agreement."

For soup bases localized to the taste preferences of local guests, we generally procure them from larger suppliers with whom we have established long-term business relationships if we consider that it is impractical or infeasible to procure them from Yihai Group.

Procurement of Food Ingredients and Consumables

For markets where we have a larger business scale, we generally adopt a centralized procurement system for major food ingredients and consumables we use. We have set up a central kitchen in Singapore, primarily responsible for manufacturing and processing food ingredients used in our restaurants, including meats that require processing and flavoring, and vegetables that require washing and cutting. We believe this model can streamline our supply chain management practice and reduce staff costs in relation to food preparation at each restaurant, while maintaining the consistency in taste, quality and food safety. Based on our business demand, we are also exploring opportunities to open more central kitchens in other markets where we have greater presence to achieve economies of scale.

For other markets we operate in, we normally procure food ingredients directly from local suppliers to ensure regulatory compliance in each jurisdiction. After we receive requests for new food ingredients from restaurants, our procurement team in each country shall be responsible to identify suitable local suppliers. In order to better manage our costs in relation to food ingredients, we are also exploring opportunities for bulk procurement for our restaurants across different countries. During the Track Record Period, we procured food ingredients from over 150 qualified suppliers worldwide.

Procurement of Decoration Materials and Related Services

Our senior regional managers are responsible for selecting the most suitable renovation project management and related services providers for each restaurant, including Shuyun Dongfang, our connected person. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Master Decoration Project Management Service Agreement." In order to control renovation costs, materials and construction services are mainly procured from local suppliers, as we believe they have more resources and are more familiar with local regulatory environments. We normally enter into supply or service agreements with these suppliers on a project-by-project basis.

Supply Agreements

We generally enter into standard framework agreements with our suppliers for long-term supplies of food ingredients and consumables. To a lesser extent, we may also enter into one-time purchase agreements for items that our restaurants use less frequently. Salient terms of our standard framework agreement are set out as follows:

- *Quality*. We generally provide detailed specifications regarding the quality of the goods supplied. We require all suppliers to provide an inspection report or a certificate of quality, except for small volume seasonal procurements.

- *Quantity and pricing*. We generally do not stipulate the purchase amount or price in the agreements, but set out the amount and price purchase orders depending on the type of ingredients or products procured and with reference to the then market prices.

- *Delivery schedule*. We stipulate the delivery schedule in our agreements. The delivery schedule depends on the type of ingredients or products procured.

- *Inspection and acceptance*. For food ingredients, we generally inspect the supplies once we receive them. We are also entitled to appoint a third party to conduct inspections for major food ingredients we procure. In case of any quality defects that are not due to our negligence in storage, we are entitled to replacement or refund by the suppliers pursuant to the supply agreement.

- *Most favorable clause*. We generally require the supplier to give us prices and terms that are no less favorable than those given to any other customer.

- *Credit term*. Our suppliers generally offer us a credit term up of 30 to 90 days.

Supplier Management

We have identified and established stable business relationships with our major suppliers. For major food ingredients and consumables we used, we normally have at least two qualified suppliers, allowing us to minimize any potential disruption in our operation caused by our suppliers and secure competitive prices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any interruption of the food ingredients supply, early termination of supply agreements, or failure to secure sufficient quantities of scarce food ingredients that had any material adverse impact on our business and results of operations. On average, we have maintained business relationships of approximately five years with our five largest suppliers.

In each of the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, our purchase amount from our five largest suppliers was US$18.2 million, US$22.0 million, US$28.4 million, and US$8.9 million, respectively, accounting for 8.2%, 8.5%, 10.1% and 10.6% of our total purchases for the same period. During each period, Yihai Group was one of our five largest suppliers. In addition, Shuyun Dongfang was one of our five largest suppliers in the year ended December 31, 2021. For details of our procurement from Yihai Group and Shuyun Dongfang, see "Continuing Connected Transactions." Except as disclosed in the listing document, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers that is required to be disclosed under the Listing Rules.

Price Management

We manage our prices by closely monitoring market price fluctuations. We generally do not enter into purchase agreements with fixed prices for food ingredients we procure in order to retain flexibility in our procurement price. As is customary in our industry, we typically do not pass any short-term price increases of our supplies to guests. Generally, our procurement team is responsible for price management with each supplier based on market conditions and negotiating with suppliers on price adjustments from time to time.

The table below sets forth a sensitivity analysis of the impact of raw material and consumable price fluctuations on our results of operations during the Track Record Period. The range of fluctuations is based on historical fluctuations of key raw materials in our operations, assuming all other factors remain unchanged. See "Industry Overview—Cost Structure" for details.

Hypothetical changes in raw materials and consumables used in 2019	**-10%**	**-5%**	**+5%**	**+10%**
		(in millions of US$)		
Raw materials and consumables used	73,158	77,223	85,351	89,416
Changes in raw materials and consumables used in 2019	(8,129)	(4,064)	4,064	8,129
Change in loss for the year ended December 31, 2019(1)	7,934	3,967	(3,967)	(7,934)

Hypothetical changes in raw materials and consumables used in 2020	**-10%**	**-5%**	**+5%**	**+10%**
		(in millions of US$)		
Raw materials and consumables used	71,139	75,091	82,995	86,947
Changes in raw materials and consumables used in 2020	(7,904)	(3,952)	3,952	7,904
Change in loss for the year ended December 31, 2020(1)	7,597	3,798	(3,798)	(7,597)

Hypothetical changes in raw materials and consumables used in 2021	**-10%**	**-5%**	**+5%**	**+10%**
	(in millions of US$)			
Raw materials and consumables used	102,384	108,072	119,448	125,136
Changes in raw materials and consumables used in 2021	(11,376)	(5,688)	5,688	11,376
Change in loss for the year ended December 31, 2021[1]	11,288	5,644	(5,644)	(11,288)

Hypothetical changes in raw materials and consumables used in the three months ended March 31, 2022	**-10%**	**-5%**	**+5%**	**+10%**
	(in millions of US$)			
Raw materials and consumables used	35,995	37,994	41,994	43,993
Changes in raw materials and consumables used in the three months ended March 31, 2022	(3,999)	(2,000)	2,000	3,999
Change in loss for the three months ended March 31, 2022[1]	3,929	1,965	(1,965)	(3,929)

Note:

(1) We apply the actual tax rate for purposes of this sensitivity analysis for each year/period during the Track Record Period.

Logistics Arrangement

Our procurement team is primarily responsible for establishing and maintaining the logistics arrangements for each restaurant. We generally engage local reputable and large-scale third-party logistics companies. Currently, we have two large-scale warehouses in Japan and Thailand in light of the number of restaurants and their vicinities in these countries. Meanwhile, we are also establishing new warehouses in Singapore and Malaysia, which are expected to be completed and put into use by the end of 2022. Food ingredients with longer shelf lives and consumables we use are directly delivered to these warehouses and will be delivered to each restaurant upon the restaurant manager's request.

For restaurants in other countries, each restaurant is generally equipped with a small-scale warehouse and maintains higher inventory levels. Supplies are delivered directly to these restaurants and stored there.

Inventory Management

The inventory level of each restaurant generally depends on its size, location, table turnover rates and historical and forecasted performance. For food ingredients that are procured locally, we typically do not maintain a significant inventory level to ensure their freshness and generally place orders frequently. For other food ingredients with a longer shelf life that needs to be shipped internationally, we generally keep a higher inventory level depending on the location of the restaurants and the time needed for transportation. In addition, we conduct stocktaking once a month to ensure sufficient inventories. We are currently developing a digitalized inventory management system, enabling us to manage inventory levels of our restaurants in different countries on a real-time basis.

Anti-kickback Measures

An effective set of anti-kickback policies and procedures is critical to ensuring the integrity of our quality control and procurement system while managing our costs. Our anti-kickback measures and initiatives include the following:

- *Whistle-blower program*. We have implemented a whistle-blower program under which employees may receive financial incentives to report instances of bribery or kickbacks directly to the immediate supervisor or department head of the alleged wrongdoer anonymously.

- *Inspections*. From time to time, we conduct inspections to uncover any kickback activities.

- *Zero tolerance*. All employment agreements with procurement-related employees contain provisions prohibiting bribery and kickbacks. Breaches of such provisions will result in immediate termination.

- *High compensation*. Our procurement employees are among the most highly compensated employees in the company assuming equal experience and years of service, which we believe discourages them from accepting kick-backs and increases the stakes and costs of engaging in kick-backs.

- *Integrity undertaking*. We require our major suppliers to provide integrity undertakings to us. In accordance with the undertaking, we have the right to terminate or even blacklist the supplier if we find them breaching the undertakings.

FOOD SAFETY AND QUALITY CONTROL

We place the utmost priority on the health and safety of our guests and dedicate a significant amount of resources in maintaining our food safety and quality control system. As of the Latest Practicable Date, we had over 100 employees dedicated for our food safety management. We have established a food safety department at our headquarters overseeing our food safety practice and formulating our food safety protocols and strategies. The food safety department is led by Mr. Guan Hongfei (關鴻飛) who has over 29 years of experience in food safety management and quality control matters, including at large food processing companies and a multinational food safety accreditation and certification agency. Each restaurant also has one food safety specialist, who is responsible for supervising the food safety practice and conducting regular checks and examinations at the restaurant. The food safety specialists are required to attend periodic internal training and pass our quality and safety tests.

Supply Chain Quality Control

We are dedicated to procuring food ingredients of the highest quality that are commercially available from the most reliable suppliers. Details of our supplier quality control program are set out below:

- *Selection of suppliers*. We have established stringent supplier selection procedures. For each food ingredient supplier candidate, we examine its qualification and conduct on-site inspection and sample testing if we consider necessary. Only suppliers that can pass all these assessments can be included in our qualified supplier list. We only procure food ingredients from these qualified suppliers.

- *Management and review of suppliers*. We have formulated a performance evaluation system to assess the performance of each of our suppliers regularly. Based on the quality of supplies, price and services, each supplier is graded with low-risk, mid-risk and high-risk. For high-risk suppliers, we will reduce our purchase amount with them, or find new suppliers to replace them.

- *Stringent standards for food ingredients*. We formulate inspection standards for each type of supplies we procure, including physical inspection as well as testing for chemicals and foreign substances. Below are examples of our high-quality standards for our major food ingredients:

  – *Meat*. We source most of our meat supplies from Australia and the United States, which are generally more tender and juicier with a delicate flavor. We require all of our meat supplies to be traceable to ensure their superior quality.

– *Seafood*. We procure seafood only from qualified suppliers after careful evaluation conducted by our food safety department. To ensure the quality of our seafood ingredients, we have established stringent procedures for inspecting quality standards, processing requirements and production standards. Our food safety staff conduct regular inspection on food safety management and hygienic operation of each restaurant on a daily basis.

– *Vegetables*. We seek to offer farm-to-table vegetables and primarily procure directly from local farms. To ensure freshness, our vegetable menu may change seasonally and differ by geographical region and we will replenish our vegetable inventory at our restaurants on a daily basis.

- *Inspections and testing*. We conduct extensive inspection and testing of product supplies. Our food safety specialists are responsible for conducting on-site examination on our suppliers. In addition, we also engage reputable third-party laboratories to conduct sample testing to ensure that our food ingredient supplies comply with the applicable food safety laws and regulations.

Restaurant Quality Control

We focus on the following aspects of food safety and quality control at our restaurants.

- *Detailed and standardized procedures*. We have developed a series of food safety, hygiene and quality control protocols that set out guidelines detailed down to different methods of cleaning different types of kitchenware, sterilization schedules to prevent the spread of COVID-19 pandemic and the cleaning schedule for restrooms. Our food safety specialists also establish food safety procedures for each restaurant, taking into account local regulatory requirements. From time to time, our food safety specialists will make recommendations to our food safety, hygiene and quality control protocols based on issues identified in restaurants and regulatory updates.

- *Extensive inspection*. Our group manager is responsible for conducting monthly inspection for each restaurant. If any food safety issue is identified, the food safety specialist will assist the restaurant manager to rectify the issue and conduct a follow-up inspection after rectification is completed. Despite the travel restrictions due to the COVID-19 pandemic, the inspections are conducted through video conference.

- *Clear accountability*. We have established clear responsibility for our restaurant managers and our food safety staff. Each restaurant is divided into thirteen different areas, such as the kitchen, dining area and waiting area and the restaurant manager assigns one designated person for each area. In addition, we require the restaurant manager to provide assistance for food safety management in his/her mentee's restaurant.

- *Compliance*. Our food safety specialist reviews and keeps abreast of local laws and regulations to formulate and update internal food safety policies.

- *Design and technology*. We believe that investing in restaurant design and technology allows us to enhance quality control and reduce the risk of human error. We have established kitchens with automated and smart equipment in Singapore, which we believe will allow us to achieve more consistency in handling food and maintaining hygiene in the kitchen area.

- *Continuous training programs*. We continuously provide training programs to our restaurant staff on the operating procedures and quality standards on an annual basis. Post-training tests are conducted to ensure the effectiveness of training.

During the Track Record Period, we did not experience any food safety incidents that had a material and adverse impact on us.

PRODUCT ENHANCEMENT AND DEVELOPMENT

We constantly upgrade our menu dishes and introduce innovative dishes, soup base and dipping sauces in different countries to enhance our dining experience and attract local guests. We mainly manage our menu and product development through two channels:

- *In-house development*. We have established a core product development team, which is split into four groups. Each group is responsible for developing new menu items adapted to tastes in a particular geographic region, such as Southeast Asia and East Asia. We conduct extensive research on potential new dishes in terms of taste, nutritional content and suitability for hot pot cuisine. For example, we introduced the tom yum soup base in restaurants in Southeast Asia. We also have a dedicated product management team responsible for overseeing the sales performance of our menu items and updating our menus from time to time.

- *Open selection*. Our new products are also developed through an open-selection process. We encourage all of our employees to create new concepts for new menu dishes. As many of our employees are local residents, we believe they can provide creative ideas on new menu dishes that can attract local guests.

CUSTOMER BASE AND MARKETING

Guests

As a leading international Chinese cuisine restaurant brand, we are devoted to providing our guests with a great dining experience with affordable prices. In 2019, our restaurant attracted approximately 8.1 million guest visits. Due to the impact of the COVID-19 pandemic, our guest traffic decreased to approximately 7.1 million in 2020. As a result of our efforts to enhance our dining experience and expanding our restaurant network, we recorded approximately 9.8 million guest visits in 2021. In the three months ended March 31, 2022, we attracted approximately 3.8 million guest visits, increasing by over 60.3% from the same period in 2021.

In order to enhance our guests dining experience, we have established a customer loyalty program in each country we operate in. The program keeps record of our guests' ordering history and preferences, including their customized soup base flavors, allowing us to customize our services and make recommendations, thereby enhancing guest experience. In addition, our members are awarded with one point for the amount spent in our restaurant, which can be redeemed for different levels of discounts or our condiment products. Our customer loyalty system has attracted approximately 2.3 million members as of the Latest Practicable Date. We give senior regional managers and restaurant managers the autonomy to give guest discounts or hold promotions for certain menu items as they see fit.

During the Track Record Period, most of our customers are individuals dining in our restaurants, or receiving our delivery services. To a lesser extent, we also derive revenue from sales of hot pot condiment products to local guests and food ingredients to retail customers. Revenue derived from our five largest customers accounted for less than 5% of our total revenue for each of the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022. All of our five largest customers in 2019, 2020 and 2021 and the three months ended March 31, 2022 are Independent Third Parties. None of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest customers that are required to be disclosed under the Listing Rules.

Marketing and Promotion

Our service quality is the most vital factor influencing customer satisfaction and customer retention, and also enhances our brand image through word-of-mouth. Rather than funneling money into traditional advertising efforts, we primarily rely on our guests' spontaneous word-of-mouth to attract new customers. Leveraging our leading position in the international Chinese cuisine market and Haidilao's renowned brand image, our restaurants have attracted many celebrities to visit our restaurants, including movie directors, pop stars, and social media influencers. Their social media posts of dining at Haidilao have become one of our most effective channels to attract more guests.

We engage with our guests, in particular through the social media accounts we operate (e.g. Facebook and Instagram). These online platforms have enabled us to spread our culture and Haidilao dining experiences to a larger audience. From time to time, our senior regional managers may also design, implement and launch marketing campaigns based on local customs and preferences. For example, we have launched marketing campaigns in Japan during cherry blossom seasons.

AWARDS AND RECOGNITION

Year	Award/Recognition	Awarding Authority (Country)
2019	Best Company to Work For in Asia	HR Asia (Singapore)
2019	The most fashionable hot pot restaurant—Haidilao	International Dining Culture Center (Canada)
2019	Best Hot Pot Restaurant	2019 "Diner's Choice Award" (Canada)
2020	Best Service Restaurant	2020 "Diner's Choice Award" (Canada)
2021	Cesco Food Safety Assessment—AAA Grade	Cesco Food Safety (Korea)
2021	Best Hot Pot in Houston Area	Chinese Food Organization (United States)
2022	Charitable Public Welfare Enterprise	Malaysia Chinese Restaurant Association (Malaysia)

PRICING

Generally, pricing of our dishes is determined by our senior regional managers based on costs and the disposable income level of the country. We adjust prices of our dishes with reference to local income levels, cost of ingredients, and guest feedback and preference data we collect from our membership system. From time to time, restaurant managers provide pricing adjustment suggestions every month, which is subject to the approval of the senior regional managers under the guidance from the headquarters.

TECHNOLOGIES

We seek to distinguish ourselves in the restaurant industry by implementing advanced information technology to support our development. To this end, we have implemented a set of management information systems to not only enhance our guest experience but also improve the efficiency of operations. Details of our key technology applications are set forth below:

- *Automated ordering*. All orders at our restaurants are placed on tablet computers. This expedites service and enables our management to collect and analyze consumption behavior, spending and inventory data on a timely basis. This system also allows us to track ordering history and recommend dishes to members based on their consumption behavior.

- *Automatic busser*. We have developed and applied an automatic busser equipment in our restaurants. These automatic bussers can automatically deliver dishes to each table, which significantly improve our operation efficiency.

- *Immersive dining*. We opened two tech-forward restaurants in Singapore, which use architectural lighting, audio and visual technologies to create a full-sensory immersive dining experience, making guests feel like they are dining in different landscapes and time periods in history.

- *Customized flavors*. We adopted technology that would automate the preparation of soup bases and customize the depth of flavors, such as spiciness, oiliness, richness and thickness based on personal preferences. Our guests will be able to create his/her own personalized soup base. The unique choices of each guest are stored in our membership system and can be automatically ordered the next time he/she visits. Further, as some local guests have a lower tolerance for spicy food, our customized flavor technology enables them to adjust the spiciness of their Sichuan-style soup bases, making our restaurants more appealing to local guests.

SETTLEMENT AND CASH MANAGEMENT

We accept cash and credit cards and third-party payment platform at our restaurants. During the Track Record Period, over 80% of the payments we received were made through credit cards or third party payment platforms, such as Alipay and ShopeePay.

Cash Settlement Measures

Our financial head within each group is primarily responsible for accounting work, such as data collection and feedback. The overall supervision is undertaken by our headquarters. We have implemented guidelines in relation to our cash management at the group level and restaurant level. To prevent misappropriation of cash, we have implemented the following measures to strengthen our cash management system:

- We reconcile cash receipts recorded in our system against cash kept at the cash register on a daily basis at our restaurants. We record and trace the source of any differences found during the reconciliation process.

- We have installed safe boxes at each restaurant, to which only a limited number of restaurant staff, including the restaurant manager, can have access to. We also have installed 24-hour surveillance systems that cover our cashier and safe area.

- Cash received at each restaurant is deposited in designated bank accounts on the next day following the receipt of the cash. For banks that provide cash collection services, we require the personnel who collects the cash to present proper identification to us. Our restaurant staff shall open the safe and hand over the cash in the presence of the bank personnel and under surveillance cameras. We and the bank personnel shall each count the cash and complete the relevant paperwork. For banks that require our staff to deposit cash in person, we have authorized staff at each restaurant to make the deposits.

- Restaurants may only keep small amounts of petty cash to make change to guests, for disbursements and miscellaneous expenses. These exchanges are recorded and relevant receipts are reported to our finance department.

- Each restaurant conducts monthly internal financial analyses and reports these results to financial heads in each group through our OA system. If any issues or discrepancies are identified, we will immediately remedial actions.

- Our finance department at our headquarters supervises the deposit account statements and operating reports for each restaurant to monitor the sales and cash received from the restaurant.

During the Track Record Period, we did not encounter any material incidents of cash misappropriation or embezzlement.

COMPETITION

Currently, the international Chinese cuisine restaurant market is very fragmented, with over 600,000 restaurants internationally. We ranked third among all the Chinese cuisine restaurant brands in the international market in terms of 2021 revenue. In addition, we were the largest China-originated Chinese cuisine restaurant brand in the international market in terms of 2021 revenue. We primarily compete with other chain and single-store restaurants with respect to food quality and consistency, brand reputation, price-value relationship, ambiance, service, location, supply of quality food ingredients and availability of trained employees. For details, see "Industry Overview."

INTELLECTUAL PROPERTY

We currently operate our restaurant network under the Haidilao (海底撈) brand. Sichuan Haidilao has registered or applied for registration of a variety of Haidilao (海底撈) trademarks, including, among other, trademarks incorporating Haidilao (海底撈) in the countries where we have operations, which has been licensed to us. For details, see "Continuing Connected Transactions—Continuing Connected Transactions—Trademark License Agreement." As of the Latest Practicable Date, we maintained 25 trademark registrations that we consider to be material to our business in several jurisdictions, including Singapore, Thailand and the United States. In addition to trademarks, as of the Latest

Practicable Date, we also maintained four domain name registrations which we consider to be material to our business in the countries we have operations. For more details, see "Appendix IV—General Information—B. Further Information About Our Business—2. Intellectual Property Rights."

A number of proprietary know-how and trade secrets are also of significant importance to our operations, including the recipes for certain food ingredients and soup bases. We protect such intellectual property by relying on the protection afforded under applicable trade secret laws, implementing intellectual property management policies, installing secure information technology systems and entering into confidentiality arrangements with employees and third parties who may have access to our proprietary know-how and trade secrets. Our product development department is responsible for management of all of our recipes.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any intellectual property dispute or infringement that had a material and adverse impact on us.

EMPLOYEES

We value our employees and believe high-quality customer service comes from happy employees. We endeavor to manage and motivate our employees through training programs, competitive compensation and a clear promotion system. As of March 31, 2022, we had a total of 7,574 full-time employees, of which 5,667 are located in Asia. The table below sets forth our full-time employees by function as of March 31, 2022.

By Function	**Number of Employees**
Headquarters, senior regional managers and administrative staff	316
Managerial restaurant staff	592
Kitchen staff	2,689
Guest service staff	2,312
Reception staff	407
Others[(1)]	1,258
Total	7,574

Note:

(1) Including midnight restaurant staff and restaurant staff responsible for food delivery.

We are committed to hiring qualified candidates to support our business and operations. Our employees are primarily recruited through job fairs and internal referral. We enter into employment contracts with all of our employees and make contributions to social security or pension plans in accordance with local regulatory requirements in different countries. We provide on-board trainings and various career development trainings for our employees to familiarize them with Haidilao's culture, philosophy and service procedure. For restaurant staff relocating to a new country, we provide dormitories as well as trainings to help them settle down. We have formed labor unions or other similar organizations, or implemented similar measures to protect our employees' rights and encourage employees to participate in our management decisions. During the Track Record Period and up to the Latest Practicable Date, there had not been any labor strike within our Group and we did not experience any material labor dispute nor any material insurance claim related to employee injuries.

PROPERTIES

Our Company's headquarters are located in Singapore. As of the Latest Practicable Date, we leased 113 properties with a total GFA of over 90,000 square meters for our restaurants in countries where we currently have, or plan to open new restaurants, such as Singapore and United States. Save for certain properties we owned in Japan, we do not own any property and lease all of our properties from third parties for our restaurant sites to reduce our capital investment requirements. Currently we do not intend to acquire any property for our restaurant sites.

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this listing document is exempted from compliance with the requirements of section 342(1)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of March 31, 2022, we had no single property with a carrying amount of 15% or more of our total assets.

INSURANCE

We maintained a number of insurance policies that are required under the applicable laws and regulations, as well as based on our assessment of our operational needs and industry practice. In line with industry practice, we have elected not to maintain certain types of insurances. Our Directors believe that our insurance coverage is adequate for our business. For details, see "Risk Factors—Risks Relating to Our Business—Our insurance policies may not cover the risks relating to our business and operations."

ENVIRONMENT, SOCIAL AND CORPORATE GOVERNANCE

We are committed to building a lasting brand, and we believe our long-term success rests on our ability to make positive impact on the environment and society. Adhering to the concept of sustainable development on an ongoing basis, we have implemented and continue to improve sustainable development and ESG management by developing an ESG management mechanism involving collaborations at all levels within the Company and actively communicating with stakeholders. Accordingly, our Board is currently in the process of adopting a comprehensive policy on environmental, social and corporate governance responsibilities (the "**ESG Policy**") in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations, including (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG governance structure; (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) the identification of key performance indicators and mitigating measures.

Governance

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year and are responsible for overseeing and guiding our Company's ESG initiatives in multiple jurisdictions. Our Board may assess or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate risks. Set forth below are the principal duties and responsibilities of our Board in respect of our ESG Policy:

- keeping abreast of the latest ESG-related laws and regulations in different countries, including the applicable sections of the Listing Rules, keeping the Board and our headquarters informed of any changes in such laws and regulations and updating our ESG Policy in accordance with the latest regulatory updates;

- identifying our key stakeholders based on our business operations and understanding such stakeholders' influences and dependence with respect to ESG matters;

- assessing ESG-related risks on a regular basis according to applicable laws, regulations and policies, especially risks in relation to climate change, to ensure we fulfill our responsibilities with respect to ESG matters;

- monitoring the effectiveness and ensuring the implementation of our ESG Policy; and

- reporting to our management on an annual basis on the implementation of our ESG Policy and preparing the ESG report.

During the Track Record Period and up to the Latest Practicable Date, we had not been materially and adversely impacted by any ESG-related incidents.

ESG Initiatives

During the Track Record Period, we have taken the following environmental sustainability and social responsibility initiatives.

- *Green operation*. We continue to deepen the concept of green operation, actively promote energy conservation and consumption reduction, and pursue efficient operation. We have developed an online ordering system, online reservation and queuing system, and electronic invoice system, which not only improve operation efficiency, but also achieves the purpose of saving paper resources.

- *Energy saving*. We proactively monitor information relating to pollutant emissions to avoid energy waste. As such, we have established an air-conditioning and mechanical ventilation system to automatically determine the real-time business status of the restaurant, realize intelligent linkage control and supply the appropriate volume of fresh air. We have implemented an intelligent kitchen management system (IKMS) in certain restaurants in Singapore. The IKMS system can collect and analyze the data collected from the kitchen and offer real-time monitoring of the overall operating status, such as production, inventory and shelf life. We also plan to implement an energy management system in certain restaurants. The EMS system can collect and monitor the use of electricity in our restaurants. Through these intelligent systems, we can significantly reduce waste and save energy at our restaurants.

- *Anti-food waste project*. In most of our restaurants, we allow our guests to order half-portion dishes to promote awareness for food waste, while ensuring the diversity of food that our guests can enjoy. In addition, we also launched combo meals for individual guests according to the consumption needs for certain restaurants.

- *Offering nutritious meals*. Our broad menu allows guests to enjoy balanced meals consisting of proteins, vegetables, grains and other nutritious ingredients. In addition, we have formed product development teams to regularly introduce localized menu offerings that promotes a healthy diet.

- *Controlling usage of food additives and other chemicals*. Our suppliers are required to provide information on the use of food additives and other chemicals in their products in accordance with local laws and regulations. We also adopt strict rules for procurement, storage, inventory management and usage of food additives and other chemicals at our restaurants. Our food quality specialist conducts daily food safety inspections to ensure food quality and safety.

We focus on embracing diversity within our organization, as well as equal and respectful treatment of all of our employees in their hiring, training, wellness, and professional and personal development. We will also continue to promote work-life balance and create a happy culture in our workplace and restaurants for all of our employees.

LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, there were no litigations, arbitrations or administrative proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, financial condition or results of operations.

COMPLIANCE, LICENSES AND PERMITS

As an international restaurant brand, we need to obtain various licenses and permits in different countries. During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses and permits for our operations and we were in compliance in all material aspects with the applicable laws and regulations in the countries where we operate our restaurants.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks in our operations and have established a risk management system with relevant policies and procedures that we believe are appropriate for our business operations. For details on the major risks identified by our management, see "Risk Factors." Our policies and procedures relate to managing our restaurant operations, procurement and food safety and quality.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establishing an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three members, namely Mr. TEO Ser Luck (張思樂), who serves as chairman of the committee, Mr. TAN Kang Uei, Anthony (陳康威) and Mr. LIEN Jown Jing Vincent (連宗正). For the qualifications and experience of these committee members, see "Directors and Senior Management;"

- adopting various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- providing anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks; and

- attending training session by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies, provide recommendations on remedial actions and review the implementation status of these remedial actions. Certain internal control matters were identified by our internal control consultant and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the internal control consultant and our internal control consultant has completed the follow-up procedures on our internal control system with regard to those actions taken by us in June 2022 and has not identified any material deficiencies in our internal control system.

OVERVIEW

As of the Latest Practicable Date, (i) Mr. ZHANG Yong (through ZY NP LTD) as well as Ms. SHU Ping (through SP NP LTD) individually, and together through NP United Holding Ltd, were collectively interested in approximately 60.35% of the total issued share capital of Haidilao International; and (ii) our Company was a subsidiary of Haidilao International.

As disclosed in the section headed "The Distribution and Spin-off" in this listing document, the Haidilao International Distribution will be satisfied by way of distribution in specie to the Qualifying Haidilao International Shareholders of 90% of the issued share capital of our Company, being the entire interest held by Haidilao International immediately prior to the Spin-off and Listing, in proportion to their respective shareholdings in Haidilao International held on the Record Date, on the basis of one Share for every [**REDACTED**] Haidilao International Shares. As a result, immediately after the Haidilao International Distribution, (i) our Company will cease to be a subsidiary of Haidilao International; and (ii) Mr. ZHANG Yong (through ZY NP LTD) as well as Ms. SHU Ping (through SP NP LTD) individually, and together through NP United Holding Ltd, will be collectively interested in approximately [**REDACTED**]% of our total issued share capital. As a result, following the completion of the Spin-off and the Listing, Mr. ZHANG Yong, Ms. SHU Ping together with ZY NP LTD, SP NP LTD and NP United Holding Ltd will continue to be our Controlling Shareholders. See "History, Reorganization and Corporate Structure—Our Shareholding and Corporate Structure" for our shareholding structure immediately after the completion of the Spin-off and the Listing.

DELINEATION OF BUSINESS

Business of Our Group

We are principally engaged in the operation of restaurant business outside Greater China.

Haidilao International

Haidilao International is a globally leading Chinese restaurant brand focusing on hot pot cuisine. Upon the Spin-off and the Listing, the Retained Group will be principally engaged in the operation of restaurants in Greater China. As of March 31, 2022, the Retained Group owned and operated 1,359 restaurants in Greater China, which comprised 1,334 Haidilao restaurants and 25 restaurants under other brand names including but not limited to Madam Zhu's Kitchen (漢舍中國菜), Shi Ba Cuan Noodle (十八汆麵館), Five Grains Three Meals (五谷三餐) and Brother Miao (苗師兄炒雞), etc. In addition, the Retained Group will also continue to be engaged in delivery business and sales of condiment products and food ingredients in Greater China.

As stated above, the Retained Group will continue to be principally engaged in the above business in Greater China (the "**Remaining Business**"), and our Group will be principally engaged in the operation of overseas restaurants located outside Greater China. Thus there is a clear geographical delineation between the Remaining Business and the business of our Group.

Each of our Controlling Shareholders confirms that as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Having considered the following factors, our Directors are satisfied that we are able of carrying out our business independently from our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our Board comprises three executive Directors and three independent non-executive Directors. For further details, see "Directors and Senior Management".

Save as disclosed below, our Company and the Retained Group have their respective directors and management teams independent of each other.

Name	Position in our Group following the Spin-off and the Listing	Current Management Positions in the Retained Group as of the Latest Practicable Date	Positions in the Retained Group following the Spin-off and the Listing
Mr. ZHOU Zhaocheng	Executive Director, chairman of the Board and chief executive officer	Executive director, chief strategy officer and joint company secretary[Note 1]	Non-executive director[Note 1]
Mr. WANG Jinping	Executive Director and chief operating officer	Chief operating officer (Hong Kong, Macau, Taiwan and overseas)[Note 2]	N/A[Note 2]

Notes:

(1) Mr. ZHOU Zhaocheng is currently an executive director, chief strategy officer and joint company secretary of Haidilao International. He will cease to be the chief strategy officer and the joint company secretary and be re-designated as a non-executive director of Haidilao International upon the Spin-off and Listing.

(2) Mr. WANG Jinping will cease to be the chief operating officer (Hong Kong, Macau, Taiwan) of Haidilao International upon the Spin-off and Listing.

Our Directors are of the view that our Board and senior management team are able to manage our business independently from the Controlling Shareholders and their associates for the following reasons:

(1) Upon the Listing, our executive Directors and senior management members will not hold any role as an executive director or member of senior management in any close associates of our Controlling Shareholders. There will not be any overlapping member on the board or senior management team between our Group and the Retained Group given that (i) Mr. ZHOU Zhaocheng will cease to be an executive Director, the chief strategy officer and the joint company secretary of Haidilao International and be re-designated as a non-executive director of Haidilao International upon the Spin-off, and therefore will not be involved in day-to-day management of affairs and operations of the Retained Group; and (ii) Mr. WANG Jinping will cease to be the chief operating officer (Hong Kong, Macau, Taiwan) of Haidilao International upon the Spin-off. The day-to-day management and operations of our Group will be dealt with by, among others, our management members who have been serving our Group for a long time and are familiar with our business, which will ensure that our Group's management and daily operations are independent from the Retained Group;

(2) according to our corporate governance policies, with respect to any matters of conflict or potential conflict of interest which involve a transaction between our Company and another company or entity to which a Director holds office, such Director shall abstain from voting and shall not be counted towards the quorum for the voting. There would be sufficient quorum for the board meetings of our Company and Haidilao International if the common Directors abstain from voting due to conflict of interest;

(3) we [have appointed] three independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole. None of the independent non-executive Directors have any positions in our Controlling Shareholders and their associates and all of them can exercise independent judgement free of any conflict of interest. With one half of the six members of the Board to be independent non-executive Directors, there is a strong element in our Board which can provide independent oversight over the Board's decision-making in any situation involving a conflict of interest and thereby protect the interests of independent Shareholders. In addition, the independent non-executive Directors will be entitled to engage professional advisor(s) at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates;

(4) each of our Directors is aware of his/her fiduciary duties and responsibilities under the Listing Rules as a director, which require that she/he acts in the best interests of our Company and our Shareholders as a whole;

(5) where a Shareholders' meeting is held to consider a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(6) our Company has appointed Maxa Capital Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Operational Independence

We engage in our operations independently, making and implementing operational decisions independently. We are not dependent upon our Controlling Shareholders or their close associates for any material licenses and permits. In addition, we have established our internal organizational and management structure which includes Shareholders' meetings, our Board and other committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific areas of responsibilities.

During the Track Record Period, our Group conducted certain transactions with our Controlling Shareholders' associates on a recurring basis which are expected to continue after the Listing and will constitute continuing connected transactions of our Company under the Listing Rules. Details of each of the continuing connected transactions are set out in the section headed "Continuing Connected Transactions" in this listing document. Such transactions are entered into in the ordinary and usual course of business of our Group and our Directors confirm that the terms of such transactions are determined at arm's length negotiations and are no less favorable to our Group than those offered by Independent Third Parties. Our Directors believe that the continuing connected transactions between our Group and our Controlling Shareholders' associates do not indicate any undue reliance by our Group on our Controlling Shareholders and are beneficial to our Group and our Shareholders as a whole for the reasons as set out below.

Yihai

Yihai Group, principally conducts manufacturing, distribution and sale, as well as research and development, of hot pot condiment products, Chinese-style compound condiment products and convenient ready-to-eat food products. Yihai has been a supplier for our business for many years.

Pursuant to the Yihai Master Purchase Agreement, Yihai Group provides Haidilao Customized Products, Yihai Retail Products (together with the Haidilao Customized Products, the "**Flavoring Products**") and instant self-serving products to our Group. For details, see

"Continuing Connected Transactions—Continuing Connected Transactions—Yihai Master Purchase Agreement." We believe that the transactions under the Yihai Master Purchase Agreement do not constitute undue reliance on Yihai Group or our Controlling Shareholders on the following grounds:

(1) Long-standing and mutually beneficial relationship

There has been a continued long-term, stable and mutually beneficial business relationship between our Group and Yihai Group. Yihai Group has been the internal supplier of the Flavoring Products of our Group since 2012. The mass production capabilities of Yihai Group have ensured the stable supply of products that are price competitive, of high-quality and compliant with stringent food safety standards to our Group, while the long-term and stable business relationship enables Yihai Group to grow alongside our Group's expansion. In addition, Yihai Group has every incentive to protect the proprietary know-how and trade secrets due to the importance of our Group to its business, and the in-house research teams of both Yihai Group and our Group have been working closely to continuously upgrade and explore hot pot soup flavoring formulae. To maintain a mutually beneficial relationship is in the best interest of the shareholders of both Yihai Group and our Group.

(2) Importance of our Group to Yihai Group's overseas business

The purchase amount by our Group from Yihai Group was approximately US$6.7 million, US$5.8 million, US$8.6 million and US$3.1 million for the three years ended December 31, 2021 and the three months ended March 31, 2022, respectively, representing 3.0%, 2.2%, 3.0% and 3.6% of our Group's total purchase amount for the relevant periods. The purchase amount by our Group from Yihai Group for the three years ended December 31, 2021 also accounted for at least 15% of the total revenue of Yihai Group's overseas business for each of the relevant years. Given the leading market place of our Group in the Chinese-cuisine sector in the overseas market and the contribution of our Group to the overseas business of Yihai Group, which reflects an important role our Group has been playing in the overseas business development of Yihai Group, the Company considers that Yihai Group has every incentive to deliver high-quality products with reasonable prices and it is unlikely that Yihai Group will intentionally cease or reduce its supply to our Group.

(3) Sourcing from alternative suppliers

The formulae for the Haidilao Customized Products are owned by our Group. Since the listing of Yihai on the Stock Exchange, Our Group has been identifying alternative suppliers for the Haidilao Customized Products in case the supply from Yihai Group cannot meet our requirements and demand. We have entered into agreements with certain Independent Third Party suppliers of comparable Flavoring Products, who have been added into the "Qualified Supplier List" maintained for the purpose of our business, to procure specific types of soup base product which Yihai Group is currently unable to manufacture. Such alternative suppliers are able to supply similar Flavoring Products of comparable quality and pricing terms as those offered by Yihai Group. As our Group owns the formulae and the raw materials for the Haidilao Customized Products can readily be sourced, the Company believes that in the unlikely event that Yihai Group ceases or is unable to supply to our Group, Our Group would be able to source from alternative suppliers the Haidilao Customized Products that meet our requirements and demand within a reasonable period of time, and the business of our Group would not be adversely affected.

Under the Yihai Master Purchase Agreement, Yihai Group is the sole supplier of the Yihai Retail Products and the instant self-serving products to us for display and sales to consumers in our restaurants. Given the revenue generated from sales of the Yihai Retail Products and the instant self-serving products is relatively insignificant to our Group, in the unlikely event that Yihai Group ceases or reduces the supply of the Yihai Retail Products and the instant self-serving products to our Group, the potential effect on our business, financial condition and results of operations would be immaterial. Therefore, we believe that it is unnecessary to secure alternative suppliers of such products.

(4) Fair and reasonable pricing terms

Under the Yihai Master Purchase Agreement, the pricing of the Haidilao Customized Products is determined by taking into account various factors such as historical sale price to our Group by Yihai Group, the estimated overall net profit margin of Yihai's sales to third-party distributors, production cost, and the market price of similar products purchased from independent and comparable suppliers. Although there is no market price directly comparable to the prices that Yihai Group charges for the Haidilao Customized Products, the pricing terms are considered fair and reasonable and on normal commercial terms at arm's length negotiation by both parties. The pricing of the Yihai Retail Products and instant self-serving products follows the pricing of sales to independent third party distributors by Yihai.

(5) High level of transparency and corporate governance measures

Yihai is listed on the Stock Exchange and its connected transactions with our Group may subject to the relevant requirements under the Listing Rules. The same compliance requirements are also expected to apply to our Group. As such, upon Listing, the Shareholders will be well protected as the fairness and reasonableness of the connected transactions between Yihai Group and our Group will be closely and regularly monitored by respective independent shareholders, independent non-executive directors and auditors of Yihai Group and our Group with sufficient disclosures.

Shuyun Dongfang

Shuyun Dongfang primarily conducts the provision of decoration service business. As disclosed in the section headed "Continuing Connected Transaction—Continuing Connected Transactions—Master Decoration Project Management Service Agreement", we have been engaging Shuyun Dongfang to provide decoration project management for the interior decoration and renovation of our restaurants. The term of the Master Decoration Project Management Service Agreement between Shunyun Dongfang and our Company will commence from the [**REDACTED**] and continue until December 31, 2023 (both days inclusive) and may be renewed for a further term of three years from time to time, unless our Company notifies Shuyun Dongfang to the contrary with 30 days' written notice prior to the expiry of the term. The amounts of procurement of decoration management service by our Group from Shuyun Dongfang was US$1.4 million, US$2.2 million, US$5.6 million and US$1.1 million for the three years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

As the Company estimated that it would continue to expand in the future and the Group's restaurant decoration execution demands will continue to exist, the Company believes that the continuous cooperation with Shuyun Dongfang could improve efficiency by running multiple projects at the same time and also enhance the quality control. Based on the long-term cooperation with the Company, Shuyun Dongfang is more familiar with the Company's decoration needs and requirements under project management arrangement for our overseas restaurants and can tailor for the Group's decoration demands at a stage of expansion. In light of the above, our Directors believe that the continuous procurement of such services from Shuyun Dongfang will be beneficial to our Group and is in the best interest of our Shareholders as a whole.

Given the decoration project management services can be readily sourced in the open market, and the service fee under the Master Decoration Project Management Service Agreement is determined with reference to the prevailing market rate, we can easily source such service from alternative service providers at comparable terms. As of the Latest Practicable Date, certain third party decoration management service providers have passed the supplier review process of our Group and have been added into the "Qualified Supplier List" maintained for the purpose of our business. The Company will select decoration management service providers from the "Qualified Supplier List" on a project-by-project basis and run the selection process for every single project. The selection criteria include, amongst others, the performance in recently completed projects, the quotation for the project and the current service capacity of the suppliers. While the number of decoration projects may increase with the expansion of our restaurant network, we will adhere to our supplier selection criteria to ensure fair competition between Shuyun Dongfang and other third party decoration management service providers. Thus, we believe that our procurement of decoration project management services from Shuyun Dongfang will not constitute undue reliance on Shuyun Dongfang or our Controlling Shareholders.

Sichuan Haidilao

Sichuan Haidilao is an associate of our Controlling Shareholders. We have entered into the Trademark License Agreement with Sichuan Haidilao, pursuant to which Sichuan Haidilao agreed to grant license to our Group for the use of certain trademarks in connection with our operations in the jurisdictions where we operate or will operate on an exclusive and royalty-free basis for a perpetual term to the extent permissible under the Listing Rules, relevant laws and regulations. Considering that transfer of the relevant trademarks of all the registered classes by Sichuan Haidilao to us may incur considerable time and transactional costs and would be commercially inefficient and costly, and the Trademark License Agreement (i) are of a perpetual term to the extent permissible under the Listing Rules, relevant laws and regulations, (ii) are made on a royalty-free basis, and (iii) cannot be terminated by Sichuan Haidilao without our prior written consent, we believe that the Trademark License Agreement secures our exclusive rights to use the licensed trademarks in our operations in a cost-efficient and sustainable manner and thus adequately protects our interests.

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have made tax filings and paid tax independently from our Controlling Shareholders and their close associates pursuant to applicable laws and regulations. We have been gradually establishing an independent finance department and have implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates will be outstanding as of the [**REDACTED**].

Based on the above, our Company considers there is no financial dependence on our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE MEASURES

Save as disclosed in the section headed "Directors and Senior Management—Corporate Governance—Chairman of the Board and Chief Executive Officer" in this listing document, our Company will comply with the provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance.

Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act as our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) where a Board meeting or Shareholders' meeting is to be held for considering proposed transactions in which any of our Director or Controlling Shareholder or any of their respective close associates has a material interest, the relevant Director or Controlling Shareholder will not vote on the relevant resolutions;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of his associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisor, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Maxa Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

OVERVIEW

We will continue to engage in certain transactions with our connected persons upon Listing. These transactions will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

RELEVANT CONNECTED PERSONS

The following entities with whom we have entered into transactions will be regarded as our connected persons under the Listing Rules:

Connected Persons	Connected Relationship
Sichuan Haidilao	Sichuan Haidilao is a company established in the PRC and was directly held as to 33.5% by Mr. ZHANG Yong and Ms. SHU Ping and 50% by Jianyang Jingyuan Investment Co., Ltd. (簡陽市靜遠投資有限公司) (which was in turn held as to 68% by Mr. ZHANG Yong and Ms. SHU Ping) as of the Latest Practicable Date.
Yihai	Yihai is a company incorporated under the laws of the Cayman Islands with limited liability on October 18, 2013 whose shares are listed on the Main Board of the Stock Exchange (stock code: 1579). As of the Latest Practicable Date, Yihai was held as to approximately 31.13% in aggregate, directly and indirectly, by Mr. ZHANG Yong and Ms. SHU Ping.
Shuyun Dongfang	Shuyun Dongfang is a company established in the PRC on May 10, 2006, which was owned as to 80% by Mr. ZHANG Shuoyi (張碩軼), the brother of Mr. ZHANG Yong, as of the Latest Practicable Date.

CONTINUING CONNECTED TRANSACTIONS

The following table sets forth a summary of our continuing connected transactions:

Transaction	Applicable Listing Rules	Waiver Sought	Proposed Annual Caps for the years ended December 31, 2022	2023
			(US$ in thousands)	
Trademark License Agreement	14A.52, 14A.76(1)(a)	Waiver from limiting the period of agreement to a fixed term not exceeding three years	N/A	N/A
Master Decoration Project Management Service Agreement	14A.34 to 14A.35, 14A.49, 14A.51 to 14A.59 and 14A.71	Waiver from announcement requirement	4,266	3,321
Yihai Master Purchase Agreement	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Waiver from announcement, circular and independent Shareholders' approval requirements	16,755	22,866

Trademark License Agreement

Sichuan Haidilao and the Company (for itself and on behalf of its subsidiaries) entered into the Trademark License Agreement on [●], 2022, pursuant to which Sichuan Haidilao agreed to license certain trademarks which have been or are being registered by Sichuan Haidilao in certain jurisdictions for our use in connection with our operations (the "**Licensed Trademarks**") on an exclusive and royalty-free basis for a perpetual term to the extent permissible under the Listing Rules, relevant laws and regulations.

As the license of the trademarks by Sichuan Haidilao to our Group is on a royalty-free basis, each of the applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will not exceed 0.1% on an annual basis. Accordingly, the transactions under the Trademark License Agreement fall within the de minimis threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.52 of the Listing Rules, the period of an agreement for a continuing connected transaction must be fixed and must not exceed three years. However, the Trademark License Agreement has a perpetual term to the extent permissible under the Listing Rules, relevant laws and regulations. We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 14A.52 of the Listing Rules such that the term of the License Agreement can be of a perpetual term based on the grounds that (a) the Trademark License Agreement is on a royalty-free basis and allows our Group to use the Licensed Trademarks during the daily restaurant operations, which is long term in nature. Imposing a restriction on the term of the Trademark License Agreement for a period of three years would deviate from the market prevailing practice and be contrary to the business intention of the parties; (b) such a perpetual term of cooperation is in the interest of our Company and the Shareholders as a whole; and (c) Sichuan Haidilao cannot terminate the Trademark License Agreement without obtaining prior written consent from our Group within a prescribed period of time. Our Directors are of the view that, it is reasonable for the Trademark License Agreement to be entered into for a perpetual term, and it is normal business practice for agreements of this type to be of such duration.

Master Decoration Project Management Service Agreement

Our Company and Shuyun Dongfang, each for itself and on behalf of its respective subsidiaries, entered into the Master Decoration Project Management Service Agreement on [●], 2022, pursuant to which Shuyun Dongfang agreed to provide decoration project management and related services, including but not limited to, selecting and supervising the design and construction subcontractors, to our Group in connection with the interior decoration and renovation of our restaurants.

Principal Terms

The term of Master Decoration Project Management Service Agreement will commence from the [**REDACTED**] and continue until December 31, 2023 (both days inclusive). Subject to compliance with Listing Rules and applicable laws and regulations, the Master Decoration Project Management Service Agreement may be renewed for a further term of three years from time to time, unless our Company notifies Shuyun Dongfang to the contrary with 30 days' written notice prior to the expiry of the term. Upon renewal of the Master Decoration Project Management Service Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Pricing Policy

The management service fee will be determined based on the quality of the decoration services according to a fixed service fee schedule as agreed by both parties with reference to the prevailing market rate of such decoration project management service.

Reasons for the Transaction

Shuyun Dongfang primarily conducts the provision of decoration service business. We have been engaging Shuyun Dongfang to provide decoration project management for the interior decoration and renovation of our restaurants since 2012. Due to our long-term and stable business relationship, Shuyun Dongfang has been very familiar with our requirements of decoration projects and has been providing satisfying project management services in a timely and cost-efficient manner.

As our Group estimated that we would continue to expand in the future and the restaurant decoration execution demands will continue to exist, we believe that the continuous cooperation with Shuyun Dongfang could improve efficiency by running multiple projects at the same time and also enhance the quality control. Based on the long-term cooperation with our Group, Shuyun Dongfang is more familiar with the decoration needs and requirements under project management arrangement for our overseas restaurants and can tailor for the decoration demands at a stage of expansion. In light of the above, the Directors are of the view that the continuous procurement of such services from Shuyun Dongfang will be beneficial to our Group and is in the best interest of Shareholders as a whole. For details, see "Relationship with our Controlling Shareholders—Independence From Our Controlling Shareholders and Their Close Associates—Operational Independence—Shuyun Dongfang."

Historical Amounts

The following table sets forth the historical amounts of procurement of decoration management service by our Group from Shuyun Dongfang for the three years ended December 31, 2021 and the three months ended March 31, 2022:

For the Year Ended December 31,			For the Three Months Ended March 31,
2019	**2020**	**2021**	**2022**
(US$ in thousands)			
1,412	2,172	5,576	1,135

Annual Caps

The following table sets forth the proposed annual caps for the decoration project management service fees under the Master Decoration Project Management Service Agreement:

Proposed annual cap for the year ending December 31,	
2022	**2023**
(US$ in thousands)	
4,266	3,321

The proposed annual caps have been estimated based on the following factors:

(1) the decoration project management service fee rate agreed by Shuyun Dongfang and us and the expected fluctuation in the rate; and

(2) the anticipated expansion of our restaurant network, specifically, the estimated number of new hot pot restaurants we plan to open and decorate and the estimated number of existing hot pot restaurants we plan to renovate; and

(3) the past experience of the Group in restaurant decoration projects and the major terms and payment schedule for the project management services agreed by Shuyun Dongfang and us; and

(4) the historical transaction amounts with Shuyun Dongfang under the transaction arrangement and the service capacity of Shuyun Dongfang in providing project management services.

Listing Rules Implications

As of the Latest Practicable Date, Mr. ZHANG Shuoyi (張碩軼) is the director of Shuyun Dongfang and owns 80% of the equity interests in Shuyun Dongfang. Mr. ZHANG Shuoyi is the brother of Mr. ZHANG Yong, our Controlling Shareholder. Therefore, Shuyun Dongfang is an associate of Mr. ZHANG Yong and a connected person of the Company, and the transactions under the Master Decoration Project Management Service Agreement constitute continuing connected transactions of the Company under the Listing Rules. Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Master Decoration Project Management Service Agreement will be more than HK$3 million but not exceed 5%, the transactions under the Master Decoration Project Management Service Agreement are exempt from the circular (including independent financial advice) and Shareholders' approval requirements but are subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

Yihai Master Purchase Agreement

On [●], 2022, Yihai and our Company, each for itself and on behalf of its subsidiaries, entered into the Yihai Master Purchase Agreement, pursuant to which our Group agreed to purchase Haidilao Customized Products, Yihai Retail Products and instant self-serving products from Yihai Group.

Principal Terms

The term of the Yihai Master Purchase Agreement will commence from the [**REDACTED**] and continue until December 31, 2023 (both days inclusive). Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Yihai Master Purchase Agreement may be automatically renewed for a further term of three years from time to time, unless: (i) the parties agree in writing to terminate the Yihai Master Purchase Agreement during its term; or (ii) the Yihai Master Purchase Agreement is terminated as required by applicable laws, regulations, requirements of the securities regulatory authorities, or judgment or decision of any competent court. Upon renewal of the Yihai Master Purchase Agreement, the parties may amend the terms of the Yihai Master Purchase Agreement based on the then prevailing circumstances.

(1) Purchase of Haidilao Customized Products

During the term of the Yihai Master Purchase Agreement, Yihai Group is the supplier of Haidilao Customized Products for use in our hot pot restaurants outside Greater China. In the event that Yihai Group is unable to satisfy the quantity or quality of products demanded by our Group, and such problem is not resolved within a reasonable period of time after negotiation between both parties, we may engage third party suppliers.

Purchase of Haidilao Customized Products will be made on the basis of individual orders specifying the type of product, purchase volume, sales price, delivery date and etc. The price of Haidilao Customized Products shall be determined based on the pricing policy as set out below and payment will be made based on the purchase volume per order.

We own the proprietary rights to the formulas of Haidilao Customized Products (the "**Condiments Formulae**") and license the Condiments Formulae to Yihai Group and its contract manufacturers to use for production on a royalty-free basis. Yihai Group are required to, and shall use reasonable efforts to procure its contract manufacturers to: (i) keep confidential the Condiments Formulae, and (ii) unless we have given written consent, refrain from selling products that use these formulae to any of our major competitors.

For any upgrades and developments in the Condiments Formulae made through the joint efforts of Yihai Group and us, we will own the proprietary rights and Yihai Group and its contract manufacturers will be entitled to use such upgraded formulae for production of Haidilao Customized Products. In relation to the purchase of products which will be produced with such upgraded formulae, and in accordance with the Yihai Master Purchase Agreement, a supplemental agreement will be entered into by the parties to confirm that the upgraded formulae are a result of joint efforts of Yihai Group and us.

For any upgrades and developments in Condiments Formulae made through Yihai Group's own efforts, Yihai Group will own the proprietary rights of such upgraded formulae unless otherwise agreed between the parties. If Yihai Group agrees to supply any product which will be produced with such upgraded formulae to us, in accordance with the Yihai Master Purchase Agreement, a supplemental agreement will be entered into by the parties to confirm that the upgraded formulae are a result of Yihai Group's efforts and to confirm the usage of such upgraded formulae.

(2) Purchase of Yihai Retail Products

During the term of the Yihai Master Purchase Agreement, Yihai Group is the sole supplier of the Yihai Retail Products to us for display and sales to consumers in our hot pot restaurants. Yihai Retail Products are manufactured with Yihai Group's formulas.

Purchase of Yihai Retail Products will be made on the basis of individual orders specifying the type of product, purchase volume, delivery date and etc. The price of the Yihai Retail Products shall be determined based on the pricing policy as set out below, and a price list for the Yihai Retail Products by cities shall be provided to us semi-annually. Payment will be made on a monthly basis, following the delivery of products and Yihai Group's issuance of delivery invoices.

(3) Purchase of instant self-serving products

During the term of the Yihai Master Purchase Agreement, Yihai Group is the sole supplier of the instant self-serving products to us for display and sales to customers in our hot pot restaurants.

Purchase of instant self-serving products will be made on the basis of individual orders specifying the type of product, purchase volume, delivery date and etc. The price of the instant self-serving products shall be determined based on the pricing policy as set out below. Payment will be made on a monthly basis, following the delivery of products and Yihai Group's issuance of delivery invoices.

Pricing Policy

The prices of Haidilao Customized Products, Yihai Retail Products and instant self-serving products shall be determined by the parties with reference to a number of factors, details of which are further disclosed below.

(1) Purchase of Haidilao Customized Products

The purchase price of Haidilao Customized Products shall be determined by the parties at arm's length negotiations with reference to (i) historical purchase price, (ii) Yihai Group's production cost, including the cost of raw materials, selling and administrative expenses, incurred in connection with the production of Haidilao Customized Products, (iii) Yihai Group's estimated overall net profit margin through sales to its Independent Third Party distributors, and (iv) the market price of similar products purchased from independent and comparable suppliers.

(2) Purchase of Yihai Retail Products

The purchase price of Yihai Retail Products shall be consistent with the pricing policy for similar products Yihai Group offers to its Independent Third Party distributors and shall be determined by the parties at arm's length negotiations with reference to (i) the relevant costs and expenses, and (ii) the prevailing market price of similar products.

To ensure that the purchase price of Yihai Retail Products is consistent with the pricing policy for similar products offered by Yihai Group to its independent third party distributors, our Group and Yihai Group will explicitly agree on such pricing policy in the relevant purchase agreements. In addition, our Group has adopted comprehensive internal control measures to monitor the enforcement of the purchase agreements.

(3) Purchase of instant self-serving products

The price of instant self-serving products shall be determined by the parties after arm's length negotiations with reference to (i) the relevant costs and expenses, and (ii) the prevailing market price of similar products Yihai Group offers to its independent third parties.

Reasons for the Transaction

Yihai Group is a leading compound condiment manufacturer, and has been the supplier of flavoring products for our Group for a long time. Our long-term, stable and mutually beneficial business relationship with Yihai Group and its mass production capabilities have contributed to our successful growth and expansion and we believe the maintenance of the mutually beneficial relationship is in the best interest of our Shareholders as a whole. For details, see "Relationship with Our Controlling Shareholders—Independence from Our Controlling Shareholders and their Close Associate—Operational Independence—Yihai."

Historical Amounts

The following table sets forth the historical amounts of our purchase from Yihai Group for the three years ended December 31, 2021 and the three months ended March 31, 2022.

For the Year Ended December 31,			For the Three Months Ended March 31,
2019	**2020**	**2021**	**2022**
(US$ in thousands)			
6,728	5,794	8,582	3,062

Annual Caps

The following table sets forth the proposed annual caps for the purchase under the Yihai Master Purchase Agreement:

Proposed annual cap for the year ending December 31,	
2022	**2023**
(US$ in thousands)	
16,755	22,866

The proposed annual caps for Haidilao Customized Products and Yihai Retail Products have been estimated based on the following factors:

(1) the historical transaction amounts with the Yihai Group;

(2) the estimated increase in demand for Haidilao Customized Products and sales volume of Yihai Retail Products as a result of the anticipated expansion of our restaurant network;

(3) the supply capacity of the Yihai Group; and

(4) the growth of the catering industry.

The proposed annual caps for instant self-serving products have been estimated based on the following factors:

(1) the historical transaction amounts with the Yihai Group;

(2) the estimated increase in sales volume of instant self-serving products as a result of the anticipated expansion of our restaurant network; and

(3) the strong growth and extensive market potential of the catering industry and the market of the instant self-serving products.

Listing Rules Implications

As of the Latest Practicable Date, Yihai was held as to approximately 31.13% in aggregate, directly and indirectly, by Mr. ZHANG Yong and Ms. SHU Ping. Therefore, Yihai is an associate of Mr. ZHANG Yong and Ms. SHU Ping and thus a connected person of the Company. The transactions under the Yihai Master Purchase Agreement constitute continuing connected transactions of the Company under the Listing Rules. Since the highest of all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps of the Yihai Master Purchase Agreement will exceed 5%, the transactions under the Yihai Master Purchase Agreement shall be subject to annual review, reporting, announcement, circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

By virtue of Rule 14A.76(2) of the Listing Rules, the transactions under the Master Decoration Project Management Service Agreement will constitute continuing connected transactions which are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, and the transactions under the Yihai Master Purchase Agreement will constitute continuing connected transactions subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the above non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement and/or independent shareholders' approval requirements would be impractical, would add unnecessary administrative costs to us and would be unduly burdensome to us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has [granted], a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirements and/or independent shareholders' approval in respect of the above non-exempt continuing connected transactions. In addition, we confirm that we will comply with the Listing Rules in relation to the discloseable and non-exempt continuing connected transactions.

In addition, we have applied for, and the Stock Exchange has [granted], a waiver from strict compliance with the requirement under Rule 14A.52 of the Listing Rules such that the term of the Trademark License Agreement can be of a perpetual term.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this listing document, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been and will be entered into during our ordinary and usual course of business on normal commercial terms or terms better to us, and are fair and reasonable and in the interest of us and our Shareholders as a whole; and (ii) the proposed annual caps, where applicable, for these transactions are fair and reasonable and in the interest of us and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Having considered the above, the Joint Sponsors are of the view that the aforesaid non-exempt continuing connected transactions have been entered into in the ordinary and usual course of business of the Company on normal commercial terms or terms better to us which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and the proposed annual caps in respect of non-exempt continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BOARD OF DIRECTORS

Upon Listing, our Board comprises six Directors, including three executive Directors and three independent non-executive Directors. The following table sets out certain information relating to the Directors:

Name	Age	Position	Major responsibilities	Date of joining our Group	Date of appointment as a Director
Mr. ZHOU Zhaocheng (周兆呈)	49	Executive Director, chairman of the Board and chief executive officer	Overseeing the management and strategic development of our Group	April 3, 2018	May 6, 2022
Mr. WANG Jinping (王金平)	38	Executive Director and chief operating officer	Overseeing the operation of our Group and participating in the management and strategic development of our Group	September 22, 2012	May 6, 2022
Ms. LIU Li (劉麗)	35	Executive Director and product director	Overseeing the products development and participating in the management and strategic development of our Group	October 19, 2012	May 6, 2022
Mr. TAN Kang Uei, Anthony (陳康威)	49	Independent non-executive Director	Supervising and providing independent judgement to our Board	[●]	[●]
Mr. TEO Ser Luck (張思樂)	54	Independent non-executive Director	Supervising and providing independent judgement to our Board	[●]	[●]
Mr. LIEN Jown Jing Vincent (連宗正)	61	Independent non-executive Director	Supervising and providing independent judgement to our Board	[●]	[●]

Executive Directors

Mr. ZHOU Zhaocheng (周兆呈), aged 49, was appointed as an executive Director and chairman of the Board on May 6, 2022 and as the chief executive officer of our Group on March 25, 2022. He is mainly responsible for overseeing the management and strategic development of our Group.

Mr. ZHOU has accumulated extensive managerial and strategic planning experience, especially in the fields of corporate management, public communication and international market operation. Mr. ZHOU joined Haidilao International Group as the chief strategy officer in April 2018. He was appointed as an executive director and a joint company secretary of Haidilao International in April 2020, where he is responsible for assisting the chief executive officer in developing growth strategy as well as risk control, legal affairs, brand and public relationship of Haidilao International Group. Mr. ZHOU will resign from the positions as the chief strategy officer, executive director and joint company secretary at Haidilao International upon the Spin-off and Listing, and then be re-designated as a non-executive director of Haidilao International on the same date.

Prior to joining the Haidilao International Group, Mr. ZHOU worked as a journalist at Economic and Trade Reporter (經貿導報) (currently known as Yangtse Economic Times (揚子經濟時報)) from September 1994 to June 1997 and a reporter at Xinhua Daily (新華日報) from June 1997 to July 1998. From September 1999 to December 2016, Mr. ZHOU worked as a senior sub-editor, the associate chief sub-editor, the editor of Zaobao Online (早報網) and the assistant vice president (new growth) at Lianhe Zaobao (聯合早報), successively. From April 2009 to October 2015, he also ever worked as the editor at Crossroads (新匯點) of Lianhe Zaobao. From January 2017 to March 2018, he worked as the vice president of new markets at Singapore Press Holdings Limited (SGX: T39). Mr. ZHOU also served as a director CulCreative International Pte. Ltd. and ZBJ-SPH Pte. Ltd. from June 2017 to March 2018 and from July 2017 to March 2018, respectively.

Mr. ZHOU worked at Nanyang Centre for Public Administration of Nanyang Technological University and was an adjunct assistant professor since September 2012. He was promoted as an adjunct associated professor in October 2016 and adjunct professor in October 2020. He has been a visiting professor at School of Journalism and Communication of Guangdong University of Foreign Studies (廣東外語外貿大學) since September 2014. He is currently the president of Jiangsu Association (Singapore) (新加坡江蘇會) and the consultant of Peking University Alumni Association (Singapore) (北京大學新加坡校友會), as well as a standing committee member of Singapore Chinese Chamber of Commerce and Industry. From January 2011 to July 2011, he was also a media fellow of the Sanford School of Public Policy at Duke University.

Mr. ZHOU obtained his bachelor's degree in Chinese studies from Nanjing Normal University (南京師範大學) in China in July 1994, his master's degree in Chinese studies from National University of Singapore in June 2000 and his doctoral degree in philosophy from Nanyang Technological University in Singapore in January 2007. In August 2020, Mr. ZHOU was awarded as one of the 100 Most Creative People in Business (2020中國商業最具創意人物100強) by Fast Company, a business media brand with an editorial focus on innovation.

Mr. WANG Jinping (王金平), aged 38, was appointed as an executive Director on May 6, 2022 and as the chief operating officer of our Group on March 1, 2022. He is mainly responsible for overseeing the operation of our Group and participating in the management and strategic development of our Group. He is currently holding directorships at three subsidiaries of our Group, namely Singapore Super Hi, Singapore Dining and Singapore Hiseries Pte. Ltd.

Mr. WANG has approximately 14 years of experience in the catering service sector with expertise in administrative management, corporate management and marketing. Mr. WANG joined Haidilao International Group in January 2008 and subsequently served as a restaurant manager in September 2010. In order to support the expansion of the overseas restaurant business, Mr. WANG was relocated to Singapore in September 2012 and was promoted to a senior regional manager in August 2014 in charge of the local business operation. He was further promoted to manage and supervise our Group's business operation in Singapore, Malaysia, Australia and New Zealand since May 2021. In March 2022, Mr. WANG was appointed as the chief operating officer (Hong Kong, Macau, Taiwan and overseas) at Haidilao International, where he is responsible for overseeing Haidilao International Group's operations in Hong Kong, Macau, Taiwan and overseas. Mr. WANG will resign from the position as the chief operating officer (Hong Kong, Macau, Taiwan and overseas) at Haidilao International but continue to oversee the overseas business of our Group as our chief operating officer upon the Spin-off and Listing.

Mr. WANG obtained his master's degree in business administration from National University of Singapore in June 2020.

Ms. LIU Li (劉麗), aged 35, was appointed as an executive Director on May 6, 2022 and as the product director of our Group on March 25, 2022. She is mainly responsible for overseeing the products development and participating in the management and strategic development of our Group.

Ms. LIU has nearly 10 years of experience in the catering service sector. Ms. LIU joined our Group at Singapore Dining in October 2012, and was successively promoted as (i) a restaurant front office manager in April 2016, (ii) a restaurant manager in September 2017, and (iii) the overseas product director in March 2022. She also served as the head of a snack and dessert development project for Haidilao International in mainland China and was responsible for conducting product development from November 2021 to March 2022.

Ms. LIU obtained her bachelor's degree in business administration from West Coast University in the United States in September 2008.

Independent Non-Executive Directors

Mr. TAN Kang Uei, Anthony (陳康威), aged 49, was appointed as an independent non-executive Director of our Group on [●], 2022. He is responsible for supervising and providing independent judgement to our Board.

Mr. TAN has extensive experience across the public sector and various industries in the private sector with strong professional skills in strategy, budgeting, media, property, government relations and non-profit management. He devoted himself to the Singapore public sector for more than 15 years and worked in various organizations, details of which are set out below:

Name	Period of service	Positions
Ministry of Finance, Singapore	From September 1998 to July 2000	Assistant director (Investment)
	From September 2011 to September 2012	Director (Transformation)
	From October 2012 to November 2012	Director (Security and Resilience Programmes)
	From November 2012 to March 2013	Director (Government Administration and Security Programmes)
Central Singapore Community Development Council, People's Associate	From July 2000 to September 2002	General manager
Ministry of Home Affairs, Singapore	From September 2002 to March 2003	Senior assistant director (Policy) (Joint Ops Division)
	From March 2003 to August 2004	Deputy director (Policy & Operation Division)
Ministry of Manpower, Singapore	From July 2005 to August 2005	Deputy director (Policy), Quality Workplaces Department
	From September 2005 to January 2006	Deputy director (Strategic Planning), Corporate Planning Department and deputy director, Income Security Policy Department
	From January 2006 to September 2008	Director (Corporate Planning)

Name	Period of service	Positions
Ministry of Health, Singapore	From September 2008 to May 2011	Director (Healthcare Finance) and director (Corporate Services)
	From April 2013 to January 2015	Deputy secretary (Policy)
Mr. LEE Kuan Yew's (李光耀) Office	From May 2011 to November 2014	Principal private secretary/Special assistant

Mr. TAN also held and has been holding positions in both public and private companies, details of which are set out below:

Name	Period of service	Positions
Singapore Press Holdings Limited (SGX: T39)	From February 2015 to June 2016	Executive vice-president of Chinese Media Group
	From December 2015 to June 2016	Concurrently, head of Media Strategy & Analytics Division
	From July 2016 to December 2021	Deputy chief executive officer
MOH Holdings Pte. Ltd.	Since December 2021	Managing director

Mr. TAN obtained his bachelor's degree in social science from National University of Singapore in July 1997 and his master's degree in management from Stanford University in the United States in May 2005. He also received the Advanced Management Program certificate from Harvard Business School in the United States in July 2021.

Mr. TEO Ser Luck (張思樂), aged 54, was appointed as an independent non-executive Director of our Group on [●], 2022. He is responsible for supervising and providing independent judgement to our Board.

Mr. TEO was a member of the Parliament of Singapore from May 2006 to June 2020. From May 2006 to July 2017, Mr. TEO served in the Singapore government cabinet and held various senior positions, including (i) the minister of state for Ministry of Trade and Industry, (ii) senior parliamentary secretary at the Ministry of Transport and Ministry of Community Development, Youth and Sports, (iii) minister of state at the Ministry of Manpower, and (iv) mayor of the North East District of Singapore.

Mr. TEO also held and has been holding directorship at various companies listed on SGX:

Name	Period of service	Positions
United Engineers Limited (SGX: U04) (delisted in February 2020)	From September 2017 to February 2020	Lead independent director
Serial System Ltd. (SGX: S69)	Since July 2017	Independent director
	Since October 2021	Independent non-executive acting chairman
BRC Asia Limited (SGX: BEC)	Since November 2017	Independent non-executive director and chairman
China Aviation Oil (Singapore) Corporation Ltd. (SGX: G92)	Since April 2019	Lead independent director
Straco Corporation Limited (SGX: S85)	Since July 2019	Independent director
Yanlord Land Group Limited (SGX: Z25)	Since February 2020	Independent non-executive director
MindChamps Preschool Limited (SGX: CNE)	Since December 2020 (He is expected to resign in September 2022.)	Lead independent director

While Mr. TEO is currently holding directorships in six listed companies, our Directors are of the view that Mr. TEO will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director given that: (i) he currently acts as an independent director of the aforesaid listed companies and such roles in these listed companies primarily require him to oversee their management independently, rather than to allocate substantial time to participate in the day-to-day management and operations of their respective businesses; (ii) he has demonstrated that he is capable of devoting sufficient time to discharge his duties owed to each of these listed companies by attending board meetings and board committee meetings of these listed companies and has attended all their board meetings based on the public disclosure of the relevant listed companies; (iii) he has acquired extensive management experience, participated in continuous professional development and trainings and developed substantial knowledge on corporate governance through his directorships in other listed companies, such that he is fully aware of the responsibilities and the expected time involvement to act as as an independent non-executive director of a listed company, which is expected to facilitate the proper discharge of his duties and responsibilities as an independent non-executive Director; (iv) he has confirmed that he will have sufficient time to fulfill his duties as an independent non-executive Director notwithstanding his existing independent directorships in other listed companies; and (v) he is expected to resign from one of the listed companies in September 2022 and will only hold in five listed companies by then.

Mr. TEO obtained his bachelor's degree in accountancy from National University of Singapore in June 1992. He was certified as a fellow and advisor by the Institute of Singapore Chartered Accountants (the "**ISCA**") in May 2009 and has been elected as the president of the ISCA since April 2022.

Mr. LIEN Jown Jing Vincent (連宗正), aged 61, was appointed as an independent non-executive Director of our Group on [●] 2022. He is responsible for supervising and providing independent judgement to our Board.

Mr. LIEN has over 20 years of experience in the banking industry, specializing in corporate finance and capital management in Hong Kong, the PRC, Singapore and Southeast Asia. He is currently holding directorship at various companies, including:

Name	Period of service	Positions
Seviora Holdings Private Limited	Since March 2021	Director
Fullerton Fund Management Company Ltd.	Since March 2020	Director
NTUC Income Insurance Co-operative Limited	Since October 2019	Director
Lien Properties Private Limited	Since March 2017	Managing director
Lien Ying Chow Private Limited	Since April 2012	Director
The Maritime and Port Authority of Singapore	Since February 2012	Independent director
Wah Hin & Company Private Limited	Since October 2001	Director

From June 2013 to December 2019, Mr. LIEN also served as an independent non-executive director at Viva China Holdings Limited (Stock Exchange: 8032).

Mr. LIEN obtained his bachelor's degree in business administration from the University of New Brunswick in Canada in 1986 and awarded an honorary doctoral degree in business administration from HyupSung University in South Korea in February 2018. Mr. LIEN is also a council member at the Lien Ying Chow Legacy Fellowship since August 2017.

Save as otherwise disclosed in this listing document, none of our Directors held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this listing document.

Save as otherwise disclosed in this listing document, to the best of the knowledge and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

The senior management of our Group are responsible for the day-to-day management of the business. The following table sets out certain information about the senior management of our Group.

Name	Age	Position	Major responsibilities	Date of joining our Group	Date of appointment as senior management
Mr. ZHOU Zhaocheng (周兆呈)	49	Executive Director, chairman of the Board and chief executive officer	Overseeing the management and strategic development of our Group	April 3, 2018	March 25, 2022
Mr. WANG Jinping (王金平)	38	Executive Director and chief operating officer	Overseeing the operation of our Group and participating in the management and strategic development of our Group	September 22, 2012	March 1, 2022
Ms. LIU Li (劉麗)	35	Executive Director and product director	Overseeing the products development and participating in the management and strategic development of our Group	October 19, 2012	March 25, 2022
Mr. ZHOU Shaohua (周紹華)	35	Vice president and senior regional manager	Overseeing the brand management and participating in the management and strategic development of our Group	January 7, 2013	March 25, 2022

Name	Age	Position	Major responsibilities	Date of joining our Group	Date of appointment as senior management
Ms. LI Lu (李璐)	33	Financial director	Overseeing financial and investment management and participating in the management and strategic development of our Group	From July 2, 2018 to December 26, 2019 and rejoined since November 1, 2021	March 25, 2022

Mr. ZHOU Zhaocheng (周兆呈), aged 49, was appointed as the chief executive officer of our Group on March 25, 2022. For further details, see "—Board of Directors—Executive Directors" in this section.

Mr. WANG Jinping (王金平), aged 38, was appointed as the chief operating officer of our Group on March 1, 2022. For further details, see "—Board of Directors—Executive Directors" in this section.

Ms. LIU Li (劉麗), aged 35, was appointed as the product director of our Group on March 25, 2022. For further details, see "—Board of Directors—Executive Directors" in this section.

Mr. ZHOU Shaohua (周紹華), aged 35, was appointed as the vice president and senior regional manager of our Group on March 25, 2022. He is responsible for overseeing the brand management and participating in the management and strategic development of our Group.

Mr. ZHOU has nearly 12 years of experience in the catering service sector. Mr. ZHOU joined Haidilao International Group in October 2010 and was relocated to Singapore as a project manager in January 2013 to assist with the local business development after Haidilao International Group decided to expand the overseas business and start its first overseas restaurant business in Singapore. He was successively promoted as (i) a restaurant duty manager in July 2014, (ii) a branch manager in April 2016, and (iii) a senior regional manager in March 2022.

Mr. ZHOU obtained his college degree in tourism management from Dalian Polytechnic University (大連工業大學) in China in July 2010.

Ms. LI Lu (李璐), aged 33, was appointed as the financial director of our Group on March 25, 2022. She is responsible for overseeing financial and investment management and participating in management and strategic development of our Group.

Ms. LI has nearly 10 years of experience in financial management and control. Ms. LI joined Haidilao International Group as a financial analysis manager at Haihongda (Beijing) Catering Management Co., Ltd. (海鴻達(北京)餐飲管理有限公司) from July 2018 to December 2019. She then left Haidilao International Group and worked as a deputy chief manager and financial director at Honghuotai Network Technology Co., Ltd. (紅火台網絡科技有限公司) from December 2019 to October 2021. Ms. LI rejoined Haidilao International Group in November 2021 as the financial manager of overseas business, where she was responsible for financial management and accounting for the non-Chinese mainland region. Prior to joining our Group, Ms. LI worked at Mars Foods (China) Co., Ltd. (瑪氏食品(中國)有限公司) from August 2013 to April 2016 with her last position as an concur functional expert. She was mainly responsible for accounting and participating in the construction of the business process system, and managing the process documents on a daily basis. Ms. LI worked as a financial analyst at Amazon (CHINA) Holding Company Limited (亞馬遜(中國)投資有限公司) from April 2016 to April 2018, mainly responsible for the financial operation and forecast analysis.

Ms. LI obtained her master's degree in accounting from Macquarie University in Australia in February 2013.

JOINT COMPANY SECRETARIES

Ms. QU Cong (瞿驄), has been appointed as one of our joint company secretaries taking effect upon the Spin-off and Listing.

Ms. QU joined Haidilao International as the secretary of the board of directors with a term from March 2018 to May 2019, while serving as a joint company secretary from May 2018 to May 2019. Since then, she successively served as a restaurant manager in October 2019, a coach in March 2020 and a senior regional manager in June 2021. Prior to joining our Group, Ms. QU worked for the investment banking department of China International Capital Corporation Limited (中國國際金融股份有限公司) for nearly ten years from July 2008 to February 2018, and held different positions including the executive director. She advised for dozens of companies of various sizes on their capital market and business transactions, including initial public offerings on the Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock exchange, placing, private equity financings and mergers and acquisitions. She has extensive experience with international capital market, corporate governance, communication with regulatory authorities and investor relationship.

Ms. QU obtained her bachelor's degree in mathematics and applied mathematics and master's degree in probability and statistics from Peking University (北京大學) in China in July 2005 and July 2008, respectively.

Ms. SO Shuk Yi Betty (蘇淑儀), has been appointed as one of our joint company secretaries taking effect upon the Spin-off and Listing. Ms. SO is the vice president of SWCS Corporate Services Group (Hong Kong) Limited, and has extensive experience in corporate secretarial field.

Ms. SO obtained a master's degree in law from the City University of Hong Kong in November 2004 and a master's degree in business administration from the University of Leicester in July 1999. Ms. SO is an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom since October 1997.

DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

For details of the service contracts and appointment letters that we have entered into with our Directors, see "General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this listing document.

The aggregate amount of fees, salaries, allowances, discretionary bonus, retirement benefits scheme contributions and benefits in kind of our Directors for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022 were approximately US$0.68 million, US$0.81 million, US$0.82 million and US$0.19 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendices IA and IB to this listing document.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Company to our Directors for the financial year ending December 31, 2022 is expected to be approximately US$1.05 million.

The five highest paid individuals of our Company for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022 included 1, 1, 1 and 2 Directors, respectively, whose remuneration is included in the aggregate amount of Directors' fee, salaries and allowances, performance-based bonuses and retirement benefit scheme contributions of the relevant Directors. For the years ended December 31, 2019, 2020 and 2021 and three months ended March 31, 2022, the aggregate amount of salaries and allowance and performance-based bonuses paid or payable by us to the five highest remuneration individuals who are neither a Director nor a chief executive of the Company were approximately US$1.14 million, US$1.30 million, US$1.14 million and US$0.21 million, respectively.

During the Track Record Period, no remuneration was paid to any Director or any of the five highest paid individuals of our Company as an inducement to join or upon joining our Company. No compensation was paid to or receivable by any Director or any of the five highest paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Company. None of our Directors waived any emoluments during the Track Record Period. No other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

CORPORATE GOVERNANCE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, save as disclosed below, we expect to comply with the Corporate Governance Code set out in Appendix 14 of the Listing Rules after the Spin-off and Listing.

Committees of the Board

Pursuant to Listing Rules and Corporate Governance Code, we have established an audit committee, a remuneration committee and a nomination committee under the Board in [●] 2022. We also adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee is in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (with effect from the Listing). The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Group, manage risk, oversee the internal audit function, and provide advice and comments to the Board.

Upon the Spin-off and Listing, the audit committee will consist of three members, namely Mr. TEO Ser Luck, Mr. TAN Kang Uei, Anthony and Mr. LIEN Jown Jing Vincent. The chairman of the audit committee will be Mr. TEO Ser Luck, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

Our remuneration committee is in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (with effect from the Listing). The primary duties of the remuneration committee are, among other things, to review and make recommendations to the Board regarding the remuneration packages, bonuses and other compensation payable to the Directors and senior management.

Upon the Spin-off and Listing, the remuneration committee will consist of four members, namely Mr. LIEN Jown Jing Vincent, Mr. TAN Kang Uei, Anthony, Mr. TEO Ser Luck and Mr. ZHOU Zhaocheng. The chairman of the compensation committee will be Mr. LIEN Jown Jing Vincent.

Nomination Committee

Our nomination committee is in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (with effect from the Listing). The primary duties of the nomination committee are, among other things, to make recommendations to the Board regarding the appointment of Directors and Board succession.

Upon the Spin-off and Listing, the nomination committee will consist of four members, namely Mr. ZHOU Zhaocheng, Mr. TEO Ser Luck, Mr. LIEN Jown Jing Vincent and Mr. TAN Kang Uei, Anthony. The chairman of the nomination committee will be Mr. ZHOU Zhaocheng.

Management Presence

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the paragraph headed "Waivers from Strict Compliance with the Listing Rules—Management Presence" to this listing document.

Chairman of the Board and Chief Executive Officer

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer, and Mr. ZHOU Zhaocheng currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

Board Diversity Policy

We have adopted the board diversity policy which sets out the approach to achieving and maintaining diversity in our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to our board diversity policy, selection and assessment of Directors candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection and assessment of Director candidates will be based on the merits of the candidates and the contribution that the candidates will bring to our Board.

Our Board currently consists of five male and one female members, with three executive Directors and three independent non-executive Directors, of ages ranging from 35 to 61. We consider that our Board has a balanced mix of skill-set, experience, expertise, and diversity which enhances decision-making capability and the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value.

Our nomination committee will be responsible for the implementation of our board diversity policy. Upon the Spin-off and Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

We are committed to adopting a similar approach to promote diversity, including but not limited to gender diversity, at all other levels of our Company from the Board downwards to enhance the effectiveness of our corporate governance as a whole.

COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Our compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in certain circumstances including:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; and

(c) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

COMPETITION

Each of the Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

So far as was known to any Director or chief executive of our Company, assuming no change to the total number of Haidilao International Shares from the Latest Practicable Date to the Record Date, immediately following the completion of the Spin-off and the Listing, the following persons are expected to have an interest and/or short position (as applicable) in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of Shares carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholder	Nature of interests	Number of Shares held or interested	Approximate percentage of interest
			(%)
UBS Trustees (B.V.I.) Limited*Notes 2, 3, 5, 6 and 7*	Trustee	[**REDACTED**]	[REDACTED]%
Mr. ZHANG Yong*Notes 1, 2, 3 and 7*	Founder of a discretionary trust Interest in a controlled corporation Beneficiary of a trust Interest of spouse	[**REDACTED**]	[REDACTED]%
Ms. SHU Ping*Notes 1, 2, 3 and 7*	Founder of a discretionary trust Interest in a controlled corporation Beneficiary of a trust Interest of spouse	[**REDACTED**]	[REDACTED]%
ZY NP LTD*Notes 2 and 7*	Beneficial owner Interest in a controlled corporation	[**REDACTED**]	[REDACTED]%
NP United Holding Ltd*Note 7*	Beneficial owner	[**REDACTED**]	[REDACTED]%
Mr. Sean SHI*Notes 4, 5 and 6*	Founder of a discretionary trust Interest in a controlled corporation Interest of spouse	[**REDACTED**]	[REDACTED]%
Ms. Hailey LEE*Notes 4, 5 and 6*	Founder of a discretionary trust Interest in a controlled corporation Interest of spouse	[**REDACTED**]	[REDACTED]%
SYH NP LTD*Note 5*	Beneficial owner	[**REDACTED**]	[REDACTED]%
SP NP LTD*Note 3*	Beneficial owner	[**REDACTED**]	[REDACTED]%
LHY NP LTD*Note 6*	Beneficial owner	[**REDACTED**]	[REDACTED]%
Futu Trustee Limited*Note 8*	Trustee	[**REDACTED**]	[10]%

Notes:

1. Ms. SHU Ping is the spouse of Mr. ZHANG Yong. Therefore, Ms. SHU Ping is deemed to be interested in the Shares in which Mr. ZHANG Yong is interested and Mr. ZHANG Yong is deemed to be interested in the Shares in which Ms. SHU Ping is interested under the SFO.

2. ZY NP LTD is an investment holding company incorporated in the BVI. The entire share capital of ZY NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Apple Trust via UBS Nominees Limited in its capacity as nominee for the trustee of Apple Trust. Apple Trust is a discretionary trust set up by Mr. ZHANG Yong as the settlor and protector on August 22, 2018 for the benefit of himself, Ms. SHU Ping and their family. Therefore, Mr. ZHANG Yong (as the founder of Apple Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by ZY NP LTD under the SFO.

3. SP NP LTD is an investment holding company incorporated in the BVI. The entire share capital of SP NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Rose Trust via UBS Nominees Limited in its capacity as nominee for the trustee of Rose Trust. Rose Trust is a discretionary trust set up by Ms. SHU Ping as the settlor and protector on August 22, 2018 for the benefit of herself, Mr. ZHANG Yong and their family. Ms. SHU Ping (as the founder of Rose Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by SP NP LTD under the SFO.

4. Ms. Hailey LEE is the spouse of Mr. Sean SHI. Therefore, Ms. Hailey LEE is deemed to be interested in the Shares in which Mr. Sean SHI is interested and Mr. Sean SHI is deemed to be interested in the Shares in which Ms. Hailey Lee is interested under the SFO.

5. SYH NP LTD is an investment holding company incorporated in the BVI. The entire share capital of SYH NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Cheerful Trust via UBS Nominees Limited in its capacity as nominee for the trustee of Cheerful Trust. Cheerful Trust is a discretionary trust set up by Mr. Sean SHI and Ms. Hailey LEE as the settlors and protectors on August 22, 2018 for the benefit of themselves and their family. Mr. Sean SHI and Ms. Hailey LEE (as the founders of Cheerful Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by SYH NP LTD under the SFO.

6. LHY NP LTD is an investment holding company incorporated in the BVI. The entire share capital of LHY NP LTD is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of Cheerful Trust via UBS Nominees Limited in its capacity as nominee for the trustee of Cheerful Trust. Cheerful Trust is a discretionary trust set up by Mr. Sean SHI and Ms. Hailey LEE as the settlors and protectors on August 22, 2018 for the benefit of themselves and their family. Mr. Sean SHI and Ms. Hailey LEE (as the founders of Cheerful Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by LHY NP LTD under the SFO.

7. NP United Holding Ltd is an investment holding company incorporated in the BVI and is owned as to approximately 51.78% by ZY NP LTD and 16.07% by SP NP LTD, among others. Therefore, Mr. ZHANG Yong, ZY NP LTD and UBS Trustees (B.V.I.) Limited are deemed to be interested in the Shares in which NP United Holding Ltd is interested under the SFO.

8. Futu Trustee Limited was appointed by the Company as the trustee of the Share Award Scheme to hold Shares to be granted to eligible persons under the Share Award Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of our Directors or chief executive of our Company was aware of any other person who will, immediately following the completion of the Spin-off and the Listing, have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of Shares carrying rights to vote in all circumstances at general meetings of any member of our Group.

AUTHORIZED AND ISSUED SHARE CAPITAL

As of the date of this listing document, the authorized and issued share capital of our Company is as follows:

Authorized share capital	**Aggregate nominal value**
10,000,000,000 Shares of US$0.000005 each	US$50,000
Issued share capital	**Aggregate nominal value**
[**REDACTED**] Shares of US$0.000005 each	US$[**REDACTED**]

The issued share capital of our Company immediately upon the completion of the Spin-off and the Listing will be as follows:

Issued share capital	**Aggregate nominal value**
[**REDACTED**] Shares of US$0.000005 each	US$[**REDACTED**]

ASSUMPTIONS

The above table assumes that the Haidilao International Distribution becomes unconditional and does not take into account any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the issued Shares of our Company and rank *pari passu* with all Shares upon Listing, and, in particular, will rank in full for all dividends or other distributions declared, made or paid and other rights and benefits attaching or accruing to the Shares following the completion of the Listing.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may, from time to time, by ordinary resolution of shareholders (i) increase its authorized share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Act, reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For detail, please see the paragraph headed "Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—(a) Shares—(iii) Alteration of Capital" in Appendix III to this listing document.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate (the "**Issue Mandate**") to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate number of our Shares in issue as at the [**REDACTED**]; and
- the aggregate number of Shares repurchased by us under the authority referred to in the paragraph headed "—General Mandate to Repurchase Shares" in this section.

The Issue Mandate will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For further details of the Issue Mandate, please see the paragraph headed "General Information—A. Further Information about Our Group—4. Resolutions of Our Shareholders Dated [●], 2022" in Appendix IV to this listing document.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate (the "**Repurchase Mandate**") to exercise all the powers of our Company to repurchase our own securities with a nominal value of up to 10% of the aggregate number of our Shares in issue as at the [**REDACTED**]. The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "General Information—A. Further Information about Our Group—5. Repurchases of Our Own Securities" in Appendix IV to this listing document.

The Repurchase Mandate Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For further details of the Repurchase Mandate, please see the paragraph headed "General Information—A. Further Information about Our Group—4. Resolutions of Our Shareholders Dated [●], 2022" in Appendix IV to this listing document.

The following discussion and analysis should be read in conjunction with our combined financial statements included in "Appendix IA—Accountants' Report" and "Appendix IB—Report on Review of Condensed Combined Financial Statements." together with the accompanying notes. Our combined financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this listing document.

OVERVIEW

We were the third largest Chinese cuisine restaurant brand and the largest Chinese cuisine restaurant brand originating from China in the international market in terms of revenue in 2021. With a unique dining experience and service quality, our Haidilao restaurants have become a worldwide cultural phenomenon. Since opening our first restaurant in Singapore in 2012, we have expanded to 97 restaurants in 11 countries across four continents as of March 31, 2022.

In 2019, we recorded total revenue of US$233.1 million and strong table turnover rate of 4.1 times per day. Since the breakout of the COVID-19 pandemic in 2020, our business and financial performance have been significantly affected by the restrictive measures on restaurant dine-in and social distancing. The impact of the COVID-19 pandemic was partially offset by our efforts in expanding our restaurant network in 2020, as a result our revenue decreased slightly to US$221.4 million. Our table turnover rates decreased to 2.4 times per day in 2020 and further decreased to 2.1 times per day in 2021. As we continued to expand our restaurant network, our revenue increased by 41.1% from US$221.4 million in 2020 to US$312.4 million in 2021. Since 2022, the COVID-19 pandemic gradually came under control in the international market and our business and financial performance has experienced continued recovery. Our revenue increased by 59.8% from US$68.3 million for the three months ended March 31, 2021 to US$109.1 million for the three months ended March 31, 2022. Our table turnover rates bounced back to 2.7 times per day for the three months ended March 31, 2022.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Growth of the International Chinese Cuisine Restaurant Market

Our financial performance and future growth depend on the overall growth of the international Chinese cuisine restaurant market, which is primarily driven by the growing popularity of Chinese culture and increasing acceptance of Chinese food, as well as increasing innovation and adaptation of Chinese cuisine dishes tailored to local guests. According to the F&S Report, the international Chinese cuisine restaurant market increased from US$281.8 billion in 2016 to US$334.3 billion in 2019. Despite a decrease in market size in 2020 due to the COVID-19 pandemic, the international Chinese cuisine restaurant market began to recover and is expected to grow from US$261.1 billion in 2021 to US$409.8 billion in 2026 at a CAGR of 9.4%.

In addition to the overall growth of the international Chinese cuisine restaurant market, we have also benefited, and expect to continue to benefit from favorable market drivers, such as the growing Chinese population overseas, economic growth and market consolidation by leading restaurant brand, among others. For details, see "Industry Overview." As one of the largest international Chinese cuisine restaurant brands in the international market, we believe we are well positioned to capture these favorable market opportunities and expect our results of operations to continue to improve in the future.

Expansion of Our Restaurant Network

Our revenue and business growth depend on the scale and expansion of our restaurant network, which in turn are affected by our restaurant openings and closings. We opened 15 new restaurants in 2019, including ten restaurants in six new countries. In 2020, we opened 36 new restaurants, all of which were in countries where we already had presence. In 2021, we continued to open new restaurants while focusing on optimizing the performance of existing restaurants. We opened 22 new restaurants in 2021 and three in the first quarter of 2022. We had minimal restaurant closures during the Track Record Period, which did not have a material impact on our financial performance. The following table sets forth the total number of our restaurants and their movement during the Track Record Period.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
Number of restaurants at the beginning of the year/period	24	38	74	94
Number of new restaurants opened during the year/period	15	36	22	3
Number of restaurants closed during the year/period	1	–	2	–
Number of restaurants at the end of the year/period	38	74	94	97

Our restaurant network expansion is and will continue to be a major driver in revenue growth. Despite a slight drop in our revenue in 2020 due to the COVID-19 pandemic, our revenue in 2021 increased as the full year revenue contribution of new restaurants opened in 2020 were reflected in our 2021 financial results. In addition, we also opened 22 new restaurants in 2021. Our revenue in the first quarter of 2022 further increased compared to the same period in 2021 as the COVID-19 pandemic subsided. The table below sets forth information on revenue from restaurant operation for existing restaurants, restaurants newly opened and restaurants closed during the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	2020	2021	2021	2022
	(US$ in thousands)			*(Unaudited)*	
Revenue from existing restaurants[1]	176,634	175,839	256,813	62,729	103,292
Revenue from restaurants newly opened during the year/period	52,573	33,506	38,102	2,100	1,436
Revenue from restaurants closed during the year/period	3,460	—	1,593	—	—
	232,667	209,345	296,508	64,829	104,728
Net of:					
Customer loyalty program[2]	125	70	449	(190)	(315)
Revenue generated from restaurant operations	232,542	209,275	296,059	65,019	105,043
Delivery business	158	10,225	11,783	2,588	2,596
Others[3]	419	1,911	4,531	665	1,436
Total revenue	233,119	221,411	312,373	68,272	109,075

Notes:

(1) We define our existing restaurants as those that commenced operations prior to the beginning of the respective year/period and remained open at the end of the same year/period.

(2) Members of our customer loyalty program can earn award credits based on spending at our restaurants. These award credits can be redeemed for future consumptions within two to five years after the award credits are earned within the country that they registered their account.

(3) Others primarily include the revenue generated from sales of hot pot condiment products and food ingredients.

Pace of New Restaurants Opening

We believe opening new restaurants and expanding our restaurant network are the foundation of our future growth. We opened 12 new restaurants in 2018, which contributed to our revenue and financial performance in 2019. In 2019, 2020 and 2021 and the three months ended March 31, 2022, we opened 15, 36, 22 and three new restaurants, respectively. The timing of new restaurant openings and the proportion of new restaurants to existing restaurants have an impact on our revenue and profitability.

- *Impact on revenue contribution.* The number and pace of new restaurant openings may fluctuate from period to period, which may affect our revenue. In particular, we tend to open more new restaurants in the second half of the year and fewer new restaurants in the first quarter. As a result, the revenue contribution from new restaurants is fully reflected in the next financial year. In contrast, new restaurants generally have a lesser impact on overall revenue for the year of opening as they do not contribute to the full year revenue due to its ramp up period.

- *Impact on profitability.* We have scaled up our business in the past three to four years to lay the groundwork for our future growth. Each new restaurant incurs pre-opening costs and capital expenditures, which varies by geographic region. Pre-opening costs, which mainly consist of staff salaries, consulting services fees, staff relocation expenses, rent and miscellaneous administrative expenses prior to the opening of a restaurant, are incurred before the restaurant begins to generate revenue. Generally, our pre-opening costs per restaurant in Asia typically ranged from US$170,000 to US$400,000 and our capital expenditure per restaurant in Asia typically ranged from US$1.4 million to US$3.0 million, which may be higher in other countries. Moreover, new restaurants need time to achieve breakeven and investment payback. The breakeven of new restaurants opened during the Track Record Period was generally within six months. Our business scale-up has contributed to losses in the short term. Going forward, we expect the ramp-up for these restaurants, the easing of COVID-19 and the decrease in proportion of new restaurants to total restaurants number will positively impact our profitability.

Our business scale up has been cash-intensive and therefore also impacts our cash flow and working capital position. For details, see "—Liquidity and Capital Resources."

Impact of the COVID-19 Pandemic

COVID-19 was first reported in December 2019 and subsequently declared a pandemic by the World Health Organization in March 2020. In order to control the outbreak, various restrictions were implemented around the world, including lockdowns, restaurant closures, limited dining hours, social distancing seating, among others. These restrictions had a major impact on our restaurant business. Our average daily revenue per restaurant and table turnover rate decreased in 2020 and 2021, which had a negative impact on our revenue and profitability. Moreover, as a result of the COVID-19 pandemic, we adjusted our expansion strategies, which are discussed in "—Expansion of Our Restaurant Network" below. We also recorded impairment losses based on our judgment and estimation on the uncertainties of COVID-19 and their potential impact on our future operations. For the years ended December 31, 2020 and 2021 and the three months ended March 31, 2022, our impairment losses were US$5.7 million, US$63.1 million and US$8.3 million, respectively, which further impacted our results of operations.

Gradually since 2021 and particularly in 2022, many countries have lifted restrictive measures against COVID-19, enabling us to resume normal operations. Our total guest visits increased by 60.3% from approximately 2.4 million in the first quarter of 2021 to approximately 3.8 million in the first quarter of 2022. Our overall table turnover rates increased from 2.4 and 2.1 times per day in 2020 and 2021, respectively, to 2.7 times per day in the three months ended March 31, 2022. As a result, our average daily revenue per restaurant per day increased by 27.1% from US$10.0 thousand in 2021 to US$12.8 thousand in the first quarter of 2022. We expect our business performance to continue to normalize going forward as the COVID-19 pandemic continues to alleviate. Changes in the COVID-19 situation, governmental responses and the impact on consumer behavior will continue to impact our financial performance. See "Risk Factors—Risks Relating to Our Business—We face risks related to health epidemics and outbreaks, particularly the COVID-19 outbreak, as well as the instance of any food-borne illnesses" for details.

Food Ingredient Costs

In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our raw materials and consumables used amounted to US$81.3 million, US$79.0 million, US$113.8 million, US$24.4 million and US$40.0 million, respectively, representing 34.9%, 35.7%, 36.4%, 35.7% and 36.7% of our revenue for the respective periods. Food ingredient costs are a significant contributor to our cost of raw materials and consumables used, amounting to US$62.6 million, US$58.6 million, US$92.6 million, US$19.7 million and US$34.1 million in 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022 and accounting for 77.1%, 74.1%, 81.4%, 80.8% and 85.2% of our raw materials and consumables used during the respective periods.

The price and supply of food ingredients are subject to a number of factors that are beyond our control, including but not limited to rising market demand and inflation, as well as import restrictions and tariffs. During the Track Record Period, prices of the major food ingredients we used have increased steadily, resulting in a slight increase in raw materials and consumables used as a percentage of revenue. In particular, the COVID-19 pandemic has caused temporary disruption to the supply of certain food ingredients from time to time, resulting in an increase of the prices of these food ingredients during the Track Record Period. We have adopted various measures to offset the impact of food price fluctuations, including establishing central kitchen in markets we have greater presence and adopting centralized procurement across different countries. In addition, we believe our broad selection of food ingredients and our pricing strategy also enable us to effectively control food ingredient costs. We currently do not enter into futures contracts or engage in other financial risk management strategies against potential price fluctuations in our supplies. Going forward, we will continue to manage our prices by closely monitoring market price fluctuations.

Staff Costs

The catering service industry is labor intensive in nature. In 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our staff costs amounted to US$112.2 million, US$100.4 million, US$143.3 million, US$30.5 million and US$43.6 million, respectively, representing 48.1%, 45.4%, 45.9%, 44.7% and 40.0% of our revenue for the respective periods. In response to the COVID-19 pandemic, we have implemented a number of measures to optimize staff efficiency, which primarily include (i) streamlining the number of staff required for each restaurant; and (ii) optimizing our compensation structure, such as experimental implementing the piece rate compensation system in new countries and refining such system in the existing countries since 2020. As such, our staff costs as a percentage of our revenue decreased from 48.1% in 2019 to 40.0% in the three months ended March 31, 2022. Going forward, we believe our staff costs will continue to significantly affect our financial performance.

Seasonality

There are seasonal patterns for hot pot consumption. As such, our business and financial performance are subject to seasonal fluctuations, such as local holidays, school vacations, weather conditions and fluctuations in food prices, among others. As a result, our results of operations may fluctuate from year-to-year/period-to-period and comparison of different periods may not be meaningful.

BASIS OF PRESENTATION AND PREPARATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 6, 2022, and became the holding company of our Group after the Reorganization. For details, please see "History, Reorganization and Corporate Structure—Reorganization." Prior to the Reorganization, the operation of Haidilao restaurants and relevant business other than those in the Mainland China, Hong Kong, Macau and Taiwan (the "**Spin-off Business**") was carried by subsidiaries of Haidilao International. Upon completion of the Reorganization on June 30, 2022, our Company held and obtained control over the Spin-off Business.

The Spin-off Business carried out by our Group resulting from the Restructuring have been under the common control of the Controlling Shareholders throughout the Track Record Period. Therefore, the subsidiaries of Haidilao International who engaged in the Spin-off Business are treated as part of our Group throughout the Track Record Period. Accordingly, our historical financial information has been prepared on the basis as if our Company had always been the holding company of the companies comprising our Group using the principles of merger accounting.

Our historical financial information has been prepared in accordance with the accounting policies set out in Note 3 to "Appendix IA—Accountants' Report" and Note 3 to "Appendix IB—Report on Review of Condensed Combined Financial Statements" to this listing document, which conform with the IFRS, which are effective for the accounting period beginning on or after January 1, 2021 throughout the Track Record Period.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations are set forth in detail in Note 3 in "Appendix IA—Accountants' Report" and Note 3 in "Appendix IB—Report on Review of Condensed Combined Financial Statements" to this listing document. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Track Record Period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months from the end of each Track Record Period are set forth in Note 4 in "Appendix IA—Accountants' Report" and Note 4 in "Appendix IB—Report on Review of Condensed Combined Financial Statements" to this listing document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. We applied the accounting estimates throughout the Track Record Period, and we do not foresee any changes in the near future. We set forth below those accounting policies and estimates that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Significant Accounting Policies

We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We recognize 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 or goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time or at a point in time. Control of the asset 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 if: (i) the customer simultaneously receives and consumes the benefits provided by our performance as we perform; (ii) our performance creates and enhances an asset that the customer controls as we perform; or (iii) our performance does not create an asset with an alternative use to us and we have 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 goods or services.

A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

For contracts that contain more than one performance obligations, we allocate 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 we would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, we estimate it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which we expect to be entitled in exchange for transferring the promised goods or services to the customer.

Customer loyalty scheme

We operate 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 reward credits on future purchases and consumptions in the restaurants. These award credits are awarded based on the purchase and consumptions of the customers in our restaurants. The award 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 our 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 our Group, which can be utilized in the future consumption in restaurants by the customers, are recognized as contract liabilities.

Foreign Currencies

In preparing for financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each Track Record Period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary 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 year/period in which they arise.

For the purpose of presenting the historical financial information, the assets and liabilities of our Group's operations are translated into the presentation currency of our Group (i.e. USD) using exchange rates prevailing at the end of each Track Record Period. Income and expenses items are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during that year/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).

Leases

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, we assess 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.

Allocation of Consideration to Components of a Contract

We apply 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

We apply 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 (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; and (iii) an estimate of costs to be incurred by us 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 re-measurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19 related rent concessions in which we 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. We present right-of-use assets as a separate line item on the combined statement 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, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use 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 our 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 year/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. We re-measure lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when (i) 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 re-measured by discounting the revised lease payments using a revised discount rate at the date of reassessment; or (ii) the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is re-measured by discounting the revised lease payments using the initial discount rate. We present lease liabilities as a separate line item on the combined statement of financial position.

Lease Modification

Except for COVID-19-related rent concessions in which we applied the practical expedient, we account for a lease modification as a separate lease if (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (ii) 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, we re-measure 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. We account for the re-measurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

We account 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, we allocate 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, we have 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 year/period in which the event occurs.

Impairment on Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets Other Than Goodwill

At the end of each year/period of the Track Record Period, we review the carrying amounts of our 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 and right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate 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, we compare 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.

Key Source of Estimation Uncertainty

The preparation of combined financial information requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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, we have to exercise judgment and make estimation, particularly in assessing (i) whether an event has occurred or any indicators that may affect the asset value; (ii) 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 (iii) 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), we estimate the recoverable amount of the cash generating unit to which the assets belong, 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 our restaurant operations.

As of December 31, 2019, 2020 and 2021 and March 31, 2022, the carrying amount of property, plant and equipment were US$4.1 million, US$45.8 million, US$121.3 million and US$130.4 million before taking into account the impairment losses of nil, US$2.8 million, US$34.7 million and US$40.5 million, respectively, in respect of property, plant and equipment that have been recognized.

As of the same dates, the carrying amount of right-of-use assets subject to impairment assessment were US$4.3 million, US$41.0 million, US$113.3 million and US$112.0 million before taking into account the impairment losses of nil, US$2.8 million, US$34.1 million and US$36.0 million, respectively. For details of the impairment of property, plant and equipment and the impairment of right-of-use assets, please see Note 16 in "Appendix IA—Accountants' Report" and Note 13 in "Appendix IB—Report on Review of Condensed Combined Financial Statements" to this listing document.

Determination on Discount Rates of Lease Contracts

We apply 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 of December 31, 2019, 2020 and 2021 and March 31, 2022, the carrying amounts of right-of-use assets were US$128.8 million, US$236.7 million, US$202.0 million and US$174.6 million, respectively, and the carrying amounts of lease liabilities were US$124.1 million, US$235.9 million, US$243.2 million and US$214.3 million, respectively.

Deferred Tax Assets

As of December 31, 2019, 2020, 2021 and March 31, 2022, deferred tax assets of US$29,000, US$66,000, US$144,000 and US$142,000 have been recognized in the combined statement of financial position of our Group, respectively. No deferred tax asset has been recognized on the tax losses of US$36.5 million, US$66.9 million, US$122.4 million and US$139.1 million and other deducible temporary differences of US$7.1 million, US$23.9 million, US$95.7 million and US$112.9 million as of December 31, 2019, 2020, 2021 and March 31, 2022 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 year/period in which such a reversal or further recognition takes place.

Useful Lives of Property, Plant and Equipment

We determine the estimated useful lives of its property, plant and equipment in determining 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.

We 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 of December 31, 2019, 2020 and 2021 and March 31, 2022, the carrying amount of property, plant and equipment was US$126.7 million, US$211.1 million, US$195.0 million and US$189.8 million, respectively. Details of the useful lives of property, plant and equipment are disclosed in Note 16 in "Appendix IA—Accountants' Report" and Note 13 in "Appendix IB—Report on Review of Condensed Combined Financial Statement" to this listing document.

DISCUSSION ON CERTAIN ITEMS IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income in absolute amounts and as percentages of the total revenue for the period indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	(US$ in thousands, except percentages)									
							(Unaudited)			
Revenue	233,119	100.0%	221,411	100.0%	312,373	100.0%	68,272	100.0%	109,075	100.0%
Other income	1,397	0.6%	9,144	4.1%	19,458	6.2%	3,370	4.9%	3,102	2.8%
Raw materials and consumables used	(81,287)	(34.9)%	(79,043)	(35.7)%	(113,760)	(36.4)%	(24,370)	(35.7)%	(39,994)	(36.7)%
Staff costs	(112,174)	(48.1)%	(100,430)	(45.4)%	(143,343)	(45.9)%	(30,536)	(44.7)%	(43,607)	(40.0)%
Rentals and related expenses	(2,269)	(1.0)%	(1,071)	(0.5)%	(6,556)	(2.1)%	(1,834)	(2.7)%	(2,148)	(2.0)%
Utilities expenses	(7,018)	(3.0)%	(7,829)	(3.5)%	(11,017)	(3.5)%	(2,499)	(3.7)%	(4,088)	(3.7)%
Depreciation and amortization	(32,338)	(13.9)%	(50,809)	(22.9)%	(69,916)	(22.4)%	(15,597)	(22.8)%	(16,410)	(15.0)%
Travelling and communication expenses	(4,211)	(1.8)%	(2,364)	(1.1)%	(2,674)	(0.9)%	(528)	(0.8)%	(1,061)	(1.0)%
Other expenses	(20,966)	(9.0)%	(28,315)	(12.8)%	(41,729)	(13.4)%	(7,633)	(11.2)%	(11,862)	(10.9)%
Other gains and losses	1,691	0.7%	1,997	0.9%	(73,270)	(23.5)%	(9,361)	(13.7)%	(16,418)	(15.1)%
Finance costs	(8,189)	(3.5)%	(14,437)	(6.5)%	(19,158)	(6.1)%	(4,182)	(6.1)%	(4,596)	(4.2)%
Loss before tax	(32,245)	(13.8)%	(51,746)	(23.4)%	(149,592)	(47.9)%	(24,898)	(36.5)%	(28,007)	(25.7)%
Income tax expense	(774)	(0.3)%	(2,014)	(0.9)%	(1,160)	(0.4)%	(287)	(0.4)%	(492)	(0.5)%
Loss for the year/period	(33,019)	(14.2)%	(53,760)	(24.3)%	(150,752)	(48.3)%	(25,185)	(36.9)%	(28,499)	(26.1)%

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	(US$ in thousands, except percentages)									
							(Unaudited)			
Other comprehensive (expense) income:										
Exchange differences arising on translation of foreign operations	(344)	(0.1)%	(2,261)	(1.0)%	2,097	0.7%	2,946	4.3%	2,292	2.1%
Total comprehensive expense for the year/period	(33,363)	(14.3)%	(56,021)	(25.3)%	(148,655)	(47.6)%	(22,239)	(32.6)%	(26,207)	(24.0)%

Revenue

We generate revenue from (i) our restaurant operations; (ii) our delivery business; and (iii) others, which primarily represented revenue generated from sales of hot pot condiment products to local guests and food ingredients to retailers. The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as percentages of the total revenue for the period indicated.

	For the Year Ended December 31,						For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	(US$ in thousands, except for percentages)									
							(Unaudited)			
Restaurant operation	232,542	99.8%	209,275	94.5%	296,059	94.8%	65,019	95.2%	105,043	96.3%
Delivery business	158	0.1%	10,225	4.6%	11,783	3.8%	2,588	3.8%	2,596	2.4%
Others	419	0.1%	1,911	0.9%	4,531	1.4%	665	1.0%	1,436	1.3%
Total	233,119	100.0%	221,411	100.0%	312,373	100.0%	68,272	100.0%	109,075	100.0%

As of March 31, 2022, our restaurant network had 97 restaurants covering 11 countries. The following table summarizes the number of restaurants as of the date indicated and breakdown of our revenue from restaurant operation by geographic region for the period indicated.

	As of/For the Year Ended December 31,						As of/For the Three Months Ended March 31,			
	2019		2020		2021		2021		2022	
	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue	# of restaurants	Revenue
	(US$ in thousands, except for number of restaurants)									
							(Unaudited)			
Southeast Asia	20	128,933	39	136,263	55	165,942	43	44,432	57	64,040
East Asia	10	49,910	17	34,309	17	37,251	17	8,112	17	11,768
North America	6	37,888	13	25,203	16	68,064	14	8,289	16	20,149
Others[(1)]	2	15,811	5	13,500	6	24,802	5	4,186	7	9,086
Total	38	232,542	74	209,275	94	296,059	79	65,019	97	105,043

Note:

(1) Others include Australia and the United Kingdom.

Other Income

Our other income primarily consisted of (i) government grants, which primarily consisted of non-recurring COVID-19 related subsidies received from local governments to support businesses during the pandemic; and (ii) interest income on bank deposits, rental deposits, loans to related parties in relation to the purchase of certain equipment and the operation of Haidilao restaurants in Hong Kong, Taiwan and Macau prior to the Reorganization, and other financial assets.

The table below summarizes a breakdown of our other income for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$ in thousands)		
				(Unaudited)	
Government grants	191	8,154	17,455	2,982	2,441
Interest income on:					
Bank deposits	401	112	61	8	21
Rental deposits	273	419	618	136	134
Loans to related parties	137	343	689	162	181
Other financial assets	–	14	127	25	110
Others	395	102	508	57	215
Total	**1,397**	**9,144**	**19,458**	**3,370**	**3,102**

Raw Materials and Consumables Used

Our raw materials and consumables used consisted of costs for (i) food ingredients used in our restaurants, including soup base and menu items; (ii) consumables used in our restaurant operations, which mainly include disposable items, such as napkins, disposable tableware and table cloths; and (iii) others, representing logistics and transportation fees. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our raw materials and consumables used amounted to US$81.3 million, US$79.0 million, US$113.8 million, US$24.4 million and US$40.0 million, respectively, representing 34.9%, 35.7%, 36.4%, 35.7% and 36.7% of our revenue for the respective year/period. The following table sets forth a breakdown of our raw materials and consumables used for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$ in thousands)		
				(Unaudited)	
Food ingredient costs	62,632	58,550	92,592	19,702	34,057
Consumables	15,730	18,227	17,388	3,943	4,947
Others	2,925	2,266	3,780	725	990
Total raw materials and consumables used	**81,287**	**79,043**	**113,760**	**24,370**	**39,994**

Staff Costs

Our staff costs consisted of (i) employee salaries and other allowance; (ii) employee welfare; and (iii) retirement benefit scheme contributions. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our staff costs amounted to US$112.2 million, US$100.4 million, US$143.3 million, US$30.5 million and US$43.6 million, respectively, representing 48.1%, 45.4%, 45.9%, 44.7% and 40.0% of our revenue for the respective period. The decrease of our staff costs as a percentage of revenue during the Track Record Period primarily reflected our efforts in optimizing staff efficiency, including (i) streamlining the number of staff required for each restaurant; and (ii) optimizing our compensation structure, such as implementing experimental piece rate compensation systems in new countries and refining such system in the existing countries since 2020. The following table sets forth a breakdown of our staff costs for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	2020	2021	2021	2022
	(US$ in thousands)			*(Unaudited)*	
Salaries and other allowance	102,951	90,710	131,298	27,513	39,435
Employee welfare	3,800	3,454	3,640	989	1,110
Retirement benefit scheme contribution	5,423	6,266	8,405	2,034	3,062
Total staff costs	**112,174**	**100,430**	**143,343**	**30,536**	**43,607**

Rentals and Related Expenses

Our rentals and related expenses mainly represented property management fees and lease payments for short-term leases we entered into in relation to our offices and warehouses. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our rentals and related expenses amounted to US$2.3 million, US$1.1 million, US$6.6 million, US$1.8 million and US$2.1 million, respectively, representing 1.0%, 0.5%, 2.1%, 2.7% and 2.0% of our revenue for the respective year/period.

Utilities Expenses

Our utilities expenses primarily consisted of expenses in relation to electricity, and to a lesser extent, gas and water. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our utilities expenses amounted to US$7.0 million, US$7.8 million, US$11.0 million, US$2.5 million and US$4.1 million, respectively, representing 3.0%, 3.5%, 3.5%, 3.7% and 3.7% of our revenue for the respective year/period.

Depreciation and Amortization

Depreciation and amortization represented depreciation charges for our property, plant and equipment, which primarily include leasehold improvements, leasehold land and building (including right-of-use assets), freehold land, machinery, transportation equipment, furniture and fixtures and renovation in progress. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our depreciation and amortization amounted to US$32.3 million, US$50.8 million, US$69.9 million, US$15.6 million and US$16.4 million, respectively, equivalent to 13.9%, 22.9%, 22.4%, 22.8% and 15.0% of our revenue for the respective year/period.

Travelling and Communication Expenses

Travelling and communication expenses mainly represented international and regional travel expenses of our staff in relation to opening new restaurants and inspecting restaurant operations. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our travelling and communication expenses amounted to US$4.2 million, US$2.4 million, US$2.7 million, US$0.5 million and US$1.1 million, respectively.

Other Expenses

Our other expenses comprised (i) administrative expenses, which mainly include expenses in relation to employee activities and commercial insurance we purchased for our daily operation; (ii) consulting service expenses, mainly in relation to legal and financial consultation sessions; (iii) bank charges; (iv) outsourcing service fees, primarily representing third party service providers we engaged to support our restaurant operations; and (v) others, which mainly consisted of daily maintenance expenses, storage expenses and business development expenses. We recorded other expenses of US$21.0 million, US$28.3 million, US$41.7 million, US$7.6 million and US$11.9 million for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, respectively.

The following table sets forth a breakdown of our other expenses for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	2020	2021	2021	2022
	(US$ in thousands)				
				(Unaudited)	
Administrative expenses	7,882	11,866	19,681	3,207	5,151
Consulting services expenses	5,684	6,851	7,594	1,589	2,164
Bank charges	3,525	3,273	5,757	1,087	1,780
Outsourcing service fee	1,065	2,202	2,418	616	1,100
Others	2,810	4,123	6,279	1,134	1,667
Total	**20,966**	**28,315**	**41,729**	**7,633**	**11,862**

Other Gains and Losses

Our other gains and losses primarily consisted of (i) impairment loss recognized in respect of property, plant and equipment and right-of-use assets, representing provisions we recorded in light of the continued impact of COVID-19 on our restaurant operations; (ii) expected credit loss on rental deposits in relation to the termination of leases for restaurants that we decided to suspend the opening of, based on our dynamic evaluation of our expansion plan; (iii) loss on disposal of property, plant and equipment and termination of leases, which was in relation to the capital expenditures we invested for restaurants we originally planned but later decided not to open as a result of our dynamic evaluation of our expansion plan and the temporary closure of certain restaurants; (iv) net foreign exchange gain or loss, which fluctuated from year-to-year/period-to-period based on exchange rate movements; (v) net gain or loss arising on financial assets at FVTPL; and (vi) others.

The table below sets forth a breakdown of our other gains and losses for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	**2020**	**2021**	**2021**	**2022**
	(US$ in thousands)				
				(Unaudited)	
Impairment loss recognized in respect of:					
– property, plant and equipment	–	(2,810)	(31,852)	(1,950)	(5,821)
– right-of-use assets	–	(2,849)	(31,203)	(1,209)	(2,430)
	–	(5,659)	(63,055)	(3,159)	(8,251)
Expected credit loss on rental deposits	–	–	(203)	–	(2,283)
Loss on disposal of property, plant and equipment and termination of leases, net	(170)	(164)	(1,070)	(8)	(1,351)
Net foreign exchange gain (loss)	1,311	7,283	(13,175)	(6,824)	(4,874)
Net gain (loss) arising on financial assets at FVTPL	–	–	422	127	(226)
Others	550	537	3,811	503	567
Total	**1,691**	**1,997**	**(73,270)**	**(9,361)**	**(16,418)**

We performed impairment testing on property, plant and equipment and right-of-use assets of each restaurant to identify whether there is any indication of impairment. During the Track Record Period, in view of the unfavorable future prospects of some restaurants and the planned temporary closure of certain restaurants, we recognized an impairment loss of nil, US$5.7 million, US$63.1 million, US$3.2 million and US$8.3 million in 2019, 2020, 2021 and the three months ended March 31, 2021 and 2022, respectively. Taking into account the ramp-up period of our restaurants, we normally only begin to make impairment assessment several months following a restaurant opening. The impairment may be reversed in the future if we concluded that the circumstances leading to the impairment assessment are significantly alleviated or no longer exist. For details, see Note 16 to "Appendix IA—Accountants' Report" and Note 13 to "Appendix IB—Report on Review of Condensed Combined Financial Statements."

During the Track Record Period, we took into account a higher degree of estimation uncertainty with respect to how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of our restaurant operations. The impairment loss we recognized increased from nil in 2019 to US$5.7 million in 2020 due to the impact of the COVID-19 pandemic, and further increased to US$63.1 million in 2021 due to the evolving situation of the COVID-19 pandemic in 2021 and the increasing number of restaurants we made impairments for, which is in line with our restaurant network expansion. The impairment loss we recognized of US$8.3 million in the three months ended March 31, 2022 was primarily attributable to the performance of certain restaurants and the impairment loss we made in anticipation of the temporary closure of certain restaurants in 2022. Starting from early 2022, we experienced a significant recovery in our revenue from restaurant operations as the COVID-19 pandemic. Therefore, we determined that most of our restaurants showed no indication of impairment as of June 30, 2022.

Finance Costs

Our finance costs represent (i) interests on lease liabilities; (ii) interests on loans from related parties, mainly relating to the loans from Haidilao International Group to support our business expansion; (iii) interests on bank borrowings; and (iv) interests charge on unwinding of discounts, primarily in relation to provisions for restoration of the premises we use for our restaurants. For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our finance costs amounted to US$8.2 million, US$14.4 million, US$19.2 million, US$4.2 million and US$4.6 million, respectively. The table below sets forth a breakdown of our finance costs for the year/period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2019	2020	2021	2021	2022
	(US$ in thousands)				
				(Unaudited)	
Interests on lease liabilities	4,931	7,500	9,111	2,073	2,141
Interests on loans from related parties	2,763	6,542	9,581	2,032	2,330
Interests on bank borrowings	344	188	153	11	50
Interests charge on unwinding of discounts	151	207	313	66	75
Total	8,189	14,437	19,158	4,182	4,596

Income Tax Expense

For the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2021 and 2022, our income tax expense amounted to US$0.8 million, US$2.0 million, US$1.2 million, US$0.3 million and US$0.5 million, respectively.

The taxation of our Group is calculated at the rates prevailing in relevant jurisdictions, which ranged from 17% to 35% on the estimated assessable profits for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022, respectively.

DISCUSSION OF HISTORICAL OPERATING RESULTS

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Revenue

Our revenue increased significantly by 59.8% from US$68.3 million for the three months ended March 31, 2021 to US$109.1 million for the three months ended March 31, 2022, primarily reflecting a US$40.0 million increase in revenue from restaurant operations.

Restaurant Operations

Revenue from restaurant operations increased significantly by 61.6% from US$65.0 million for the three months ended March 31, 2021 to US$105.0 million for the three months ended March 31, 2022, mainly because (i) the COVID-19 pandemic is gradually coming under control since 2022, resulting in a significant increase in guest visits and table turnover rate at our restaurants; and (ii) our restaurant network expansion in 2021.

Delivery Business

Revenue from our delivery business remained relatively stable at US$2.6 million for the three months ended March 31, 2021 and 2022, respectively.

Others

Others mainly represented revenue generated from our sales of hot pot condiment products to local guests and food ingredients to retailers. It increased from US$0.7 million for the three months ended March 31, 2021 to US$1.4 million for the three months ended March 31, 2022, mainly attributable to growing popularity of our hot pot condiment products and food ingredients.

Other Income

Our other income decreased from US$3.4 million for the three months ended March 31, 2021 to US$3.1 million for the three months ended March 31, 2022, mainly due to a decrease of US$0.5 million in government grants. This is because local governments ceased or reduced the provision of COVID-19 related subsidies in the first quarter of 2022 as the pandemic came under control.

Raw Materials and Consumables Used

Our raw materials and consumables used increased from US$24.4 million for the three months ended March 31, 2021 to US$40.0 million for the three months ended March 31, 2022, reflecting (i) a US$14.4 million increase in food ingredients; and (ii) a US$1.0 million increase in consumables, as a result of our business expansion. As a percentage of revenue, the percentage of our raw materials and consumables used increased from 35.7% in the three months ended March 31, 2021 to 36.7% in the three months ended March 31, 2022 primarily attributable to the general increase in the prices of food ingredients.

Staff Costs

Our staff costs increased from US$30.5 million for the three months ended March 31, 2021 to US$43.6 million for the three months ended March 31, 2022. Such increase was primarily due to a US$12.0 million increase in salaries and other allowance, and a US$1.0 million increase in retirement benefit scheme contribution, as we hired more employees to support our restaurant network expansion.

As a percentage of revenue, our staff costs decreased from 44.7% for the three months ended March 31, 2021 to 40.0% for the three ended March 31, 2022 primarily reflected our efforts in optimizing staff efficiency during the pandemic, including streamlining the number of staff required for each restaurant and optimizing our compensation structure, such as implementing experimental piece rate compensation systems in new countries and refining such system, while our revenue increased as our business gradually recovered from the pandemic.

Rentals and Related Expenses

Our rentals and related expenses increased from US$1.8 million for the three months ended March 31, 2021 to US$2.1 million for the three months ended March 31, 2022 primarily because we incurred more property management fees, which were in line with our restaurant network expansion.

Utilities Expenses

Our utilities expenses increased from US$2.5 million for the three months ended March 31, 2021 to US$4.1 million for the three months ended March 31, 2022, which was in line with our restaurant network expansion and business recovery after the COVID-19 pandemic. As a percentage of revenue, our utilities expenses remained stable at 3.7% for the three months ended March 31, 2021 and 2022, respectively.

Depreciation and Amortization

Our depreciation and amortization increased from US$15.6 million for the three months ended March 31, 2021 to US$16.4 million for the three months ended March 31, 2022, primarily due to the addition of our property, plant and equipment, which was in line with our restaurant network expansion.

Travelling and Communication Expenses

Our travelling and communication expenses increased from US$0.5 million for the three months ended March 31, 2021 to US$1.1 million for the three months ended March 31, 2022, primarily because our international business travel increased as many countries lifted travel restrictions.

Other Expenses

Our other expenses increased from US$7.6 million for the three months ended March 31, 2021 to US$11.9 million for the three months ended March 31, 2022, mainly due to (i) a US$1.9 million increase in administrative expenses, which was in line with our restaurant network expansion; (ii) a US$0.7 million increase in bank charges; and (iii) a US$0.5 million increase daily maintenance expenses, storage expenses and business development expenses, which was in line with the expansion of our restaurant network.

Other Gains and Losses

Our other losses increased from US$9.4 million for the three months ended March 31, 2021 to US$16.4 million for the three months ended March 31, 2022, mainly due to (i) a US$5.1 million increase in impairment loss recognized in respect of property, plant and equipment and right-of-use assets, primarily reflecting the performance of certain restaurants and our anticipation of the temporary closure of certain restaurants; and (ii) a US$2.3 million increase in expected credit loss on rental deposits, reflecting our latest expansion plan and restaurant performance.

Finance Costs

Our finance costs slightly increased from US$4.2 million to US$4.6 million for the three months ended March 31, 2021 and 2022, respectively.

Income Tax Expense

Our income tax expense increased from US$0.3 million for the three months ended March 31, 2021 to US$0.5 million for the three months ended March 31, 2022.

Loss for the Period

As a result of the foregoing, our loss for the period increased from US$25.2 million for the three months ended March 31, 2021 to US$28.5 million for the three months ended March 31, 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by 41.1% from US$221.4 million for the year ended December 31, 2020 to US$312.4 million for the year ended December 31, 2021, primarily reflecting (i) a US$86.8 million increase in revenue from restaurant operations; (ii) a US$2.6 million increase in others, mainly representing the sales of hot pot condiment products to local guests and food ingredients to retailers; and (iii) a US$1.6 million increase in our delivery business.

Restaurant Operations

Revenue from restaurant operations increased significantly by 41.5% from US$209.3 million for the year ended December 31, 2020 to US$296.1 million for the year ended December 31, 2021, mainly because we opened 36 and 22 new restaurants in 2020 and 2021, respectively. The increase in revenue from new restaurant openings was partially offset by a decrease in table turnover rate due to the impact of the COVID-19 pandemic as more countries began to impose restrictive measures on restaurant dine-in and social gatherings.

Delivery Business

Our revenue from delivery business increased from US$10.2 million for the year ended December 31, 2020 to US$11.8 million for the year ended December 31, 2021, mainly reflecting our continuous efforts in expanding our delivery business during the pandemic.

Others

Others mainly represented our revenue from sales of hot pot condiment products to local guests and food ingredients to retailers, which increased from US$1.9 million for the year ended December 31, 2020 to US$4.5 million for the year ended December 31, 2021, reflecting the growing popularity of our hot pot condiment products and food ingredients.

Other Income

Our other income increased from US$9.1 million for the year ended December 31, 2020 to US$19.5 million for the year ended December 31, 2021, mainly due to an increase of US$9.3 million in government grants as we received more COVID-19 related subsidies from local governments.

Raw Materials and Consumables Used

Our raw materials and consumables used increased from US$79.0 million for the year ended December 31, 2020 to US$113.8 million for the year ended December 31, 2021, primarily attributable to a US$34.0 million increase in food ingredient costs, which was in line with our restaurant network expansion. As a percentage of revenue, our raw materials and consumables increased from 35.7% in 2020 to 36.4% in 2021, primarily reflecting the general increase in the prices of food ingredients we used while our restaurant performance was affected by the COVID-19 pandemic.

Staff Costs

Our staff costs increased from US$100.4 million for the year ended December 31, 2020 to US$143.3 million for the year ended December 31, 2021, which is generally in line with our restaurant network expansion. As a percentage of revenue, staff costs remained relatively stable at 45.4% and 45.9% for the years ended December 31, 2020 and 2021, respectively.

Rentals and Related Expenses

Our rentals and related expenses increased from US$1.1 million for the year ended December 31, 2020 to US$6.6 million for the year ended December 31, 2021, primarily because we incurred more property management fees, which were in line with our restaurant network expansion.

Utilities Expenses

Our utilities expenses increased from US$7.8 million for the year ended December 31, 2020 to US$11.0 million for the year ended December 31, 2021, which is generally in line with our restaurant network expansion. As a percentage of revenue, our utilities expenses remained stable at 3.5% for the years ended December 31, 2020 and 2021, respectively.

Depreciation and Amortization

Our depreciation and amortization increased from US$50.8 million for the year ended December 31, 2020 to US$69.9 million for the year ended December 31, 2021, primarily reflecting a US$11.0 million increase in depreciation of property, plant and equipment and a US$8.1 million increase in depreciation of right-of-use assets, as we continued to expand our restaurant network.

Travelling and Communication Expenses

Our travelling and communication expenses remained relatively stable at US$2.4 million and US$2.7 million in 2020 and 2021, respectively.

Other Expenses

Our other expenses increased from US$28.3 million for the year ended December 31, 2020 to US$41.7 million for the year ended December 31, 2021, mainly reflecting (i) a US$7.8 million increase in administrative expenses; (ii) a US$2.5 million increase in bank charges; and (iii) a US$2.2 million increase in daily maintenance expenses, storage expenses and business development expenses, which was in line with the expansion of our restaurant network.

Other Gains and Losses

We recorded other gains of US$2.0 million in 2020, as compared to other losses of US$73.3 million in 2021. The increase of other losses was mainly because (i) we recorded a US$57.4 million increase in impairment loss in respect of property, plant and equipment and right-of-use assets in light of the continued impact of the COVID-19 pandemic on our restaurant operations; and (ii) we recorded a US$13.2 million foreign exchange loss in 2021, as compared to a US$7.3 million foreign exchange gain in 2020 primarily due to fluctuations in the US dollar exchange rates to various currencies.

Finance Costs

Our finance costs increased from US$14.4 million for the year ended December 31, 2020 to US$19.2 million for the year ended December 31, 2021, mainly due to (i) a US$3.0 million increase in interest on loans from related parties, which represented loans we obtained from Haidilao International Group to support our business expansion; and (ii) a US$1.6 million increase in interest on lease liabilities, which was in line with our restaurant network expansion.

Income Tax Expenses

Our income tax expenses decreased from US$2.0 million for the year ended December 31, 2020 to US$1.2 million for the year ended December 31, 2021.

Loss for the Year

As a result of the foregoing, our loss for the year increased from US$53.8 million for the year ended December 31, 2020 to US$150.8 million for the year ended December 31, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue decreased by 5.0% from US$233.1 million for the year ended December 31, 2019 to US$221.4 million for the year ended December 31, 2020, primarily reflecting a US$23.3 million decrease in revenue from restaurant operations, partially offset by an increase of US$10.1 million in our delivery business.

Restaurant Operations

Revenue from restaurant operations decreased by 10.0% from US$232.5 million for the year ended December 31, 2019 to US$209.3 million for the year ended December 31, 2020, which was primarily attributable to fewer guest visits and a decrease in table turnover rate as a result of the COVID-19 pandemic. The impact of the COVID-19 pandemic on our restaurant operations was partially offset by the revenue contribution from the 15 new restaurants we opened in 2019, as well as the 36 restaurants we opened in 2020.

Delivery Business

Revenue from delivery business increased from US$0.2 million in 2019 to US$10.2 million in 2020 because guests increasingly used our food delivery services during the COVID-19 pandemic and we devoted significant efforts in promoting our food delivery services.

Others

Others mainly represented revenue from sales of hot pot condiment products to local guests and food ingredients to retailers, which increased from US$0.4 million for the year ended December 31, 2019 to US$1.9 million for the year ended December 31, 2020, reflecting the growing popularity of our hot pot condiment products and food ingredients.

Other Income

Our other income increased from US$1.4 million for the year ended December 31, 2019 to US$9.1 million for the year ended December 31, 2020, mainly due to an increase of US$8.0 million in government grants as we received COVID-19 related subsidies from local governments to support businesses during the pandemic.

Raw Materials and Consumables Used

Our raw materials and consumables used decreased from US$81.3 million for the year ended December 31, 2019 to US$79.0 million for the year ended December 31, 2020, which is generally in line with the business slowdown from the COVID-19 pandemic.

Staff Costs

Our staff costs decreased from US$112.2 million for the year ended December 31, 2019 to US$100.4 million for the year ended December 31, 2020. As a percentage of revenue, staff costs decreased slightly from 48.1% for the year ended December 31, 2019 to 45.4% for the year ended December 31, 2020. Such decrease was primarily because of less work performed under our piece rate compensation system during the COVID-19 pandemic and reflected our efforts in optimizing our restaurant operational efficiency by streamlining the number of employees at restaurants and optimizing our compensation system during the COVID-19 pandemic.

Rentals and Related Expenses

Our rentals and related expenses decreased from US$2.3 million for the year ended December 31, 2019 to US$1.1 million for the year ended December 31, 2020. As a percentage of revenue, our rentals and related expenses decreased from 1.0% in 2019 to 0.5% in 2020. Such decreases were because we received certain rent concessions during the COVID-19 pandemic.

Utilities Expenses

Our utilities expenses increased slightly from US$7.0 million for the year ended December 31, 2019 to US$7.8 million for the year ended December 31, 2020, primarily because we opened 15 and 36 new restaurants in 2019 and 2020, respectively. As a percentage of revenue, our utilities expenses increased from 3.0% for the year ended December 31, 2019 to 3.5% for the year ended December 31, 2020. Such increase was primarily because we continued to incur utilities expenses to support restaurant operations while our revenue decreased during the COVID-19 pandemic.

Depreciation and Amortization

Our depreciation and amortization increased from US$32.3 million for the year ended December 31, 2019 to US$50.8 million for the year ended December 31, 2020, primarily because we procured more property, plant and equipment for our newly opened restaurants in 2020.

Travelling and Communication Expenses

Our travelling and communication expenses decreased from US$4.2 million for the year ended December 31, 2019 to US$2.4 million for the year ended December 31, 2020, because business travel decreased during the COVID-19 pandemic as many countries implemented travel restrictions.

Other Expenses

Our other expenses increased from US$21.0 million for the year ended December 31, 2019 to US$28.3 million for the year ended December 31, 2020, mainly due to (i) a US$4.0 million increase in administrative expenses, which was in line with the expansion of our restaurant network; (ii) a US$1.2 million increase in consulting services expenses, primarily attributable to the consultation service for our new restaurant openings; and (iii) a US$0.7 million increase in business development expenses, mainly in relation to the 36 new restaurants we opened in 2020.

Other Gains and Losses

Our other gains increased from US$1.7 million for the year ended December 31, 2019 to US$2.0 million for the year ended December 31, 2020, because we recorded an increase of US$6.0 million in net foreign exchange gain in 2020, partially offset by the impairment loss recognized in respect of property, plant and equipment and right of use assets in light of the COVID-19 pandemic of US$5.7 million.

Finance Costs

Our finance costs increased from US$8.2 million for the year ended December 31, 2019 to US$14.4 million for the year ended December 31, 2020, mainly due to an increase of US$2.6 million in interest on lease liabilities and a US$3.8 million increase in interest paid to related parties as we obtained borrowings from Haidilao International Group to support our business expansion, partially offset by a decrease of US$0.2 million in interest on bank borrowings as we obtained new bank borrowings with a lower interest rate in 2020.

Income Tax Expenses

Our income tax expenses increased from US$0.8 million for the year ended December 31, 2019 and US$2.0 million for the year ended December 31, 2020.

Loss for the Year

As a result of the foregoing, our loss for the year increased from US$33.0 million for the year ended December 31, 2019 to US$53.8 million for the year ended December 31, 2020.

DISCUSSION OF CERTAIN BALANCE SHEET ITEMS

The following table sets forth a summary of our combined statements of financial position indicated.

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	126,655	211,096	194,978	189,829
Right-of-use assets	128,838	236,712	202,020	174,584
Other intangible assets	294	398	375	439
Deferred tax assets	29	66	144	142
Other financial assets	–	8,033	4,244	4,228
Rental deposits	11,856	16,620	18,230	17,173
Total non-current assets	267,672	472,925	419,991	386,395
CURRENT ASSETS				
Inventories	7,498	12,107	16,709	18,623
Trade and other receivables and prepayments	10,790	19,695	30,253	29,475
Amounts due from related parties	72,830	39,257	29,383	29,660
Rental deposits	26	22	930	1,343
Financial assets at FVTPL	–	–	36,074	35,925
Other financial assets	–	3,565	500	500
Pledged bank deposits	2,169	2,450	3,337	2,551
Bank balances and cash	36,327	51,564	89,546	70,130
Total current assets	129,640	128,660	206,732	188,207
CURRENT LIABILITIES				
Trade payables	18,921	22,216	26,549	25,986
Other payables	18,680	22,768	24,128	19,555
Amounts due to related parties	234,541	366,641	500,562	514,178
Tax payable	990	1,998	2,294	2,800
Lease liabilities	19,573	29,819	36,655	36,601
Bank borrowings	3,118	6,710	3,111	3,047
Contract liabilities	2,345	2,573	2,800	2,400
Provision	–	–	515	6,408
Total current liabilities	298,168	452,725	596,614	610,975

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	(US$ in thousands)			*(Unaudited)*
NET CURRENT LIABILITIES	(168,528)	(324,065)	(389,882)	(422,768)
Total assets less current liabilities	99,144	148,860	30,109	(36,373)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	104	958	1,127	1,378
Lease liabilities	104,515	206,108	206,539	177,655
Bank borrowings	–	864	688	631
Provisions	5,185	7,900	8,937	8,614
Total non-current liabilities	109,804	215,830	217,291	188,278
NET LIABILITIES	(10,660)	(66,970)	(187,182)	(224,651)

Inventories

Our inventories mainly represented our food ingredients and other materials used in our restaurant operations and our hot pot condiment products for sale. Our inventories increased from US$7.5 million as of December 31, 2019 to US$12.1 million as of December 31, 2020, and further to US$16.7 million as of December 31, 2021 and US$18.6 million as of March 31, 2022. The increase in our inventories primarily reflected the inventories we kept for the new restaurants we opened during each year/period.

Our inventory turnover days in 2020 and 2021 and the three months ended March 31, 2022 was 44.6 days, 45.6 days and 39.8 days, respectively. Our annual inventory turnover days equals the average of the beginning and ending inventories for that year divided by raw materials and consumables used for that year and multiplied by 360 days. Our quarterly inventory turnover days equals the average of the beginning and ending inventories for the quarter divided by raw materials and consumables used for the period and multiplied by 90 days. The decrease in our inventory turnover days in the three months ended March 31, 2022 was primarily attributable to the higher level of inventories consumed as we gradually recovered from the COVID-19 pandemic.

As of May 31, 2022, we have subsequently settled all of our inventories as of March 31, 2022.

Trade and Other Receivables and Prepayments

Our trade and other receivables and prepayments primarily consist of (i) trade receivables, which primarily represented receivables from credit card networks, food delivery platforms and payment platforms; (ii) prepayment to suppliers; (iii) prepaid operating expenses, which primarily represented prepaid rents for our restaurants; (iv) input value-added tax to be deducted, which represented certain tax recoverable in relation to food ingredients and property, plant and equipment that we procure; (v) interest receivables in relation to the financial products we had; and (vi) others, which mainly includes petty cash we provide for our restaurants.

The following table sets forth a breakdown of our trade and other receivables and prepayments as of the date indicated.

	As of December 31,			As of March 31,
	2019	**2020**	**2021**	**2022**
	(US$ in thousands)			*(Unaudited)*
Trade receivables	3,858	3,919	6,334	3,927
Other receivables and prepayments:				
Prepayments to suppliers	4,258	8,385	16,699	17,553
Prepaid operating expenses	1,039	1,023	1,714	3,661
Input value-added tax to be deducted	599	3,696	2,212	2,034
Interest receivables	–	75	38	42
Others	1,036	2,597	3,256	2,258
Subtotal	*6,932*	*15,776*	*23,919*	*25,548*
Total trade and other receivables and prepayments	10,790	19,695	30,253	29,475

Trade Receivables

The majority of our trade receivables were in connection with bills settled through credit card networks and other platforms. Receivables from credit card networks were normally settled within three days and receivables from other platforms were normally settled within a longer period. We did not have any past due trade receivables as of December 31, 2019, 2020 and 2021 and March 31, 2022.

The following table sets forth an aging analysis of our trade receivables and turnover days as of the date indicated.

	As of/For the year ended December 31,			As of/For the three months ended March 31,
	2019	**2020**	**2021**	**2022**
	(US$ in thousands, except for days)			*(Unaudited)*
0 to 30 days	3,858	3,919	6,334	3,927
Trade receivables turnover days(1)	N/A	6.3	5.9	4.2

Note:

(1) Trade receivables turnover days for each year/period equals the average of the beginning and ending balances of trade receivables for that year/period divided by our revenue for the year/period and multiplied by 360 days/90 days.

Our trade receivables amounted to US$3.9 million, US$3.9 million, US$6.3 million and US$3.9 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, which is generally in line with our revenue in that year/period. Our trade receivable turnover days were 6.3 days, 5.9 days and 4.2 days in 2020, 2021 and the three months ended March 31, 2022, respectively.

As of May 31, 2022, all of our trade receivables as of March 31, 2022 were subsequently settled.

Other Receivables and Prepayments

Our other receivables and prepayments increased from US$6.9 million as of December 31, 2019 to US$15.8 million as of December 31, 2020, primarily due to (i) a US$4.1 million increase in prepayment to suppliers, which was in line with our restaurant network expansion; and (ii) a US$3.1 million increase in input value-added tax to be deducted, reflecting the decreased revenue we generated in 2020 due to the COVID-19 pandemic.

Our other receivables and prepayments increased from US$15.8 million as of December 31, 2020 to US$23.9 million as of December 31, 2021, primarily due to (i) a US$8.3 million increase in prepayment to suppliers; and (ii) a US$0.7 million increase in prepaid operating expenses, which are generally in line with our restaurant network expansion, and partially offset by a US$1.5 million decrease in input value-added tax to be deducted, reflecting the increased revenue we generated in 2021 as we continue to expand our restaurant network.

Our other receivables and prepayments increased from US$23.9 million as of December 31, 2021 to US$25.5 million as of March 31, 2022, primarily due to a US$1.9 million increase in prepaid operating expenses and a US$0.9 million increase in prepayment to suppliers, which was in line with our restaurant network expansion.

Financial Assets

We invested in such financial assets during the Track Record Period because we believe short-term investment is able to generate at a yield higher than current deposit bank interest rates, with an emphasis on capital preservation. Our investment decisions are made on a case-by-case basis with comprehensive and sufficient consideration of a number of factors by our headquarters, including but not limited to market dynamics, competition, return expectation and risks involved. We closely monitor the performance of such products on a regular basis, and report any unusual activity to our financial investment committee to take immediate actions to prevent or minimize losses. We do not allow any financial assets to be purchased from personal accounts.

Financial Assets at Fair Value through Profit or Loss

During the Track Record Period, our financial assets at fair value through profit or loss represented our investment in private equity investment funds of reputable asset management companies. The table below sets forth the breakdown of our financial assets at fair value through profit or loss as of the date indicated.

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	(US$ in thousands)			*(Unaudited)*
Private fund investment	–	–	36,074	35,925
Analyzed as:				
Current	–	–	36,074	35,925

These financial products were short term and non-principal protected investments with no predetermined or guaranteed return. As of the Latest Practicable Date, we had redeemed a substantial amount of these financial assets at fair value through profit or loss.

Other Financial Assets

As of December 31, 2019, 2020 and 2021 and March 31, 2022, we held debt investments amounting to nil, US$11.6 million, US$4.7 million and US$4.7 million, respectively. The debt instruments we invested in are primarily principal-protected with fixed interest rates. The table below sets forth the breakdown of our other financial assets as of the date indicated.

	As of December 31,			As of March 31,
	2019	**2020**	**2021**	**2022**
		(US$ in thousands)		
				(Unaudited)
Debt instrument at amortized cost	–	11,598	4,744	4,728
Analyzed as:				
Current	–	3,565	500	500
Non-current	–	8,033	4,244	4,228
Total	–	11,598	4,744	4,728

Pledged Bank Deposits

Our pledged bank deposits mainly represented bank deposits we made to secure the rental payments to lessors. Our pledged bank deposits increased from US$2.2 million as of December 31, 2019 to US$2.5 million as of December 31, 2020, and further to US$3.3 million as of December 31, 2021, which is generally in line with our restaurant network expansion. As of March 31, 2022, our pledged bank deposits decreased to US$2.6 million, primary reflecting the termination of certain planned new restaurant openings as a result of our dynamic evaluation of the expansion plan.

Bank Balances and Cash

Our bank balances and cash on hand amounted to US$36.3 million, US$51.6 million, US$89.5 million and US$70.1 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively, which primarily reflected our cash position from cash generated from and used in operations, cash used in opening restaurants and bank and other loans. Most of our bank balances and cash are dominated in US dollars and Singapore dollars.

Trade Payables

Trade payables mainly represented the balances due to our suppliers of food ingredients and consumables. We do not have set credit terms for the majority of our trade payables. We generally settle trade payables within 30 to 90 days. The following table set forth an aging analysis of our trade payables and turnover days as of the date indicated.

	As of December 31,			As of March 31,
	2019	**2020**	**2021**	**2022**
	(US$ in thousands, except for days)			*(Unaudited)*
Within 60 days	18,624	22,081	26,549	25,986
61 to 180 days	242	135	–	–
More than 181 days	55	–	–	–
Total	18,921	22,216	26,549	25,986
Trade payable turnover days[(1)]	N/A	93.7	77.2	59.1

Note:

(1) Trade payable turnover days for each year/period equals the average of the beginning and ending balances of trade payable for that year/period divided by raw materials and consumables for the year/period and multiplied by 360 days/90 days.

Our trade payables increased from US$18.9 million as of December 31, 2019 to US$22.2 million as of December 31, 2020, as we increased our procurement due to our restaurant network expansion. Our trade payables were relatively stable at US$26.5 million and US$26.0 million as of December 31, 2021 and March 31, 2022, respectively.

Our trade payable turnover days were 93.7 days, 77.2 days and 59.1 days in 2020, 2021 and the three months ended March 31, 2022, respectively. Our trade payables turnover days decreased from 93.7 days in 2020 to 77.2 days in 2021 mainly because we strengthened control over the settlement of our trade payables. The trade payable turnover days decreased to 59.1 days in the first quarter of 2022 mainly due to strengthened control over the settlement of our trade payables.

As of May 31, 2022, US$19.4 million, or 74.7% of our trade payables as of March 31, 2022 were subsequently settled.

Other Payables

Our other payables primarily consisted of (i) staff costs payable; (ii) other taxes payable; (iii) renovation fee payables; and (iv) others, mainly representing payables to suppliers and government grants we received in advance. The following table set forth the details of our other payables as of the date indicated.

	As of December 31,			As of March 31,
	2019	**2020**	**2021**	**2022**
	(US$ in thousands)			*(Unaudited)*
Staff cost payable	11,681	11,657	16,183	13,882
Other taxes payable	3,477	2,800	4,446	3,052
Renovation fee payables	2,225	1,461	266	288
Others	1,297	6,850	3,233	2,333
Total	18,680	22,768	24,128	19,555

Our other payables increased from US$18.7 million as of December 31, 2019 to US$22.8 million as of December 31, 2020, primarily due to a US$5.6 million increase in others, which mainly includes government grants we received in advance and payables to suppliers, which are generally in line with our restaurant network expansion.

Our other payables increased from US$22.8 million as of December 31, 2020 to US$24.1 million as of December 31, 2021, primarily due to (i) a US$4.5 million increase in staff cost payable, reflecting the increase in staff headcount in line with our restaurant network expansion; and (ii) a US$1.6 million increase in other taxes payable; partially offset by a decrease of US$3.6 million in others, which primarily included government grants we received in advance and payables to suppliers.

Our other payables decreased from US$24.1 million as of December 31, 2021 to US$19.6 million as of March 31, 2022, primarily due to (i) a US$2.3 million decrease in staff costs payable because we settled the year-end bonus of 2021 in the first quarter of 2022; and (ii) a US$1.4 million decrease in other taxes payable.

Contract Liabilities

Our contract liabilities represented award credits that our guests have accumulated but not yet redeemed or expired in relation to our customer loyalty program, prepaid cards and issued vouchers and advances from customers. Our contract liabilities remained relatively stable at US$2.3 million, US$2.6 million, US$2.8 million, US$2.4 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth details of our current assets and current liabilities as of the date indicated.

	As of December 31,			As of March 31,	As of May 31,
	2019	2020	2021	2022	2022
	(US$ in thousands)				
				(Unaudited)	
CURRENT ASSETS					
Inventories	7,498	12,107	16,709	18,623	19,461
Trade and other receivables and prepayments	10,790	19,695	30,253	29,475	23,142
Amounts due from related parties	72,830	39,257	29,383	29,660	3,906
Rental deposits	26	22	930	1,343	1,342
Financial assets at FVTPL	–	–	36,074	35,925	5,951
Other financial assets	–	3,565	500	500	–
Pledged bank deposits	2,169	2,450	3,337	2,551	3,345
Bank balances and cash	36,327	51,564	89,546	70,130	93,512
Total current assets	129,640	128,660	206,732	188,207	150,659

	As of December 31,			As of March 31,	As of May 31,
	2019	2020	2021	2022	2022
	(US$ in thousands)				
				(Unaudited)	
CURRENT LIABILITIES					
Trade payables	18,921	22,216	26,549	25,986	41,499
Other payables	18,680	22,768	24,128	19,555	27,375
Amounts due to related parties	234,541	366,641	500,562	514,178	470,638
Tax payable	990	1,998	2,294	2,800	753
Lease liabilities	19,573	29,819	36,655	36,601	33,827
Bank borrowings	3,118	6,710	3,111	3,047	77
Contract liabilities	2,345	2,573	2,800	2,400	2,199
Provision	–	–	515	6,408	6,408
Total current liabilities	298,168	452,725	596,614	610,975	582,776
NET CURRENT LIABILITIES	(168,528)	(324,065)	(389,882)	(422,768)	(432,117)

Our net current liabilities increased from US$168.5 million as of December 31, 2019 to US$324.1 million as of December 31, 2020, and further increased to US$389.9 million as of December 31, 2021 and US$422.8 million as of March 31, 2022, primarily because of (i) the increase in amounts due to related parties, which mainly represented loans we received from Haidilao International Group to support our business expansion; and (ii) the decrease in amounts due from related parties because we received repayment of loans we provided to Haidilao International Group for (a) the purchase of certain equipment; and (b) Haidilao restaurants in Hong Kong, Macau and Taiwan. Pursuant to the Reorganization, a majority of the loans we received from Haidilao International Group in the amount of US$471.3 million were settled by issuing equity to Newpai, a wholly-owned subsidiary of Haidilao International, in June 2022. For details, see "History, Reorganization and Corporate Structure—Reorganization" and "—Related Party Transactions."

Our net current liabilities amounted to US$432.1 million as of May 31, 2022. The increase of our net current liabilities from US$422.8 million as of March 31, 2022 to US$432.1 million as of May 31, 2022 was primarily because the decrease of our current assets was higher than the decrease of our current liabilities. The decrease in our current assets was primarily due to the bank balances and cash we used for our operation, partially offset by the collection of loans to related parties and trade and other receivables and prepayments and the redemption of our investment in private equity investment funds. The decrease in our current liabilities was primarily due to a decrease in amounts due to related parties as we partially repaid loans from Haidilao International Group, partially offset by the increase in trade payables and other payables, which is in line with our business recovery.

See "—Liquidity and Capital Resources—Working Capital" for details. For further information, see "Risk Factors—Risks Relating to Our Business—We had significant net current liabilities and net liabilities as of December 31, 2019, 2020 and 2021 and March 31, 2022."

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Our principal uses of cash are for working capital to open new restaurants, procure food ingredients, consumables and equipment, and operate our restaurants. During the Track Record Period, we funded our operations principally with cash generated from our operations, bank borrowings and loans from related parties. As of December 31, 2019, 2020 and 2021 and March 31, 2022, we had bank balances and cash of US$36.3 million, US$51.6 million, US$89.5 million and US$70.1 million, respectively. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting continuing business expansion.

Although we had significant net current liabilities during the Track Record Period, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this listing document for the reasons set out below:

- *Settlement of amounts due to related parties of a non-trade nature.* We had amounts due to related parties of a non-trade nature of US$234.3 million, US$366.1 million, US$499.8 million and US$513.8 million as of December 31, 2019, 2020 and 2021 and March 31, 2022, respectively. These amounts primarily represented loans obtained from Haidilao International Group to support our business expansion and the interests arising from these loans. Pursuant to the Reorganization, we settled US$471.3 million of such amounts by issuing equity to Newpai in June 2022. The remaining portion of the amount due to related parties of a non-trade nature has been, or is expected to be, settled with cash prior to the Listing. As such, we expect our working capital position to improve since the latest balance sheet date.

- *Cash flow generated from our business.* In 2019, 2020 and 2021, we had net cash generated from operating activities of US$16.5 million, US$2.8 million and US$4.4 million, respectively. As the COVID-19 pandemic eases, we recorded net cash flow generated from operating activities of US$1.2 million in the three months ended March 31, 2022, as compared to a net cash outflow from operating activities of US$7.4 million in the three months ended March 31, 2021.

- *Investment from Newpai.* Pursuant to the Reorganization, we received investment from Newpai in the amount of US$23.1 million in June 2022, which will be used to support our business operation.

Going forward, our liquidity requirements will be satisfied by using funds from a combination of cash flows from operations, our cash and cash equivalents and bank borrowings.

Cash Flow

The following table sets forth selected cash flow data from our combined statements of cash flows for the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Operating cash flows before movements in working capital	6,330	7,002	12,492	9,088
Net cash from operating activities	16,529	2,757	4,382	1,191
Net cash used in investing activities	(146,379)	(91,822)	(87,464)	(12,175)
Net cash from/(used in) financing activities	147,749	109,752	108,502	(10,324)
Net increase/(decrease) in cash and cash equivalents	17,899	20,687	25,420	(21,308)
Cash and cash equivalents at beginning of the year/period	13,468	36,327	51,564	89,546
Cash and cash equivalents at end of the year/period	36,327	51,564	89,546	70,130

Operating Activities

For the three months ended March 31, 2022, our net cash generated from operating activities was US$1.2 million, primarily attributable to our loss before tax of US$28.0 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment of US$8.6 million; (ii) depreciation of right-of-use assets of US$7.8 million; (iii) impairment loss recognized for property, plant and equipment of US$5.8 million; (iv) net foreign exchange loss of US$4.9 million; and (v) finance costs of US$4.6 million. The amount was further adjusted by changes in working capital, including (i) a US$4.7 million decrease in other payables; (ii) a US$1.9 million increase in inventories in line with our recovery of business from the COVID-19 pandemic; (iii) a US$0.8 million decrease in trade and other receivables and prepayments, and (iv) a US$0.6 million decrease in trade payables.

For the year ended December 31, 2021, our net cash generated from operating activities was US$4.4 million, primarily attributable to our loss before tax of US$149.6 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment of US$35.2 million; (ii) depreciation of right-of-use assets of US$34.7 million; (iii) impairment loss of property, plant and equipment of US$31.9 million; and (iv) impairment loss of right-of-use assets of US$31.2 million. The amount was further adjusted by changes in working capital, including (i) an increase in trade and other receivables and prepayments of US$10.6 million; (ii) an increase in inventories of US$4.6 million; and (iii) an increase in trade payables of US$4.3 million.

For the year ended December 31, 2020, our net cash generated from operating activities was US$2.8 million, primarily attributable to our loss before tax of US$51.7 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of US$26.6 million; (ii) depreciation of property, plant and equipment of US$24.2 million; and (iii) finance costs of US$14.4 million primarily due to the interests paid to Haidilao International Group, our related parties. The amount was further adjusted by changes in working capital, including (i) an increase in trade and other receivables and prepayments of US$8.8 million; (ii) an increase in other payables of US$4.9 million; and (iii) an increase in inventories of US$4.6 million.

For the year ended December 31, 2019, our net cash generated from operating activities was US$16.5 million, primarily attributable to our loss before tax of US$32.2 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of US$18.0 million; and (ii) depreciation of property, plant and equipment of US$14.3 million. The amount was further adjusted by changes in working capital, including (i) an increase in trade payables of US$11.9 million; (ii) an increase in other payables of US$7.9 million; and (iii) an increase in inventories of US$4.3 million.

Investing Activities

For the three months ended March 31, 2022, our net cash used in investing activities was US$12.2 million, which was primarily attributable to the purchase of property, plant and equipment of US$12.3 million.

For the year ended December 31, 2021, our net cash used in investing activities was US$87.5 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of US$144.9 million; and (ii) purchase of property, plant and equipment of US$67.4 million for restaurants we planned to open; partially offset by redemption of financial assets at fair value through profit or loss of US$110.0 million and the collection of loans to related parties of US$13.6 million. The collection of loans to related parties were mainly related to the purchase of certain equipment and the Haidilao restaurants in Hong Kong, Macau and Taiwan prior to the Reorganization.

For the year ended December 31, 2020, our net cash used in investing activities was US$91.8 million, which was primarily attributable to the purchase of property, plant and equipment of US$109.9 million for restaurants we planned to open and the purchase of other financial assets of US$11.7 million, partially offset by the changes in balances of amount due from related parties. The amounts due from related parties were mainly related to the purchase of certain equipment and the Haidilao restaurants in Hong Kong, Macau and Taiwan prior to the Reorganization.

For the year ended December 31, 2019, our net cash used in investing activities was US$146.4 million, which was primarily attributable to (i) purchase of property, plant and equipment of US$82.5 million for restaurants we planned to open; (ii) new addition of amount of US$72.7 million loans to related parties, which primarily related to the purchase of certain equipment; and (iii) payments for rental deposits of US$3.0 million; partially offset by collection of loans to related parties of US$11.7 million. These loans primarily represented amounts due from related parties in relation to Haidilao restaurants in Hong Kong, Macau and Taiwan.

Financing Activities

For the three months ended March 31, 2022, our net cash used in financing activities was US$10.3 million, which was primarily attributable to the movement of our borrowings from Haidilao International Group, and to a lesser extent, acquisition of subsidiaries pursuant to the Reorganization of US$14.3 million and repayment of lease liabilities of US$9.1 million.

For the year ended December 31, 2021, our net cash generated from financing activities was US$108.5 million, which was primarily attributable to movements of our borrowings from Haidilao International Group, which is partially offset by the repayments of lease liabilities of US$29.1 million.

For the year ended December 31, 2020, our net cash generated from financing activities was US$109.8 million, which was primarily attributable to movements of our borrowings from Haidilao International Group, which is partially offset by the repayments of lease liabilities of US$24.2 million.

For the year ended December 31, 2019, our net cash generated from financing activities was US$147.7 million, which was primarily attributable to additions of borrowings from related parties of US$170.1 million, mainly from Haidilao International Group to support our business expansion; partially offset by (i) repayments of lease liabilities of US$19.7 million; and (ii) repayments of bank borrowing of US$14.4 million.

INDEBTEDNESS

Bank Borrowings

Our bank borrowings primarily consisted of short-term loans from banks to support the operations of our restaurants. Our bank borrowings as of December 31, 2019, 2020 and 2021 and March 31, 2022 and May 31, 2022, being the latest practicable date for purposes of the indebtedness statement, were as follows:

	As of December 31,			As of March 31,	As of May 31,
	2019	**2020**	**2021**	**2022**	**2022**
	(US$ in thousands)				
				(Unaudited)	
Unguaranteed and unsecured	3,118	6,613	3,025	2,964	–
Guaranteed and unsecured	–	961	774	714	665
Total	3,118	7,574	3,799	3,678	665
The carrying amount of the above bank borrowings are repayable:					
Within one year	3,118	6,710	3,111	3,047	77
Within a period of more than one year but not exceeding two years	–	97	87	83	77
Within a period of more than two years but not exceeding five years	–	767	601	548	511
Total	3,118	7,574	3,799	3,678	665

As of December 31, 2019, 2020 and 2021 and March 31, 2022 and May 31, 2022, our bank borrowings of nil, US$1.0 million, US$0.8 million, US$0.7 million and US$0.7 million, respectively, were secured by the legal representative of Haidilao Japan Co., Ltd.

As of December 31, 2019, 2020 and 2021 and March 31, 2022, we had nil, US$4.3 million, US$0.8 million, US$0.7 million of fixed-rate borrowings, respectively. As of December 31, 2020, fixed-rate borrowings of US$3.3 million and US$1.0 million carry interest at 1% per annum and 2.0% per annum, respectively. As of December 31, 2021, fixed-rate borrowings of US$0.8 million carry interest at 2% per annum with no interest during the first three years, as the support provided by the local government as COVID-19 pandemic relief. As of March 31, 2022, fixed-rate borrowings of US$0.7 million carry interest at 2% per annum with no interest during the first three years, as the support provided by the local government against COVID-19 pandemic.

As of December 31, 2019 and 2020, we had US$3.1 million and US$3.3 million of variable-rate borrowings, respectively, which carry interest at the final return rate of Korea 91 days certificate of deposit plus 1.5% per annum. As of December 31, 2021 and March 31, 2022, variable-rate borrowings of US$3.0 million and US$3.0 million, respectively, carry interest at the final return rate of Korea 91 days certificate of deposit plus 1% per annum.

Other than the bank borrowings that we may obtain, we do not have any plans for material external debt financing.

Other Borrowings

The following table set forth the details of amount due to related parties as of the date indicated.

	As of December 31,			As of March 31,	As of May 31,
	2019	**2020**	**2021**	**2022**	**2022**
	(US$ in thousands)				
				(Unaudited)	
Loans from related companies controlled by the Controlling Shareholders	231,561	364,247	498,575	512,531	469,663
Interest payables to related companies controlled by the Controlling Shareholders	2,751	1,894	1,219	1,293	975
Total	234,312	366,141	499,794	513,824	470,638

As of December 31, 2019, 2020 and 2021 and March 31, 2022, we obtained loans of US$231.6 million, US$364.2 million, US$498.6 million and US$512.5 million, respectively, from related companies controlled by our Controlling Shareholders, which primarily included subsidiaries of Haidilao International. As of the same dates, an amount of US$197.2 million, US$310.7 million, US$468.4 million and US$483.9 million from such loans were bore an interest rate of 2.00% to 3.00%, 2.00% to 3.14%, 2.00% to 3.90% and 2.00% to 3.90%, respectively. The interest payable to related companies controlled by our Controlling Shareholders were US$2.8 million, US$1.9 million, US$1.2 million and US$1.3 million as of the same dates, respectively.

As of May 31, 2022, we had loans from related parties of US$469.7 million. Pursuant to the Reorganization, a majority of the loans we received from Haidilao International Group in the amount of US$471.3 million were settled by issuing equity to Newpai in June 2022. The remaining portion of the amount due to related parties of a non-trade nature has been, or is expected to be settled with cash prior to the Listing.

Lease Liabilities

As of December 31, 2019, 2020 and 2021 and March 31 and May 31, 2022, we had lease liabilities of US$124.1 million, US$235.9 million, US$243.2 million, US$214.3 million and US$212.1 million, respectively.

Save as disclosed in this section of the listing document, since March 31, 2022 and up to the date of this listing document, there has been no material change to our indebtedness. As of May 31, 2022, the latest practicable date for determining our indebtedness, except as otherwise disclosed in this listing document, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

CONTINGENT LIABILITIES

As of March 31, 2022, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

CAPITAL EXPENDITURE

Our capital expenditure, represented additions to (i) leasehold land and building; (ii) freehold land; (iii) leasehold improvements; (iv) machinery; (v) transportation equipment; (vi) furniture and fixture; and (vii) renovation in progress. Fluctuations in our capital expenditure were primarily in line with the number of new restaurant openings in the respective year/period. The table below sets forth our capital expenditure for the period indicated.

	As of December 31,			As of March 31,
	2019	**2020**	**2021**	**2022**
	(US$ in thousands)			*(Unaudited)*
Leasehold land and building	848	–	1,690	–
Freehold land	10,165	2,595	954	–
Leasehold improvements	3,171	16,236	4,137	1,041
Machinery	582	2,919	2,760	471
Transportation equipment	622	389	73	62
Furniture and fixture	1,689	7,025	14,200	586
Renovation in progress	66,408	79,925	42,371	10,127
Total	83,485	109,089	66,185	12,287

We plan to finance our future capital expenditures through cash generated from our operations, our cash and cash equivalents and bank borrowings. Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition.

RELATED PARTY TRANSACTIONS

Historical Transactions

During the Track Record Period, we entered into a number of transactions with related companies controlled by the Controlling Shareholders and associates invested by the Controlling Shareholders. The following table sets forth the details of our related party transactions during the period indicated.

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Purchase of goods/services from related parties				
Purchase of condiment products and instant hot pot products	6,728	5,794	8,582	3,062
Interest expenses	2,763	6,542	9,581	2,330
Office expenses charges	57	225	261	77
Total	9,548	12,561	18,424	5,469
Income from related parties				
Interest income	137	343	689	181
Total	137	343	689	181

Purchase of Condiment Products and Instant Hot Pot Products

During the Track Record Period, we procured a significant amount of condiment products, including soup bases for our hot pot, and instant hot pot products from our related parties, such as Yihai Group. Purchase of condiment products and instant hot pot products decreased from US$6.7 million in 2019 to US$5.8 million in 2020 primarily due to the decreased guest visits during the COVID19 pandemic. Our purchase from related parties then increased to US$8.6 million in 2021 primarily reflecting our efforts in expanding our restaurant network. For the three months ended March 31, 2022, our purchase of condiment products and instant hot pot products from related parties amounted to US$3.1 million. For details of our arrangement with Yihai Group, see "Continuing Connected Transactions—Continuing Connected Transactions—Yihai Master Purchase Agreement."

Interest Expenses and Interest Income

During the Track Record Period, our interest expense to related parties were primarily in relation to the loans we received from Haidilao International Group to support our business expansion prior to the Reorganization. In addition, we also received interest income from related parties as we provided loans for the purchase of certain equipment and the Haidilao restaurants in Hong Kong, Macau and Taiwan prior to the Reorganization. See "—Outstanding Balances with Related Parties" for details.

Office Expenses Charges

Office expenses charges relate to the property we leased for our offices, which are payable to Haidilao International Group prior to the Reorganization.

Outstanding Balances with Related Parties

The following table sets forth a breakdown of outstanding balances with related parties as of the date indicated:

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Amounts due from related parties				
Trade nature				
Prepayments for goods made to related companies controlled by the Controlling Shareholders	23	87	277	418
Non-trade nature				
Loans to related companies controlled by the Controlling Shareholders	72,807	39,170	29,106	29,242
Total	72,830	39,257	29,383	29,660
Amounts due to related parties				
Trade nature				
Amounts payable to related companies controlled by the Controlling Shareholders	229	500	768	354

	As of December 31,			As of March 31,
	2019	2020	2021	2022
	(US$ in thousands)			
				(Unaudited)
Non-trade nature				
Loans from related companies controlled by the Controlling Shareholders	231,561	364,247	498,575	512,531
Interest payables to related companies controlled by the Controlling Shareholders	2,751	1,894	1,219	1,293
Total	234,541	366,641	500,562	514,178

Amounts Due From Related Parties

As of December 31, 2019, 2020 and 2021 and March 31, 2022, our amounts due from related parties of a trade nature amounted to US$23,000, US$87,000, US$277,000 and US$418,000, respectively. Our amounts due from related parties primarily represented prepayments we made to Yihai Group for the purchase of soup bases used in our restaurants.

As of December 31, 2019, 2020 and 2021 and March 31, 2022, our amounts due from related companies of a non-trade nature amounted to US$72.8 million, US$39.2 million, US$29.1 million and US$29.2 million, respectively. The loan primarily represented borrowings in relation to the purchase of certain equipment and Haidilao restaurants in Hong Kong, Macau and Taiwan prior to the Reorganization. The amounts due from related companies controlled by the Controlling Shareholders that are of a non-trade nature had been fully settled in cash in June 2022.

Amounts Due to Related Parties

As of December 31, 2019, 2020 and 2021 and March 31, 2022, we had amounts due to related parties controlled by the Controlling Shareholders with a trade nature relating to the purchase of condiment products of US$0.2 million, US$0.5 million, US$0.8 million and US$0.4 million, respectively. They primarily represented the amounts arising from the purchase of condiment products from Yihai Group, which had a credit terms of 30 to 90 days.

As of December 31, 2019, 2020 and 2021 and March 31, 2022, we had amounts due to related parties of US$234.3 million, US$366.1 million, US$499.8 million and US$513.8 million, respectively, that were of a non-trade nature. These amounts primarily represented loans we obtained from Haidilao International Group to support our business expansion and the interest arising from these loans. Pursuant to the Reorganization, a majority of the loans we received from Haidilao International Group in the amount of US$471.3 million were settled by issuing equity to Newpai in June 2022. For details, see "—Indebtedness—Other Borrowings," Note 37 to "Appendix IA—Accountants' Report" and Note 23 to "Appendix IB—Report on Review of Condensed Combined Financial Statements." The remaining portion of the amount due to related parties of a non-trade nature has been, or is expected to be settled with cash prior to the Listing.

FINANCIAL RATIOS

The following table set forth certain of our financial ratios as of the date indicated:

	As of December 31,			As of March 31,
	2019	2020	2021	2022
Current ratio$^{(1)}$	0.43	0.28	0.35	0.31
Quick ratio$^{(2)}$	0.41	0.26	0.32	0.28
Bank borrowings to total assets ratio$^{(3)}$	0.8%	1.3%	0.6%	0.6%

Notes:

(1) Equals current assets divided by current liabilities as of the same date.

(2) Equals current assets less inventories and divided by current liabilities as of the same date.

(3) Equals our bank borrowings divided by total assets as of the same date.

Current Ratio and Quick Ratio

Our current ratio decreased from 0.43 as of December 31, 2019 to 0.28 as of December 31, 2020, and our quick ratio decreased from 0.41 as of December 31, 2019 to 0.26 as of December 31, 2020 due to the increase of our current liabilities. The increase in our current liabilities in 2020 was primarily attributable to (i) an increase of US$132.1 million in amounts due to related parties, primarily representing the loans we received from Haidilao International Group to support our business expansion; and (ii) an increase of US$10.2 million in lease liabilities as we continued to expand our restaurant network.

Our current ratio increased from 0.28 as of December 31, 2020 to 0.35 as of December 31, 2021, and our quick ratio increased from 0.26 as of December 31, 2020 to 0.32 as of December 31, 2021 because our current assets increased at a higher rate than our current liabilities. Our current assets increased by 60.7% from US$128.7 million as of December 31, 2020 to US$206.7 million as of December 31, 2021, primarily attributable to (i) an increase of US$38.0 million in our bank balances and cash, which is in line with the increase of our revenue; (ii) we recorded US$36.1 million in financial assets at FVTPL as we made investments in certain private fund products; and (iii) a US$10.6 million increase in trade and other receivables and prepayments. Our current liabilities increased by 31.8% from US$452.7 million in 2020 to US$596.6 million in 2021 primarily because of (i) an increase of US$133.9 million in amount due to related parties, primarily representing the loans we received from Haidilao International Group to support our business expansion; and (ii) a US$6.8 million increase in lease liabilities as we continued to expand our restaurant network.

Our current ratio decreased from 0.35 as of December 31, 2021 to 0.31 as of March 31, 2022, and our quick ratio decreased from 0.32 as of December 31, 2021 to 0.28 as of March 31, 2022 due to the increase in our current liabilities and the decrease in our current assets. The increase in our current liabilities was primarily due to (i) an increase of US$13.6 million in amount due to related parties, primarily representing the loans we received from Haidilao International Group to support our business expansion; and (ii) an increase of US$5.9 million in provisions in relation to the leases we terminated for the restaurants we planned but decided not to open. The decrease in our current assets was primarily due to a decrease of US$19.4 million in bank balances and cash we used to support our business operation.

Bank Borrowings to Total Assets Ratio

As of December 31, 2019, 2020 and 2021 and March, 31, 2022, our bank borrowings to total assets ratio was 0.8%, 1.3%, 0.6% and 0.6%, respectively. The increase in our bank borrowings to total assets ratio in 2020 was primarily attributable to the increase in our bank borrowings in 2020 as we obtained new bank borrowings in the United States in 2020.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MARKET RISKS

We are exposed to a variety of market risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details, see Note 34 in "Appendix IA—Accountants' Report" to this listing document.

Foreign Currency Risk

We undertook certain transactions in foreign currencies, which expose us to foreign currency risk. We do not use any derivative contracts to hedge against its exposure to currency risk. We manage our currency risk by closely monitoring the movement of the foreign currency rates and considers hedging significant foreign currency exposure should such need arise.

We currently do not have a foreign exposure hedging policy. However, the management of our Group monitors foreign exchange exposure closely and will consider hedging significant foreign exchange exposure should the need arise.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to pledged bank deposits, fixed-rate bank borrowings, and lease liabilities. We are also exposed to cash flow interest risk in relation to variable-rate bank balances, and variable-rate bank borrowings which carry prevailing market interests. For details, please see Note 23 and 27 in "Appendix IA—Accountants' Report." The management of our Group manages the interest rate risk by maintaining a balanced portfolio of fixed rate and floating rate bank borrowings and bank balances. We manage our 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.

Credit Risk

Our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the combined statement of financial position (including rental deposits, trade receivables, other receivables, other financial assets, amounts due from related parties, pledged bank deposits and bank balances).

We consider 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 are also with high credit rating and no past due history. We consider these assets to be short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers as of December 31, 2019, 2020 and 2021, and accordingly, no expected credit loss was recognized as of December 31, 2019, 2020 and 2021.

We have concentration of credit risk on amounts due from related parties as of December 31, 2019, 2020 and 2021 with details set out in Note 34 to the "Appendix IA—Accountants' Report" in this listing document. We have 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, we do 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.

Liquidity Risk

In the management of the liquidity risk, the management of our Group monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by us to finance our operations and mitigate the effects of fluctuations in cash flows. For details, see "Liquidity and Capital Resources—Working Capital."

DIVIDENDS

No dividend has been paid or declared by our Company during the Track Record Period. Any future declarations and payments of dividends (other than interim dividends) will be at the recommendation of our Board at its absolute discretion for approval by the general meeting. Interim dividends may be paid by our Board if justified by the profits of the Company. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. As advised by our Cayman Islands counsel, under the Companies Act and the Memorandum and Articles, the Company may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid out of share premium if such payment would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. In the future, we may rely to some extent on dividends and other distributions on equity from our principal operating subsidiaries to fund offshore cash and financing requirements. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. As advised by our Cayman legal advisors, we may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

DISTRIBUTABLE RESERVES

As of March 31, 2022, our Company had nil reserves available for distribution to our members.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE LIABILITIES OF THE GROUP

The following unaudited pro forma statement of our adjusted combined total tangible assets less liabilities attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Listing on our combined total tangible assets less liabilities attributable to the owners of the Company as of March 31, 2022, as if the Listing had taken place on such date.

The unaudited pro forma statement of our adjusted combined total tangible assets less liabilities attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our combined total tangible assets less liabilities of attributable to the owners of the Company as of March 31, 2022 or at any future dates. It is prepared based on our unaudited combined total tangible assets less liabilities of attributable to the owners of the Company as of March 31, 2022 as derived from the Condensed Combined Financial Statements as set out in Appendix IB to this listing document and adjusted as described below.

	Unaudited combined total tangible assets less liabilities of the Group attributable to the owners of the Company as of March 31, 2022	Estimated listing expenses	Unaudited pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company as at March 31, 2022	Unaudited pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company as at March 31, 2022 per Share	
	USD'000	*USD'000*	*USD'000*	*USD*	*HKD*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 5)*
Based on [**REDACTED**] Shares assumed to be in issue immediately prior to the Listing	(225,090)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. The unaudited combined total tangible assets less liabilities of the Group attributable to owners of the Company as of March 31, 2022 is derived from the Condensed Combined Financial Statements set out in Appendix IB to this listing document, which is based on the unaudited combined net liabilities of the Group attributable to the owners of the Company as of March 31, 2022 of USD224,651,000 (deficit) with adjustments for other intangible assets of the Group attributable to owners of the Company as of March 31, 2022 of USD439,000.

2. The estimated listing expenses mainly include professional fees payable to the Joint Sponsors, the legal advisors and Reporting Accountants and other listing related expenses, which are expected to be incurred by the Group subsequent to March 31, 2022.

3. The unaudited pro forma adjusted combined total tangible assets less liabilities per Share is arrived at after the adjustments as described in Note 2 above and is based on [**REDACTED**] Shares assumed to be in issue immediately prior to the Listing, not taking into account any Shares which may be granted under the Share Award Scheme or Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares.

4. No adjustment has been made to the unaudited adjusted pro forma combined total tangible assets less liabilities of the Group attributable to owners of the Company as at March 31, 2022 to reflect any operating result or other transactions of the Group entered into subsequent to March 31, 2022. In particular, the above pro forma adjusted combined total tangible assets less liabilities of the Group attributable to owners of the Company shown on page II-1 have not taken into account the injection from the immediate holding company amounting to USD[**REDACTED**] ("Cash Injection"), loan capitalization from the immediate holding company amounting to USD[**REDACTED**] ("Loan Capitalization"), allotment and issue of [**REDACTED**] new shares at par value to Newpai and the ESOP Platform at a cash consideration of USD[**REDACTED**] ("Allotment") and the cash payment for the Group Reorganization subsequent to March 31, 2022 with the amount of USD[**REDACTED**] ("Cash Payment for Group Reorganization"). If such Cash Injection, Loan Capitalization, Allotment and Cash Payment for Group Reorganization were also taken into account in the above unaudited pro forma financial information, the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at March 31, 2022 would have been approximately USD[**REDACTED**] and the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at March 31, 2022 per Share would have been approximately USD[**REDACTED**] (equivalent to HKD[**REDACTED**], converted at the exchange rate in Note 5).

5. For the purpose of this pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company, the balances stated in USD are converted into HKD at a rate of USD1 to HKD7.8474. No representation is made that the USD amounts have been, could have been or may be converted into HKD, or vice versa at that rate or at any other rates or at all.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that, as of the date of this listing document, there has been no material adverse change in our financial or trading position or prospects since March 31, 2022 and up to the date of this listing document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

The total listing expenses for the Listing are estimated to be approximately US$[**REDACTED**] million, including (i) professional fees paid and payable to the professional parties for their services rendered in relation to the Listing, including sponsor fees, fees paid and payable to legal advisors, reporting accountants, the internal control consultant, the independent industry consultant and the compliance advisor of approximately US$[**REDACTED**] million; and (ii) other fees and miscellaneous expenses in relation to the Listing of approximately US$[**REDACTED**] million. During the Track Record Period, we had not incurred any listing expenses. There is no issue of new Shares of our Company, and therefore we will not receive any fundraising proceeds through the Listing, and therefore, such listing expenses will be charged to our combined statement of profit or loss and other comprehensive income for the year ending December 31, 2022.

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	*USD'000*	*USD'000*
	(Note i)	*(Note ii)*	
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	*USD'000*	*USD'000*
	(Note i)	*(Note ii)*	
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	*USD'000*	*USD'000*
	(Note i)	*(Note ii)*	
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

			Non-cash changes				
	At January 1, 2020	**Financing cash flows**	**Interest accruals**	**Lease liabilities recognized**	**Covid-19-related rent concessions**	**Exchange difference**	**At December 31, 2020**
	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

			Non-cash changes				
	At January 1, 2021	**Financing cash flows**	**Interest accruals**	**Lease liabilities recognized**	**Covid-19-related rent concessions**	**Exchange difference**	**At December 31, 2021**
	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

		For the year ended December 31,		
Relationship	**Nature of transaction**	**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

		For the year ended December 31,		
Relationship	**Nature of transaction**	**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				Principal activities
			December 31, 2019	December 31, 2020	December 31, 2021	Date of the report	
			%	%	%	%	
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.

REPORT ON REVIEW OF CONDENSED COMBINED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SUPER HI INTERNATIONAL HOLDING LTD.

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed combined financial statements of Super Hi International Holding Ltd. (the "Company") and its subsidiaries set out on pages [●] to [●], which comprise the condensed combined statement of financial position as at March 31, 2022, and the related condensed combined statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and certain explanatory notes. The condensed combined financial statements have been prepared by the directors of the Company solely for the purpose of application of listing of the shares of the Company on The Stock Exchange of Hong Kong Limited. As a result, the condensed combined financial statements may not be suitable for another purpose. The directors of the Company are responsible for the preparation and presentation of these condensed combined financial statements in accordance with the basis of preparation and presentation and the accounting policies set out in Notes 1 and 3 to the condensed combined financial statements. Our responsibility is to express a conclusion on these condensed combined financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed combined financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed combined financial statements are not prepared, in all material respects, in accordance with the basis of preparation and presentation and the accounting policies set out in Notes 1 and 3 to the condensed combined financial statements.

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

CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended March 31, 2022	2021
		USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Revenue	*5*	109,075	68,272
Other income	*6*	3,102	3,370
Raw materials and consumables used		(39,994)	(24,370)
Staff costs		(43,607)	(30,536)
Rentals and related expenses		(2,148)	(1,834)
Utilities expenses		(4,088)	(2,499)
Depreciation and amortization		(16,410)	(15,597)
Travelling and communication expenses		(1,061)	(528)
Other expenses		(11,862)	(7,633)
Other gains and losses	*7*	(16,418)	(9,361)
Finance costs	*8*	(4,596)	(4,182)
Loss before tax		(28,007)	(24,898)
Income tax expense	*9*	(492)	(287)
Loss for the period	*10*	(28,499)	(25,185)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		2,292	2,946
Total comprehensive expense for the period		(26,207)	(22,239)

CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

	Notes	As at March 31, 2022	As at December 31, 2021
		USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Non-current Assets			
Property, plant and equipment	*13*	189,829	194,978
Right-of-use assets	*13*	174,584	202,020
Other intangible assets		439	375
Deferred tax assets	*14*	142	144
Other financial assets		4,228	4,244
Rental deposits		17,173	18,230
		386,395	419,991
Current Assets			
Inventories		18,623	16,709
Trade and other receivables and prepayments	*15*	29,475	30,253
Amounts due from related parties	*23*	29,660	29,383
Financial assets at fair value through profit or loss	*16*	35,925	36,074
Other financial assets		500	500
Rental deposits		1,343	930
Pledged bank deposits		2,551	3,337
Bank balances and cash		70,130	89,546
		188,207	206,732
Current Liabilities			
Trade payables	*17*	25,986	26,549
Other payables	*18*	19,555	24,128
Amounts due to related parties	*23*	514,178	500,562
Tax payable		2,800	2,294
Lease liabilities		36,601	36,655
Bank borrowings	*19*	3,047	3,111
Contract liabilities	*20*	2,400	2,800
Provision		6,408	515
		610,975	596,614
Net Current Liabilities		(422,768)	(389,882)
Total Assets less Current Liabilities		(36,373)	30,109

	Notes	As at March 31, 2022	As at December 31, 2021
		USD'000	*USD'000*
Non-current Liabilities			
Deferred tax liabilities	*14*	1,378	1,127
Lease liabilities		177,655	206,539
Bank borrowings	*19*	631	688
Provisions		8,614	8,937
		188,278	217,291
Net Liabilities		(224,651)	(187,182)
Capital and Reserves			
Combined capital		14,787	50,920
Reserves		(239,438)	(238,102)
Total Deficits		(224,651)	(187,182)

CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

	Combined capital	Other reserve	Translation reserve	Merger reserve	Accumulated losses	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
	(Note i)	*(Note ii)*		*(Note iv)*		
As at January 1, 2022 (audited)	50,920	9,380	(684)	–	(246,798)	(187,182)
Loss for the period	–	–	–	–	(28,499)	(28,499)
Other comprehensive income	–	–	2,292	–	–	2,292
Total comprehensive income (expense) for the period	–	–	2,292	–	(28,499)	(26,207)
Adjustment arising from group reorganization *(Note iv)*	(43,630)	–	–	23,270	–	(20,360)
Additional paid-in capital	7,497	–	–	–	–	7,497
Net contribution from the Retained Group *(Note iii)*	–	314	–	–	1,287	1,601
As at March 31, 2022 (unaudited)	14,787	9,694	1,608	23,270	(274,010)	(224,651)
As at January 1, 2021 (audited)	33,854	2,658	(2,781)	–	(100,701)	(66,970)
Loss for the period	–	–	–	–	(25,185)	(25,185)
Other comprehensive income	–	–	2,946	–	–	2,946
Total comprehensive income (expense) for the period	–	–	2,946	–	(25,185)	(22,239)
Net contribution from the Retained Group *(Note iii)*	–	888	–	–	1,089	1,977
As at March 31, 2021 (unaudited)	33,854	3,546	165	–	(124,797)	(87,232)

Notes:

i. Combined capital represents the aggregate amount of the paid-in capital of the subsidiaries attributable to the Controlling Shareholders (as defined in Note 1) at the respective dates before the Company became the holding company of the Group.

ii. 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).

iii. 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.

iv. The merge reserve all represents the difference between the acquisition considerations of group entities comprising the Group under the Group Reorganization and the paid-in capital of relevant group entities at the date of acquisition. During the three months ended March 31, 2022, the Company acquired the equity interests of the companies engaged in the Spin-off Business, which were under the common control of the Controlling Shareholders, at an aggregate consideration of USD20,360,000 (as detailed in Note 1.2(ii)(a) to (f)). The difference of USD23,270,000 between the consideration and the paid-in capital of the companies acquired was recognized as merger reserve.

CONDENSED COMBINED STATEMENT 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 condensed combined financial statements 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.

	For the three months ended March 31,	
	2022	**2021**
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Operating activities		
Loss before tax	(28,007)	(24,898)
Adjustments for:		
Finance costs	4,596	4,182
Interest income	(446)	(331)
Depreciation of property, plant and equipment	8,560	7,667
Depreciation of right-of-use assets	7,831	7,919
Amortization of other intangible assets	19	11
Impairment loss, net of reversal		
– property, plant and equipment	5,821	1,950
– right-of-use assets	2,430	1,209
– expected credit loss on rental deposits	2,283	–

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Loss on disposal of property, plant and equipment and termination of lease, net	1,351	8
Net loss (gain) arising on financial assets at fair value through profit or loss	226	(127)
Covid-19-related rent concessions	(450)	(684)
Net foreign exchange loss	4,874	6,824
Operating cash flows before movements in working capital	9,088	3,730
Increase in inventories	(1,914)	(1,279)
Decrease (Increase) in trade and other receivables and prepayments	774	(2,811)
Increase in rental deposits	(321)	(262)
Increase in amounts due from related parties	(141)	(298)
Decrease in trade payables	(563)	(1,481)
Decrease in other payables	(4,670)	(3,658)
Decrease in contract liabilities	(400)	(388)
Decrease in amounts due to related parties	(414)	(760)
Cash generated from (used in) operations	1,439	(7,207)
Income taxes paid	(248)	(238)
Net cash from/(used in) operating activities	1,191	(7,445)
Investing activities		
Interest received from bank deposits	21	8
Interest received from related parties	181	162
Interest received from other financial assets	106	81
Purchase of financial assets at fair value through profit or loss	–	(63,000)
Purchase of property, plant and equipment	(12,332)	(16,075)
Proceeds on disposals of property, plant and equipment	437	131
Payments for rental deposits	(1,200)	(1,783)
Purchase of other intangible assets	(84)	(2)
New addition of loans to related parties	(144)	(2,169)
Collection of loans to related parties	8	146

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Withdrawal of pledged bank deposits	833	52
Placement of pledged bank deposits	–	(3)
Net cash used in investing activities	(12,175)	(82,453)
Financing activities		
Repayments of bank borrowings	(22)	–
New bank borrowings raised	–	3,150
Acquisition of subsidiaries under Group Reorganization	(14,398)	–
New addition of loans from related parties raised	40,277	94,172
Repayments of loans from related parties	(26,321)	(251)
Repayments of lease liabilities	(9,089)	(5,841)
Proceeds from capital injection	1,535	–
Interest paid	(2,306)	(2,043)
Net cash from financing activities	(10,324)	89,187
Net decrease in cash and cash equivalents	(21,308)	(711)
Net contribution from the Retained Group	1,601	1,977
Cash and cash equivalents at beginning of the period	89,546	51,564
Effect of foreign exchange rate changes	291	832
Cash and cash equivalents at end of the period	70,130	53,662
Represented by:		
Bank balances and cash	70,130	53,662

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

1. GENERAL INFORMATION, GROUP REORGANIZATION, BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED COMBINED FINANCIAL STATEMENTS

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 three months ended March 31, 2022 and 2021 (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 condensed combined financial statements is presented in United States dollar (the "USD"), which is also the functional currency of the Company.

1.2 Group reorganization and basis of preparation and presentation of the condensed combined financial statements

The condensed combined financial statements have been prepared based on accounting policies set out in Note 3 which conform with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB") and conventions applicable for Group Reorganization (details are set out 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 rationalized 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.

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 three months ended March 31, 2022 and 2021 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 condensed combined financial statements.

The condensed combined statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month periods ended March 31, 2022 and 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 three months ended March 31, 2022 and 2021, or since their respective dates of incorporation, where there is a shorter period.

The combined statements of financial position of the Group as at March 31, 2022 and December 31, 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 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 condensed combined financial statements. Items that do not meet the criteria above are not included in the condensed combined financial statements.

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 condensed combined financial statements, those expenses that are specifically attributable to the Spin-off Business were included in the condensed combined financial statements throughout the three months ended March 31, 2022 and 2021 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 March 31, 2022, the Group's net current liabilities amounted to USD422,768,000. Subsequently in June 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 in June 2022. In consideration of the above and the expected future cash flows from its business operations, in the opinion of the directors of the Company, 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 condensed combined financial statements have been prepared on a going concern basis.

2. APPLICATION OF IFRSs

For the purpose of preparing and presenting the condensed combined financial statements for the three months ended March 31, 2022, 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 three months ended March 31, 2022 and 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the condensed combined financial statements for the three months ended March 31, 2022 are the same as those followed in the preparation of the Group's the condensed combined financial statements for the three years ended December 31, 2021 included in the accountants' report as set out in Appendix IA to the Listing Document.

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 twelve months.

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 March 31, 2022, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were USD130,444,000 (unaudited) (December 31, 2021: USD117,007,000) and USD111,988,000 (unaudited) (December 31, 2021: USD113,330,000), respectively, before taking into account the accumulated impairment losses of USD40,483,000 (unaudited) (December 31, 2021: USD 34,662,000) and USD36,002,000 (unaudited) (December 31, 2021: USD 34,052,000) in respect of property, plant and equipment and right-of-use assets that have been recognized as at March 31, 2022, respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in Note 13.

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 March 31, 2022, the carrying amounts of right-of-use assets and lease liabilities are USD174,584,000 (unaudited) (December 31, 2021: USD202,020,000) and USD214,256,000 (unaudited) (December 31, 2021: USD243,194,000), respectively.

Deferred tax asset

As at March 31, 2022, a deferred tax asset of USD142,000 (unaudited) (December 31, 2021: USD144,000) has been recognized in the condensed combined statement of financial position. No deferred tax asset has been recognized on the tax losses of USD139,052,000 (unaudited) (December 31, 2021: USD122,384,000), 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 especially the uncertainty on how the Covid-19 pandemic may progress and evolve. 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.

As at March 31, 2022, the Group has other deductible temporary differences of USD112,897,000, (December 31, 2021: USD95,732,000). 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.

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 March 31, 2022, the carrying amount of property, plant and equipment is USD189,829,000 (unaudited) (December 31, 2021: USD194,978,000).

5. REVENUE AND SEGMENT INFORMATION

During the three months ended March 31, 2022 and 2021, 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 three months ended March 31,	
	2022	**2021**
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Restaurant operation	105,043	65,019
Delivery business	2,596	2,588
Others	1,436	665
Total	109,075	68,272

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 contributes over 10% of total revenue of the Group during the three months ended March 31, 2022 (three months ended March 31, 2021: USD Nil (unaudited)).

The following table sets forth the breakdown of the Group's revenue during the three months ended March 31, 2022 and 2021, and the breakdown of the Group's non-current assets as at March 31, 2022 and December 31, 2021 based on location of operation:

	Revenue For the three months ended March 31,		Non-current assets (Note) As at	
			March 31,	**December 31,**
	2022	**2021**	**2022**	**2021**
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*	*USD'000* *(Unaudited)*	*USD'000* *(Audited)*
Southeast Asia	66,206	45,693	129,079	134,073
East Asia	12,291	8,884	44,496	48,150
North America	20,726	8,970	99,186	121,289
Others	9,852	4,725	92,091	93,861
Total	109,075	68,272	364,852	397,373

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

6. OTHER INCOME

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Interest income on:		
– loans to related parties	181	162
– rental deposits	134	136
– other financial assets	110	25
– bank deposits	21	8
	446	331
Government grants *(Note)*	2,441	2,982
Others	215	57
	3,102	3,370

Note: The amounts represent the subsidies received from the local government for the Group's business development. The Group recognized government grants of USD1,723,000 (unaudited) and USD2,846,000 (unaudited) for the three months ended March 31, 2022 and 2021 in respect of Covid-19-related subsidies, of which USD1,473,000 (unaudited) and USD2,534,000 (unaudited) for the three months ended March 31, 2022 and 2021 related to employment support scheme provided by the local government, respectively. There were no unfulfilled conditions for all the government grants in the periods in which they were recognized.

7. OTHER GAINS AND LOSSES

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Impairment loss recognized in respect of:		
– property, plant and equipment	(5,821)	(1,950)
– right-of-use assets	(2,430)	(1,209)
	(8,251)	(3,159)
Expected credit loss on rental deposits	(2,283)	–
Loss on disposal of property, plant and equipment, and termination of leases, net	(1,351)	(8)
Net foreign exchange loss	(4,874)	(6,824)
Net (loss) gain arising on financial assets at FVTPL	(226)	127
Others	567	503
	(16,418)	(9,361)

8. FINANCE COSTS

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Interests on loans from related parties	2,330	2,032
Interests on lease liabilities	2,141	2,073
Interests charge on unwinding of discounts	75	66
Interests on bank borrowings	50	11
	4,596	4,182

9. INCOME TAX EXPENSE

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Current tax	245	38
Deferred tax *(Note 14)*	247	249
	492	287

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% (unaudited) and 17% to 35% (unaudited) on the estimated assessable profits for the three months ended March 31, 2021 and 2022, respectively.

10. LOSS FOR THE PERIOD

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

	For the three months ended March 31,	
	2022	2021
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
Depreciation of property, plant and equipment	8,560	7,667
Depreciation of right-of-use assets	7,831	7,919
Amortization of other intangible assets	19	11
Total depreciation and amortization	16,410	15,597
Property and equipment rentals		
– office premises and equipment (short-term leases)	52	30

	For the three months ended March 31,	
	2022	**2021**
	USD'000 *(Unaudited)*	*USD'000* *(Unaudited)*
– restaurants		
– Covid-19-related rent concessions *(Note 13)*	(450)	(684)
– variable lease payments *(Note)*	446	452
Subtotal	(4)	(232)
– other rental related expenses	2,100	2,036
Total rentals and related expenses	2,148	1,834
Directors' emoluments	191	222
Other staff costs:		
Salaries and other allowance	39,244	27,291
Employee welfare	1,110	989
Retirement benefit scheme contribution	3,062	2,034
Total staff costs	43,607	30,536

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

11. DIVIDENDS

No dividend was paid nor declared by the group entities comprising the Group during the three months ended March 31, 2022 and 2021 and no dividend was paid nor declared by the Company since its incorporation.

12. 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 March 31, 2022 and the results of the Group for the three months ended March 31, 2022 and 2021 are presented on a combined basis as disclosed in Note 1 above.

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the three months ended March 31, 2022, the Group purchased property, plant and equipment amounting to USD12,287,000 (unaudited) (three months ended March 31, 2021: USD15,192,000 (unaudited)), consisting of leasehold improvement, machinery, motor vehicles, furniture and fixtures and construction in progress.

In addition, during the three months ended March 31, 2022, the Group disposed of certain plant and machinery with an aggregate carrying amount of USD441,000 (unaudited) (three months ended March 31, 2021: USD131,000 (unaudited)) with a loss of USD4,000 (unaudited) (three months ended March 31, 2021: USD Nil (unaudited)).

During the three months ended March 31, 2022, certain leases were terminated by lessors, with right-of-use assets of USD21,384,000 (unaudited) (three months ended March 31, 2021: USD10,265,000 (unaudited)) and lease liabilities of USD25,909,000 (unaudited) (three months ended March 31, 2021: USD10,257,000 (unaudited)) derecognized, resulting in a loss of USD1,347,000 (unaudited) (three months ended March 31, 2021: USD8,000 (unaudited)), which was recognized in other gains and losses, after taking in account of the provision accrued for early termination of leases amounted USD5,872,000 (unaudited) (three months ended March 31, 2021: USD Nil (unaudited)), which was recognized in other gains and losses.

During the three months ended March 31, 2022, the Group entered into several new lease agreements for the use of restaurant operation and office premises with lease terms ranged from 2 to 20 years (three months ended March 31, 2021: 12 months to 20 years). The Group is required to make fixed-term payments with predetermined annual incremental rental adjustments.

During the three months ended March 31, 2022, on lease commencement, the Group recognized right-of-use assets of USD3,356,000 (unaudited) (three months ended March 31, 2021: USD17,647,000 (unaudited)) and lease liabilities of USD3,332,000 (unaudited) (three months ended March 31, 2021: USD17,227,000 (unaudited)).

During the three months ended March 31, 2022, lessors of the relevant restaurants provided rent concessions that occurred as a direct consequence of the Covid-19 pandemic to the Group through monthly rent reductions ranging from 20% to 100% of monthly rents over 1 to 3 months.

During the three months ended March 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 of all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the three months ended March 31, 2022, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of USD450,000 (unaudited) (three months ended March 31, 2021: USD684,000 (unaudited)) were recognized as negative variable lease payments.

Impairment assessment

During the three months ended March 31, 2022, 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. As at March 31, 2022, the Group performed impairment testing and recognized impairment loss of USD5,821,000 (unaudited) and USD2,430,000 (unaudited) related to property, plant and equipment and right-of-use assets, respectively (three months ended March 31, 2021: USD1,950,000 (unaudited) and USD1,209,000 (unaudited)).

The Group estimates the recoverable amount of the several cash generating units ("CGUs") of restaurants to which the asset belongs when it is not possible to estimate the recoverable amount individually. The recoverable amounts of CGUs have been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods with a before-tax discount rate ranging from 6.8% to 13.7% (unaudited) as at March 31, 2022 (March 31, 2021: 7% to 14.5% (unaudited)), which varies for restaurants operating in different countries. Other key assumptions for the value in use calculations are related to the estimation of cash inflows/outflows which included revenue compound growth rate and average percentage of costs and operating expenses of revenue for the forecast period, which are based on the CGUs' past performance and the management's expectations for the market development.

14. DEFERRED TAX ASSETS/LIABILITIES

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

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Deferred tax assets	142	144
Deferred tax liabilities	(1,378)	(1,127)
	(1,236)	(983)

The followings represent the major deferred tax assets and liabilities recognized and movements thereon during the periods:

	Accelerated tax depreciation	Customer loyalty scheme	Right-of-use assets/lease liabilities	Tax Loss	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
At January 1, 2021 (audited)	(367)	66	(658)	67	(892)
Charge to profit or loss *(Note 9)*	(87)	(2)	(155)	(3)	(247)
Exchange adjustments	17	(1)	6	–	22
At March 31, 2021 (unaudited)	(437)	63	(807)	64	(1,117)
Charge to profit or loss *(Note 9)*	375	–	(165)	(39)	171
Exchange adjustments	(12)	(1)	(24)	–	(37)
At January 1, 2022 (audited)	(74)	62	(996)	25	(983)
Charge to profit or loss *(Note 9)*	(73)	3	(154)	(25)	(249)
Exchange adjustments	(2)	1	(3)	–	(4)
At March 31, 2022 (unaudited)	(149)	66	(1,153)	–	(1,236)

As at March 31, 2022, no deferred tax asset has been recognized in relation to the unused tax losses of USD139,052,000 (unaudited) (December 31, 2021: USD122,384,000), which are available for offset against future profits, 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.

As at March 31, 2022, the Group has other deductible temporary differences of USD112,897,000 (unaudited) (December 31, 2021: USD95,732,000). 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.

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at March 31,	As at December 31,
	2022	2021
	USD'000	*USD'000*
	(Unaudited)	*(Audited)*
Trade receivables	3,927	6,334
Other receivables and prepayments:		
Prepayment to suppliers	17,553	16,699
Prepaid operating expenses	3,661	1,714
Input value-added tax recoverable	2,034	2,212
Interest receivable	42	38
Others	2,258	3,256
Subtotal	25,548	23,919
Total trade and other receivables and prepayments	29,475	30,253

Note: Majority of trade receivables are due from payment platforms and are normally settled within 30 days. Trade receivables are aged within 30 days based on the date of rendering of services. There were no past due trade receivables at each end of the reporting period.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Private fund investments *(Note)*	35,925	36,074

Note: As at March 31, 2022, the private fund investment represented investment in private equity investment funds initiated by certain asset management corporations in the overseas.

17. 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 March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Within 60 days	25,986	26,549

As at March 31, 2022 and December 31, 2021, included in the trade payable balances above were amounts of USD1,514,000 (unaudited) 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.

18. OTHER PAYABLES

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Staff cost payable	13,882	16,183
Other taxes payables	3,052	4,446
Renovation fee payables	288	266
Others	2,333	3,233
	19,555	24,128

19. BANK BORROWINGS

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Guaranteed and unsecured *(Note)*	714	774
Unguaranteed and unsecured	2,964	3,025
	3,678	3,799

The carrying amounts of the above bank borrowings are repayable:

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Within one year	3,047	3,111
Within a period of more than one year but not exceeding two years	83	87
Within a period of more than two years but not exceeding five years	548	601
	3,678	3,799
Less: Amounts due within one year shown under current liabilities	3,047	3,111
Amounts shown under non-current liabilities	631	688

Notes: As at March 31, 2022, bank borrowings of Japanese Yen ("JPY") 86,656,000 (unaudited) (equivalent to approximately USD714,000 (unaudited)) were guaranteed by 張航 (Zhang Hang), the legal representative of Haidilao Japan Co., Ltd., which is a subsidiary of the Company.

As December 31, 2021, bank borrowings of JPY89,158,000 (equivalent to approximately USD774,000) are 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 March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Fixed-rate borrowings *(Note i)*	714	774
Variable-rate borrowings *(Note ii)*	2,964	3,025
	3,678	3,799

Notes:

i. As at March 31, 2022, fixed-rate borrowings of JPY86,656,000 (unaudited) (equivalent to approximately USD714,000 (unaudited)) carry interest at 2% 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% 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 March 31, 2022, variable-rate borrowings of South Korean Won ("KRW") 3,600,000,000 (unaudited) (equivalent to approximately USD2,964,000 (unaudited)) carry interest at the final return rate of Korea 91 days certificate of deposit plus 1% 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% per annum.

20. CONTRACT LIABILITIES

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Customer loyalty scheme *(Note i)*	2,074	2,524
Prepaid cards and issued vouchers *(Note ii)*	324	276
Advance from customers	2	–
	2,400	2,800

Note:

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.

21. CAPITAL COMMITMENTS

As at March 31, 2022 and December 31, 2021, the Group had the following capital commitments:

	As at March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed combined financial statements	21,133	20,282

22. 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 March 31, 2022	Fair value as at December 31, 2021	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*			
Private fund investment	35,925	36,074	Level 3	Asset based approach	Net value of the underlying investments, adjusted by related fees.

Note: There was no transfer between level 1, level 2 and level 3 during the three months ended March 31, 2022.

Reconciliation of Level 3 Measurements

The following table represents the reconciliation of Level 3 fair value measurements throughout the three months ended March 31, 2022 and 2021:

	Private fund investment
	USD'000
At January 1, 2021 (Audited)	–
Purchase	63,000
Net gain	127
At March 31, 2021 (Unaudited)	63,127

	Private fund investment
	USD'000
At January 1, 2022 (Audited)	36,074
Net loss	(226)
Exchange adjustments	77
At March 31, 2022 (Unaudited)	35,925

23. RELATED PARTY DISCLOSURES

(A) Related party transactions

During the three months ended March 31, 2022 and 2021, the Group has entered into the following transactions with related parties:

Purchase of goods/services from related parties

Relationship	Nature of transaction	For the three months ended March 31, 2022	For the three months ended March 31, 2021
		USD'000 (Unaudited)	*USD'000 (Unaudited)*
Related companies controlled by the Controlling Shareholders	Purchase of condiment products and instant hot pot products	3,062	274
Related companies controlled by the Controlling Shareholders	Interest expenses	2,330	2,032
Related companies controlled by the Controlling Shareholders	Office expenses charges	77	59

Income from related parties

Relationship	Nature of transaction	For the three months ended March 31, 2022	For the three months ended March 31, 2021
		USD'000 (Unaudited)	*USD'000 (Unaudited)*
Related companies controlled by the Controlling Shareholders	Interest income	181	162

[The Group is licensed by Sichuan Haidilao Catering Co., Ltd., a company controlled by the Controlling Shareholders, to use the 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 March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Trade nature		
Prepayments for goods made to related companies controlled by the Controlling Shareholders	418	277
Non-Trade nature		
Loans to related companies controlled by the Controlling Shareholders *(Note)*	29,242	29,106
Total	29,660	29,383

Note: As at March 31, 2022 and December 31, 2021, loans to related companies controlled by the Controlling shareholders of USD28,062,000 (unaudited) and USD28,558,000 bore interest at 2.64% (unaudited) and 2.64% per annum, respectively, while the remaining amount 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 March 31, 2022	As at December 31, 2021
	USD'000 *(Unaudited)*	*USD'000* *(Audited)*
Trade nature *(Note i)*		
Amounts payable to related companies controlled by the Controlling Shareholders	354	768
Non-Trade nature		
Loans from related companies controlled by the Controlling Shareholders *(Note ii)*	512,531	498,575
Interest payables to related companies controlled by the Controlling Shareholders	1,293	1,219
Subtotal	513,824	499,794
Total	514,178	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 March 31, 2022 and December 31, 2021, the amounts were aged within 30 to 60 days from the invoice date.

ii. As at March 31, 2022 and December 31, 2021, loans from related companies controlled by the Controlling shareholders of USD483,880,000 (unaudited) and USD468,423,000 bore interest at 2.00% to 3.90% (unaudited) and 2.00% to 3.90% per annum, respectively, while the remaining amount 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.

As at March 31, 2022 and December 31, 2021, included in the loans from related companies controlled by the Controlling Shareholders above were amounts of USD16,000,000 (unaudited) 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 three months ended March 31,	
	2022	**2021**
	USD'000	*USD'000*
	(Unaudited)	*(Unaudited)*
Short term employee benefits	270	311
Performance related bonuses	–	1
Retirement benefit scheme contribution	5	–
	275	312

24. SUBSEQUENT FINANCIAL STATEMENTS

[Save as elsewhere disclosed in this report, events and transactions took place subsequent to March 31, 2022 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.]

The information set out in this appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2021 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the Company's reporting accountants, nor the unaudited condensed combined financial statements for the three months ended March 31, 2022 (the "Condensed Combined Financial Statements") as set out in Appendix IA and Appendix IB to this listing document, respectively and is included in this listing document for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this listing document and the Accountants' Report and the Condensed Combined Financial Statements as set out in Appendix IA and Appendix IB to this listing document, respectively.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED TOTAL TANGIBLE ASSETS LESS LIABILITIES OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted combined total tangible assets less liabilities of the Group attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Listing on the combined total tangible assets less liabilities of the Group attributable to the owners of the Company as of March 31, 2022, as if the Listing had taken place on such date.

The unaudited pro forma statement of adjusted combined total tangible assets less liabilities of the Group attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined total tangible assets less liabilities of the Group attributable to the owners of the Company as of March 31, 2022 or at any future dates. It is prepared based on the unaudited combined total tangible assets less liabilities of the Group attributable to the owners of the Company as of March 31, 2022 as derived from the Condensed Combined Financial Statements as set out in Appendix IB to this listing document and adjusted as described below.

	Unaudited combined total tangible assets less liabilities of the Group attributable to the owners of the Company as of March 31, 2022	Estimated listing expenses	Unaudited pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company as at March 31, 2022	Unaudited pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company as at March 31, 2022 per Share	
	USD'000	*USD'000*	*USD'000*	*USD*	*HKD*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 5)*
Based on [REDACTED] Shares assumed to be in issue immediately prior to the Listing	(225,090)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. The unaudited combined total tangible assets less liabilities of the Group attributable to owners of the Company as of March 31, 2022 is derived from the Condensed Combined Financial Statements set out in Appendix IB to this listing document, which is based on the unaudited combined net liabilities of the Group attributable to the owners of the Company as of March 31, 2022 of USD224,651,000 (deficit) with adjustments for other intangible assets of the Group attributable to owners of the Company as of March 31, 2022 of USD439,000.

2. The estimated listing expenses mainly include professional fees payable to the Joint Sponsors, the Legal Advisors and Reporting Accountants and other listing related expenses, which are expected to be incurred by the Group subsequent to March 31, 2022.

3. The unaudited pro forma adjusted combined total tangible assets less liabilities per Share is arrived at after the adjustments as described in Note 2 above and is based on [**REDACTED**] Shares assumed to be in issue immediately prior to the Listing, not taking into account any Shares which may be granted under the Share Award Scheme or Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares.

4. No adjustment has been made to the unaudited adjusted pro forma combined total tangible assets less liabilities of the Group attributable to owners of the Company as at March 31, 2022 to reflect any operating result or other transactions of the Group entered into subsequent to March 31, 2022. In particular, the above pro forma adjusted combined total tangible assets less liabilities of the Group attributable to owners of the Company shown on page II-1 have not taken into account the injection from the immediate holding company amounting to USD[**REDACTED**] ("Cash Injection"), loan capitalization from the immediate holding company amounting to USD[**REDACTED**] ("Loan Capitalization"), allotment and issue of [**REDACTED**] new shares at par value to Newpai and the ESOP Platform at a cash consideration of USD[**REDACTED**] ("Allotment") and the cash payment for the Group Reorganization subsequent to March 31, 2022 with the amount of USD[**REDACTED**] ("Cash Payment for Group Reorganization"). If such Cash Injection, Loan Capitalization, Allotment and Cash Payment for Group Reorganization were also taken into account in the above unaudited pro forma financial information, the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at March 31, 2022 would have been approximately USD[**REDACTED**] and the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at March 31, 2022 per Share would have been approximately USD[**REDACTED**] (equivalent to HKD[**REDACTED**], converted at the exchange rate in Note 5).

5. For the purpose of this pro forma adjusted combined total tangible assets less liabilities attributable to owners of the Company, the balances stated in USD are converted into HKD at a rate of USD1 to HKD7.8474. No representation is made that the USD amounts have been, could have been or may be converted into HKD, or vice versa at that rate or at any other rates or at all.

B. ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this listing document.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 May, 2022 under the Companies Act (As Revised) of the Cayman Islands (the "Companies Act"). The Company's constitutional documents consist of its Memorandum of Association (the "Memorandum") and its Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] with effect from the [**REDACTED**]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) ***Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) the giving of any security or indemnity either:—

(aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or (bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:—

(aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or

(bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

All members have the right to speak and vote at a general meeting except where a member is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any member is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every financial year and such general meeting must be held within six (6) months after the end of the Company's financial year unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings must be called by notice of at least fourteen (14) clear days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or proxy, and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or, unless otherwise provided by the Companies Act, be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from May 25, 2022.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("ES Act") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available on display" in Appendix V to this listing document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands on May 6, 2022 as an exempted company with limited liability. Our registered office is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this listing document.

We have established a place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], 2022 under the same address. Ms. SO Shuk Yi Betty (蘇淑儀) have been appointed as our authorized representative of our Company under Companies Ordinance for the acceptance of service of process and notices on our behalf in Hong Kong. The address for service of process is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

As at the date to this listing document, our Company's head office was located at 1 Paya Lebar Link #09-04 PLQ 1 Paya Lebar Quarter Singapore 408533.

2. Changes in Share Capital of Our Company

As of the date of our Company's incorporation, the authorized share capital of our Company was US$50,000 divided into 10,000,000,000 Shares with a par value of US$0.000005 each. Upon incorporation, one Share was allotted and issued to an independent third party and such Share was transferred to Newpai on the same date. On June 1, 2022, two Shares were further allotted and issued to Newpai.

On [●], 2022, one Share was allotted and issued for cash at par to Futu Trustee Limited, as the trustee appointed by the Company to manage and administer the Share Award Scheme. On the same date, the Company issued 6 new Shares to Newpai for cash at par.

On [●], 2022, our Company resolved to allot and issue a total of [**REDACTED**] new Shares for cash at par to Newpai and Futu Trustee Limited in proportion to their existing shareholdings in our Company.

Save as disclosed above and in the section headed "History, Reorganization and Corporate Structure—Our Group—Our Company", there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries is set out in Note 38 to the Accountant's Report as set out in the Appendix IA to this listing document. The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date to this listing document:

(a) Jomamigo Dining Malaysia Sdn. Bhd.

On October 20, 2020, the share capital of Jomamigo Dining Malaysia Sdn. Bhd. was increased from RM1 to RM6,000,000.

(b) Singapore Super Hi

On December 9, 2020, Singapore Super Hi was incorporated with an authorized share capital of SGD1 of a nominal or par value of SGD1 each.

On March 25, 2021, the share capital of Singapore Super Hi was increased from SGD1 to SGD2 million.

On March 21, 2022, the share capital of Singapore Super Hi was increased from SGD2 million to SGD10,117,415.80.

(c) Hai Di Lao Sydney Proprietary Limited

On December 23, 2020, the share capital of Hai Di Lao Sydney Proprietary Limited was increased from AUD1 to AUD3,500,001.

(d) Singapore Hiseries Pte. Ltd.

On March 25, 2021, the share capital of Singapore Hiseries Pte. Ltd. was increased from SGD1 to SGD3,000,000.

(e) Hai Di Lao (Switzerland) Ltd

On September 15, 2021, Hai Di Lao (Switzerland) Ltd was incorporated with an authorized share capital of CHF100,000 divided into 100,000 shares of a nominal or par value of CHF1 each.

(f) Hai Di Lao Canada Restaurants Group Ltd.

On November 30, 2021, the share capital of Hai Di Lao Canada Restaurants Group Ltd. was increased from Canadian dollar (the "**CAD**") 100 to CAD17,000,100.

(g) Haidilao International Food Services Malaysia Sdn. Bhd.

On April 18, 2022, the share capital of Haidilao International Food Services Malaysia Sdn. Bhd. was increased from RM1 to RM6,000,000.

Save as disclosed above, there has been no alteration in the registered capital or share capital of our subsidiaries within two years immediately preceding the date to this listing document.

4. Resolutions of Our Shareholders Dated [●], 2022

Written resolutions of our Shareholders were passed [●], 2022, pursuant to which, among others:

(a) the Listing was approved and any of our Director was authorized to sign and execute such documents and do all such acts and things incidental to the Listing or as he or she considered necessary, desirable or expedient in connection with the implementation or giving effect to the Listing;

(b) the Share Award Scheme were duly approved and adopted;

(c) conditional on the fulfilment of the conditions of the Spin-off and the Stock Exchange granting the and Listing of, and permission to deal in, the Shares in issue as stated in this listing document and such Listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange:

(i) a general mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued) otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following completion of the Spin-off and Listing;

(ii) a general mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirement of the Listing Rules such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Spin-off and Listing;

(iii) the general mandate as mentioned in paragraph (i) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (ii) above; and

(d) our Company conditionally approved and adopted the Articles of Association with effect from the Listing.

Each of the general mandates referred to in paragraphs (b)(i), (b)(ii) and (b)(iii) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company,
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchases of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this listing document concerning the repurchase of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], 2022, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirement of the Listing Rules with a total nominal value up to 10% of the number of issued Shares immediately following completion of the Listing with such mandate to expire at the earliest of: (1) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions); (2) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (3) the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by our Company may be made out of profits or share premium or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account. Subject to the Cayman Companies Act, a purchase of shares may also be made out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relevant certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of our Company resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as canceled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands laws.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core connected persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his or her securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the Spin-off and Listing, could accordingly result in up to approximately [**REDACTED**] Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date to this listing document that are or may be material:

(a) a share transfer agreement dated June 20, 2022 entered into between Newpai and our Company, pursuant to which Newpai agreed to transfer its 100% equity interest in Singapore Super Hi to our Company;

(b) a share transfer agreement dated March 4, 2022 entered into between Singapore Haidilao and Singapore Super Hi, pursuant to which Singapore Haidilao agreed to transfer its 100% equity interest in Singapore Dining to Singapore Super Hi;

(c) a share transfer agreement dated February 9, 2022 entered into between Singapore Haidilao and Singapore Super Hi, pursuant to which Singapore Haidilao agreed to transfer its 100% equity interest in Haidilao Malaysia to Singapore Super Hi;

(d) a share transfer agreement dated June 2, 2022 entered into between Singapore Haidilao and Singapore Super Hi, pursuant to which Singapore Haidilao agreed to transfer its 100% equity interest in Haidilao Japan to Singapore Super Hi; and

(e) a contribution agreement dated February 28, 2022 entered into between Singapore Haidilao and HDL Management, pursuant to which Singapore Haidilao agreed to transfer its 100% equity interest in 17 operating companies across the United States to Singapore Super Hi in consideration for 500,000 additional shares in HDL Management.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we have been granted by Sichuan Haidilao the rights to use the following trademarks of our Group which are material to our business:

No.	Trademark	Owner	Registration place	Class	Registration number	Expiry Date
1.	Hi 海底捞	Sichuan Haidilao	Australia	43	1763050	April 5, 2026
2.	海底捞	Sichuan Haidilao	Australia	43	1326071	October 14, 2029
3.	Hi 海底捞	Sichuan Haidilao	South Korea	43	41-0384749	January 23, 2027
4.	Hi	Sichuan Haidilao	South Korea	43	41-0386227	February 6, 2027
5.	HaiDiLao	Sichuan Haidilao	Canada	43	TMA842147	February 4, 2028
6.	Hi 海底捞	Sichuan Haidilao	Canada	43	TMA984590	November 9, 2032
7.	HaiDiLao	Sichuan Haidilao	Malaysia	43	2011001954	January 31, 2031
8.	Hi 海底捞	Sichuan Haidilao	Malaysia	43	2016056898	April 15, 2026
9.	HaiDiLao	Sichuan Haidilao	United States	43	1074847	April 11, 2031
10.	Hi 海底捞	Sichuan Haidilao	United States	43	5541464	August 14, 2028
11.	海底捞	Sichuan Haidilao	Japan	43	5325883	May 28, 2030
12.	Hi カイテイロウヒナベ 海底捞火鍋	Sichuan Haidilao	Japan	43	6165242	July 26, 2029
13.	Hi	Sichuan Haidilao	Japan	43	5922215	February 10, 2027
14.	Hi 海底捞	Sichuan Haidilao	Thailand	43	181116509	March 31, 2026
15.	Hi 海底捞	Sichuan Haidilao	Singapore	43	40201605858S	April 1, 2026
16.	Hi	Sichuan Haidilao	Singapore	43	40201607952X	May 12, 2026
17.	HaiDiLao	Sichuan Haidilao	Indonesia	43	IDM000367950	December 15, 2030
18.	Hi 海底捞	Sichuan Haidilao	Indonesia	43	IDM000779733	April 4, 2026

No.	Trademark	Owner	Registration place	Class	Registration number	Expiry Date
19.		Sichuan Haidilao	British	43	UK00003252042	August 23, 2027
20.	海底捞	Sichuan Haidilao	British	43	UK00003252050	August 23, 2027
21.	Haidilao	Sichuan Haidilao	British	43	UK00003252056	August 23, 2027
22.	海底捞 HẢI ĐÈ LAO	Sichuan Haidilao	Vietnam	43	359284	May 18, 2028
23.	Haidilao	Sichuan Haidilao	Vietnam	43	359280	May 18, 2028
24.	海底捞	Sichuan Haidilao	European Union	43	008618332	October 15, 2029
25.	海底捞	Sichuan Haidilao	European Union	43	015273469	March 23, 2026

(b) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which we consider to be material to the business of our Group:

No.	Domain name	Owner	Expiry Date
1.	superhi-api.com	Singapore Super Hi	May 10, 2032
2.	superhi-cdn.com	Singapore Super Hi	May 10, 2032
3.	superhi-tech.com	Singapore Super Hi	May 9, 2032
4.	testsuperhi.com	Singapore Super Hi	May 9, 2032

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors [has] entered into a service contract with our Company on [●], 2022. Pursuant to this agreement, they agreed to act as executive Directors for an initial term of three years with effect from the date the appointment or until the third annual general meeting of our Company since the [**REDACTED**], whichever is sooner, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association). Either party has the right to give not less than three months' written notice to terminate the agreement. Details of our Company's remuneration policy are described in section headed "Directors and Senior Management—Directors' and Senior Management Remuneration" of this listing document.

(b) Independent Non-executive Directors

Each of the independent non-executive Directors [has] entered into an appointment letter with our Company on [●], 2022. The initial term for their appointment letters shall be three years with effect from the date of the appointment or until the third annual general meeting of our Company since the [**REDACTED**], whichever is sooner, (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

2. Remuneration of Directors

The aggregate amount of fees, salaries, allowances, discretionary bonus, retirement benefits scheme contributions and benefits in kind of our Directors for the years ended December 31, 2019, 2020 and 2021 and the three months ended March 31, 2022 were approximately US$0.68 million, US$0.81 million, US$0.82 million and US$0.19 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendices IA and IB to this listing document.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Company to our Directors for the financial year ending December 31, 2022 is expected to be approximately US$1.05 million.

None of our Directors has or is proposed to have a service contract with our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of Interests

(a) Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Share Capital of Our Company and its Associated Corporations Following Completion of the Spin-off and Listing

Immediately following completion of the Spin-off and Listing, the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Interest in our Company

Name of Director or chief executive	Nature of interest	Number of Shares	Approximately percentage of interest in our Company immediately after the Spin-off and Listing
Mr. ZHOU	Interest of spouse[Note 1]	[**REDACTED**]	[**REDACTED**]%

Note:

(1) Mr. ZHOU Zhaocheng is the spouse of Ms. CHEN Ying. Therefore, Mr. ZHOU Zhaocheng is deemed to be interested in the Shares in which Ms. CHEN Ying is interested in under the SFO.

(b) Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Spin-off and Listing, have or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company, see "Substantial Shareholders".

Save as disclosed in the section headed "Substantial Shareholders" to this listing document, as at the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Listing, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

4. Disclaimers

Save as disclosed in this listing document:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of our Group;

(b) none of the Directors or the experts named in the paragraph headed "—E. Other Information—7. Consents of Experts" in this section has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date to this listing document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) save as disclosed in this listing document, none of our Directors nor any of the experts named in the paragraph headed "—E. Other Information—7. Consents of Experts" in this section is materially interested in any contract or arrangement subsisting at the date of this listing document which is significant in relation to the business of our Group as a whole;

(d) taking no account of any Shares which may be taken up under the Listing, so far as is known to any Director or chief executive officer of our Company, no other person (other than a Director or the chief executive officer of our Company) will, immediately following completion of the Listing, have interests or short positions in our Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of our Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(e) none of the Directors or chief executive of our Company has any interests or short positions in our Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once our Shares are listed thereon;

(f) none of the experts named in the paragraph headed "—E. Other Information—7. Consents of Experts" in this section: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

D. SHARE AWARD SCHEME

Our Company adopted the Share Award Scheme on [●] 2022 (the "**Adoption Date**") (which was amended from time to time) in order to recognize the contributions by the eligible persons in order to incentivize them to remain with our Group, and to motivate them to strive for the future development and expansion of our Group. The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of our Company. No shareholders' approval is required for the adoption of the Share Award Scheme.

The principal terms of the Share Award Scheme, as amended, are as described below.

(a) Purpose and the scope of participants

The purpose of the Share Award Scheme is recognizing the contributions by the eligible persons who is an employee, a management, a consultant or an advisor of any member of the Group (the "**Eligible Person**") in order to incentivize them to remain with our Group or to provide consulting services to our Group, and to motivate them to strive for the future development and expansion of our Group.

(b) Administration of the Share Award Scheme

The Share Award Scheme shall be subject to the administration of the Board and the trustee (which is independent and not connected with our Company) to be appointed by us (the "**Trustee**") in accordance with the terms of the Share Award Scheme and, where applicable, trust deed entered into between our Company and the Trustee. A decision of the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall be final and binding on all persons affected thereby.

The Board has the power to administer the Share Award Scheme. The Board may delegate the authority to administer the Share Award Scheme to a committee of the Board or other person(s) as deemed appropriate. The Board or its delegate(s) may also appoint one or more administrators, who may be independent third-party contractors, to assist in the administration of the Share Award Scheme as they may think fit. The Board and the committee of the Board or person(s) to which the Board has delegated its authority, shall have the power from time to time to interpret the Share Award Scheme rules and the terms of the award granted under the Share Award Scheme.

(c) Grant of Award

The Board may, from time to time, select any Eligible Person approved for participation in the Share Award Scheme (the "**Selected Participant(s)**") and, subject to the Share Award Scheme rules, grant an award to such Selected Participant during the period commencing on the Adoption Date and ending on the business day immediately prior to the 10th anniversary of the Adoption Date (the "**Award Period**"). In determining the Selected Participants, the Board or the committee of the Board or person(s) to which the Board has delegated its authority may take into consideration matters including the present and expected contribution of the relevant Selected Participant to our Group.

Where any grant of award Shares is proposed to be made to any person who is a connected person of our Company within the meaning of the Listing Rules, we shall comply with such provisions of the Listing Rules as may be applicable unless otherwise exempted under the Listing Rules.

(d) Restrictions on Grant

No grant of award Shares shall be made to any Selected Participant under the Share Award Scheme where any Director and/or such Selected Participant is in possession of unpublished inside information in relation to our Company or any of its subsidiaries or where dealings in Shares have been suspended or dealings in Shares by any Director are prohibited under any code or requirement of the Listing Rules or any applicable legal or regulatory requirement from time to time or where such grant of the award Shares would result in a breach of the Share Award Scheme Limit (as defined below).

(e) Maximum Number of Shares to be Granted

We shall not make any further grant of award Shares which will result in the aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme (excluding award Shares that have been forfeited in accordance with the Share Award Scheme) to exceed 10% of our Company's issued share capital as at the [**REDACTED**] (the "**Share Award Scheme Limit**").

(f) Satisfaction of Awards

We shall issue and allot Shares to the Trustee or the wholly-owned subsidiary of the Trustee as trustee of the trust and designated in writing by the Trustee (the "**Holdco**") and/or transfer to the trust the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the award. We shall not issue or allot Shares nor instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time.

(g) Vesting of Award Shares

The Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award Shares to be vested hereunder. The Board or the committee of the Board or person(s) to which the Board delegated its authority may either (i) direct and procure the Trustee to release from the trust the award Shares to the Selected Participants by transferring the number of award Shares to the Selected Participants in such manner as determined by them from time to time; or (ii) to the extent that, at the determination of the Board or its delegate(s), it is not practicable for the Selected Participant to receive the award in Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the award in Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or its delegate(s) will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the actual selling price of such award Shares.

(h) Assignment of Award

Any award granted under the Share Award Scheme but not yet vested are personal to the Selected Participant and shall not be assigned or transferred and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any such award, or enter into any agreement to do so.

(i) Alteration of the Share Award Scheme

Subject to the Share Award Scheme Limit and compliance of Share Award Scheme rules, the Share Award Scheme may be altered or varied in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Participant.

(j) Duration and Termination

Unless terminated earlier as determined by the Board, the Share Award Scheme shall be valid and effective for the Award Period (after which no further awards will be granted), and thereafter for so long as there are any non-vested award Shares granted hereunder prior to the expiration of the Share Award Scheme, in order to give effect to the vesting of such award Shares or otherwise as may be required in accordance with the Share Award Scheme rules.

Following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding award made or can be made under the Share Award Scheme, the Trustee shall sell all the Shares remaining in the trust, if any, and remit all cash and net proceeds of such sale and other funds remaining in the trust, after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities to us.

As of the Latest Practicable Date, no share award had been granted or agreed to be granted under the Share Award Scheme.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As at the Latest Practicable Date, we are not aware of any litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The fee payable by us to each of the Joint Sponsors in respect of its services as a sponsor for the Listing is US$500,000.

4. Preliminary Expenses

The preliminary expenses incurred by our Company in relation to our incorporation were approximately US$5,615 and have been paid by our Company.

5. Promoter

We have no promoter for the purpose of the Listing Rules. Save as disclosed in this listing document, within the two years immediately preceding the date to this listing document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Listing and the related transactions described in this listing document.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this listing document:

Name	Qualifications
Morgan Stanley Asia Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities as defined under the SFO
Jingtian & Gongcheng	Legal advisor to our Company as to PRC laws
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Drew & Napier LLC	Legal advisor to our Company as to Singapore laws
Katten Muchin Rosenman LLP	Legal advisor to our Company as to the United States laws
Bizlink Lawyers	Legal advisor to our Company as to Vietnamese laws
Lee Hishammuddin Allen & Gledhill	Legal advisor to our Company as to Malaysian laws
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
Frost & Sullivan Limited	Independent industry consultant

As at the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Consents of Experts

Each of the persons named in the paragraph headed "—6. Qualification of Experts" in this section to this listing document has given and has not withdrawn its respective written consent to the issue to this listing document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this listing document in the form and context in which it is respectively included.

8. Taxation of holders of Shares

Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration or, if higher, of the value of the Shares being sold or transferred. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares if they are executed and remain outside the Cayman Islands and our Company does not hold any interest in land in Cayman Islands.

9. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since March 31, 2022, being the date to which the latest audited financial statements of our Group were made, and up to the date to this listing document.

10. Miscellaneous

(a) Save as disclosed in this listing document, within the two years immediately preceding the date to this listing document:

   (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

   (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerage or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this listing document:

(i) no founder, management or deferred shares nor any debentures of our Company or any of our subsidiaries have been issued or agreed to be issued;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) there is no arrangement under which future dividends are waived or agreed to be waived or is agreed conditionally or unconditionally to be put under option;

(iv) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(v) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries; and

(vi) there has not been any interruption in the business of our Company which may have or have had a material and adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this listing document.

(c) Save as disclosed in paragraph headed "—B. Further Information about Our Business—1. Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this listing document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this listing document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) The principle register of members of our Company will be maintained by our principal registrar, [**REDACTED**], in the Cayman Islands and our Hong Kong branch register of members will be maintained by our Hong Kong Share Registrar, [**REDACTED**], in Hong Kong. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(e) No company within our Group is presently listed on any stock exchange or traded on any trading system and no listing or permission to deal is being or is proposed to be sought.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website and our Company's own website during a period of time for 14 days from the date to this listing document:

(1) the Memorandum and the Articles;

(2) the Accountants' Report, the report on review of condensed combined financial statements, and the report on the unaudited pro forma financial information of our Group from Deloitte Touche Tohmatsu, the texts of which are set out in Appendices IA, IB and II to this listing document, respectively;

(3) the audited combined financial statements of our Company for the years ended December 31, 2019, 2020 and 2021;

(4) the letter of advice prepared by Conyers Dill & Pearman, our legal advisor as to Cayman Islands law, summarizing certain aspects of the company law of the Cayman Islands referred to in Appendix III to this listing document;

(5) the Cayman Companies Act;

(6) the written consents under "Appendix IV—General Information—E. Other Information—7. Consents of Experts" to this listing document;

(7) the material contracts in "Appendix IV—General Information—B. Further Information about Our Business—1. Summary of Material Contracts" to this listing document;

(8) the service contracts and the appointment letters with our Directors in "Appendix IV—General Information—C. Further Information about Our Directors and Our Substantial Shareholders—1. Particulars of Directors' Service Contracts and Appointment Letters" to this listing document; and

(9) the report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" of this listing document.