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HAIDILAO INTERNATIONAL HOLDING LTD.

海底捞国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6862)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Haidilao International Holding Ltd. (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2022 (the “**Reporting Period**”), together with comparative audited figures for the same period of 2021. The results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

KEY FINANCIAL HIGHLIGHTS

From continuing and discontinued operations

	For the year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Revenue	34,740,957	41,111,624
Profit (loss) for the year	1,373,216	(4,161,206)
Profit (loss) attributable to owners of the Company	1,374,477	(4,163,175)
Basic earnings (loss) per share (RMB)	0.25	(0.78)

From continuing operations

	For the year ended December 31,	
	2022	2021
	RMB'000	RMB'000 (Restated)
Revenue	31,038,634	39,096,727
Revenue of restaurant operation	29,087,006	37,744,701
Profit (loss) for the year	1,637,306	(3,247,846)
Profit (loss) attributable to owners of the Company	1,638,466	(3,249,815)
Basic earnings (loss) per share (RMB)	0.30	(0.61)

KEY BUSINESS HIGHLIGHTS

From continuing operations

	As of and for the year end December 31,	
	2022	2021 (Restated)
Number of Haidilao restaurants	1,371	1,349
Average table turnover rate (times/day)	3.0	3.0
Average spending per guest (RMB)	104.9	102.3

2022 PERFORMANCE REVIEW

Financial and Business Review

The revenue of the Group from continuing and discontinued operations for the year ended December 31, 2022 was RMB34,741.0 million, representing a decrease of 15.5% as compared to the revenue of RMB41,111.6 million for the year ended December 31, 2021.

In December 2022, SUPER HI INTERNATIONAL HOLDING LTD. (特海国际控股有限公司) (“**Super Hi**”) was spun-off and listed separately on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Spin-off**”) by way of introduction through a distribution in specie to the shareholders of the Company (the “**Shareholders**”). Super Hi and its subsidiaries are principally engaged in the operation of restaurant business outside mainland China and Hong Kong, Macau and Taiwan regions (the “**Greater China**”). Upon completion of the Spin-off, the business of Super Hi and its subsidiaries was classified as discontinued operations of the Group. For further details of the Spin-off, please refer to the announcements of the Company dated July 11, 2022, July 13, 2022, August 22, 2022, December 5, 2022 and December 15, 2022, the circular of the Company dated July 29, 2022 and the listing document relating to the Spin-off issued by Super Hi on December 19, 2022.

For the year ended December 31, 2022, we recorded revenue from continuing operations of RMB31,038.6 million, representing a decrease of 20.6% as compared to 2021, and profit for the year from continuing operations was RMB1,637.3 million, as compared to loss for the year of RMB3,247.8 million for the year ended December 31, 2021.

For 2022, the overall table turnover rate of our Haidilao restaurants in Greater China was 3.0 times per day and the same-store turnover rate was 3.1 times per day, as compared to the overall table turnover rate and same-store turnover rate of 3.0 and 3.4 times per day for 2021, respectively. Based on the overall operation performance, we continued to slow down our pace of expansion in 2022. Meanwhile, the “Hard Bone” plan was launched in the second half of the year to reopen certain suspended restaurants. Throughout 2022, we opened 24 new Haidilao restaurants and resumed the operations of 48 suspended restaurants, and closed 50 restaurants with poor operation performance. As of December 31, 2022, we operated 1,349 Haidilao restaurants^{Note} in mainland China and 22 Haidilao restaurants in Hong Kong, Macau and Taiwan regions.

Note: Including Haidilao restaurants that were temporarily closed or being renovated.

Management Reforms

2022 was a year with both challenges and opportunities for us. In terms of the external environment, the recurring waves of COVID-19 pandemic severely affected people's livings. However, since the Chinese government adjusted its pandemic prevention policies in December 2022, the lifting measures under these policies will bring new opportunities to the reconstruction of the global economic order and bring us confidence as well.

In order to further improve the overall operation performance of the Group, the management reviewed the "Woodpecker" plan and launched the "Hard Bone" plan in September 2022 to resume the operations of certain previously closed restaurants. In 2023, we will continue to implement the "Hard Bone" plan taking into consideration both the external environment and the improvement of internal management.

Reflecting back, although our rapid expansion strategy over the previous period has made the Company scale up in a rapid manner, our internal management, personnel training, supervision and assessment and other aspects of work failed to synchronize, increasing the difficulties in our management especially under the impact of the COVID-19 pandemic, which resulted in the gradual emergence of various potential problems. We have reviewed and adjusted various aspects including management structure, key performance indicator (KPI) assessment, product, brand marketing, take-away food and information system in 2022, with a view to continuously improving our daily operation:

- Continuously improving the restaurant management system. During the year, we continuously optimized the hierarchy of restaurant operation and management, clearly defining the scope and goals of work, appraisal standards, and reward and punishment mechanism of each grade. As of December 31, 2022, the Company had a total of 11 senior regional managers (大區經理) responsible for the operations of restaurants in Greater China, overseeing store expansion, engineering projects, personnel and other work in the region. At the store manager level, we re-organized their responsibilities and scope of work, and optimized the appraisal requirements of the four-color card for restaurants. Meanwhile, we will also continue to strictly implement the appraisal system and implement the relevant requirements under the elimination mechanism, and the restaurant management system will continue to be adjusted according to market changes.

- Adjusting and enhancing the KPI assessment. Based on the Company’s core management philosophy of “aligned interests and disciplined management”, we amended the appraisal system of each level of the management and adjusted the incentive mechanism to a “low basic salary + high bonus” compensation model. We wish to motivate the store managers and other management members to become our internal partners through this method, and effectively link their interests with the overall operations interests of the Group.
- Enhancing core product capabilities by product innovation and optimization. Our product department integrated resources in research, procurement and sales as a whole and coordinated with other relevant departments so as to ensure product quality and develop popular products. In 2022, we successfully made a total of three national centralized launches, covering 12 newly researched and developed products and the relaunching of 16 in-depth optimized existing products. At the same time, we launched regional products targeting different regions and tailored to the respective taste preferences and dietary habits. In 2022, a total of 127 regional products had been launched for more than three months. In addition, we optimized 60 existing products across the country and 45 existing regional products by adjusting raw materials, improving product process formulas, and integrating development suppliers to improve cost efficiency, etc. In 2023, we will continue to make more adjustments and innovations in our products. In addition to ensuring our product safety and quality, we will improve our customers’ impression through in-depth exploration of product display, product presentation, product stories and product attractiveness, making our customers truly experience the high value of our products.
- Strengthening brand building. Our brand marketing department has implemented a total of 10 marketing projects for the past year, receiving a total broadcasting and click-through volume of 3.77 billion times. We accomplished crossover cooperation in 2022 with brands including NAYUKI, Douyin Life Service (抖音生活服務), CHI FOREST, Hisense TV, etc., and launched a variety of products throughout the year. The first Haidilao mid-night meal session was launched during 2022 FIFA World Cup period, achieving a total broadcasting and click-through volume of 1.65 billion times. In 2022, our official new media platforms developed a gallery of 20 branded Xiaohi IP images displayed on 40 peripheral products. We also collaborated with Miffy IP to conduct global marketing during the Chinese New Year. In 2023, we will continue to invest resources and efforts in brand strategic planning, optimizing marketing strategies and operating processes and improving marketing implementation capabilities, to further enhance the recognition and influence of the Haidilao brand.

- Enhancing informatization layout. In 2022, we have optimized data governance, utilization and operation of private domain traffic, made improvements in collaborative office efficiency, and refined operation of inventory management. Through the integration of various standalone Wechat Mini Programs, we have effectively combined and re-distributed the consumer search traffic. For example, under the takeaway self-pickup scenario, the percentage of traffic diverted from the “Haidilao” App to the “Haidilao Hot Pot Delivery” Wechat Mini Program increased by more than 23.5%. Through continuous refinements of the various data indicator standards of the internal data platform and achievement of real-time updating of the restaurants data, we enabled our operation teams at various levels to capture the operating conditions of various restaurants more quickly and accurately, so as to formulate targeted optimization policies. In 2023, we will continue to enhance the efficiency of internal operation infrastructure system and improve the operation efficiency of private domain traffic.
- Reshaping the food delivery system and establishing community operation. We have been continuously exploring business models beyond dine-in services to cope with the resurgence of the pandemic, and established a community operation division. We have strengthened the “home delivery” service while also satisfying the “dine-in + retail + self-pickup” needs in the restaurants. We have reformed our model from a single online hot pot takeaway model to a community operation model, combining takeaway, community, live broadcast and online mall, to meet diversified consumer needs through multiple channels. The number of takeaway restaurants that provide community operation increased from less than 450 at the beginning of 2022 to more than 1,400 at the end of the year, covering more than 300 cities. In addition, we have gained insights into consumers’ preferences, launched several new takeaway products, and introduced and improved IT systems and delivery tools in restaurants to improve the efficiency of meals preparation and delivery in various aspects. We have also connected a variety of short-form video platforms to realize the integration of online and offline resources and make new breakthroughs in acquisition and activation.
- Emphasizing the heritage of corporate culture, strengthening employee training and establishing talent grading system. We have built up the relationship ties among employees and between employees and the Company with the assistance of our mentoring system. During the organizational restructuring in 2022, we have reviewed the duties and responsibilities as well as incentive systems of each position and provided clear guidance for the promotion of employees on one hand. On the other hand, we have specified the responsibilities and obligations of each member of the frontline service team, restaurants, family and other structures with the assistance of our mentoring structure. In 2022, we conducted review on corporate culture, strengthened the construction of corporate cohesion in terms of process system, motivated the performance and potential of personnel at all levels, implemented rewards and punishments mechanism in a timely manner, and inherited corporate culture, enabling the employees to obtain the support and help from the colleagues and the Company at work, thus uniting all Haidilao colleagues as a group to move forward.

- Continuing to strengthen the in-depth connection with customers. Throughout 2022, our Haidilao restaurants located in Greater China have served more than 276.3 million customers, and the number of registered members of Haidilao exceeded 116.0 million. In 2022, we continued to optimize the experience of our members when they are outside the restaurants. We have launched more than 1,000 products in the Haidilao mall, including Haidilao mooncakes, fresh food and other products under the joint program with Miffy, developed dozens of new product categories, and introduced merchandises of various renowned brands. To complement the selection and promotion activities of new dishes, we have organized a number of tasting parties in more than 100 restaurants covering over 20 cities and received a total of over 40,000 valid applications with ultimately over 30,000 tables of customers participating in such events.

MANAGEMENT DISCUSSION AND ANALYSIS - FROM CONTINUING OPERATIONS

Following the spin-off and separate listing of Super Hi on the Stock Exchange on December 30, 2022, Super Hi was no longer a subsidiary of the Company and the financial results under this section does not include those of Super Hi. The financial results of the Company in 2021 have also been restated for the purpose of comparison.

Revenue

The revenue of the Group decreased by 20.6% from RMB39,096.7 million for the year ended December 31, 2021 to RMB31,038.6 million for the corresponding period in 2022.

Revenue by Segment

We generate substantially all of our revenue from (i) our restaurant operation, (ii) our delivery business, and (iii) sales of condiment products and food ingredients. The following table sets forth the components of our revenue for the periods indicated:

	For the year ended December 31,			
	2022		2021	
	<i>(RMB'000 except percentages)</i>		<i>(RMB'000 except percentages)</i>	
			<i>(Restated)</i>	
Haidilao restaurant operation	28,942,639	93.3%	37,546,992	96.0%
Other restaurant operation	144,367	0.5%	197,709	0.5%
Delivery business	1,280,100	4.1%	629,763	1.6%
Sales of condiment products and food ingredients	662,164	2.1%	668,358	1.7%
Others	9,364	0.0%	53,905	0.2%
Total revenue	<u>31,038,634</u>	<u>100.0%</u>	<u>39,096,727</u>	<u>100.0%</u>

The revenue of our Group is mainly generated from Haidilao restaurant operation, which accounted for 93.3% of our total revenue in 2022. The revenue of Haidilao restaurant operation decreased by 22.9% from RMB37,547.0 million in 2021 to RMB28,942.6 million in 2022, mainly due to (i) the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulting from the impact of the COVID-19 pandemic in 2022; and (ii) the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan. The average table turnover rate in 2022 was 3.0 times per day. The average spending per guest increased from RMB102.3 in 2021 to RMB104.9 in 2022.

Revenue of delivery business increased by 103.3% from RMB629.8 million in 2021 to RMB1,280.1 million in 2022, mainly due to the significant increase in delivery orders as a result of the increased number of cities and restaurants covered by our takeaway service and the expansion of online sales channels.

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

	For the year ended December 31,	
	2022	2021
Average spending per guest⁽¹⁾ (RMB)		
Tier 1 cities ⁽²⁾	114.2	111.8
Tier 2 cities ⁽³⁾	104.3	101.7
Tier 3 cities and below ⁽⁴⁾	97.9	95.7
<i>Mainland China restaurants</i>	103.2	101.2
Hong Kong, Macau and Taiwan regions	197.4	202.6
Overall	104.9	102.3
Table turnover rate⁽⁵⁾ (times/day)		
Tier 1 cities	3.0	3.1
Tier 2 cities	3.0	3.1
Tier 3 cities and below	2.9	2.9
<i>Mainland China restaurants</i>	2.9	3.0
Hong Kong, Macau and Taiwan regions	3.5	3.0
Overall	3.0	3.0
New and existing restaurants		
Newly-opened restaurants ⁽⁶⁾	2.3	2.4
Other restaurants	3.0	3.2
Overall	3.0	3.0

Notes:

- (1) Calculated by dividing gross revenue of restaurant operation for the period by total guests served for the period.
- (2) Beijing, Shanghai, Guangzhou and Shenzhen.
- (3) All municipalities and provincial capitals excluding tier 1 cities, plus Qingdao, Xiamen, Ningbo, Dalian, Zhuhai, Suzhou and Wuxi.
- (4) All the cities and regions excluding tier 1 cities and tier 2 cities.
- (5) Calculated by dividing the total tables served for the period by the product of total restaurant operation days for the period and average table count during the period. The average table count included the table count in the areas that were not opened due to the COVID-19 pandemic prevention and control.
- (6) We define our newly-opened restaurants as those that commenced operations during the period.

The following table sets forth details of our same store sales of Haidilao restaurants for the periods indicated.

	For the year ended December 31,	
	2022	2021
Number of same stores⁽¹⁾		
Tier 1 cities		113
Tier 2 cities		290
Tier 3 cities and below		337
Hong Kong, Macau and Taiwan regions		19
Overall		759
Same store sales⁽²⁾ (in thousands of RMB)		
Tier 1 cities	2,905,807	3,691,338
Tier 2 cities	7,190,558	8,634,206
Tier 3 cities and below	8,112,525	9,290,880
Hong Kong, Macau and Taiwan regions	950,609	775,161
Overall	19,159,499	22,391,585
Average same store sales per day⁽³⁾ (in thousands of RMB)		
Tier 1 cities	79.1	90.5
Tier 2 cities	72.1	82.8
Tier 3 cities and below	69.7	76.6
Hong Kong, Macau and Taiwan regions	138.7	112.7
Overall	73.8	81.9
Average same store table turnover rate⁽⁴⁾ (times/day)		
Tier 1 cities	3.1	3.5
Tier 2 cities	3.1	3.4
Tier 3 cities and below	3.1	3.3
Hong Kong, Macau and Taiwan regions	3.6	3.0
Overall	3.1	3.4

Notes:

- (1) Includes restaurants that commenced operations prior to the beginning of the periods under comparison, remained open as of December 31, 2022 and opened for more than 300 days in both 2021 and 2022.
- (2) The gross revenue of restaurant operation at our same stores for the period indicated.
- (3) Calculated by dividing the gross revenue of restaurant operation at our same stores for the period by the total restaurant operation days at our same stores for the period.
- (4) Calculated by dividing the total tables served at our same stores for the period by the product of total restaurant operation days of our same stores for the period and average table count at our same stores during the period. The average table count included the table count in the areas that were not opened due to the COVID-19 pandemic prevention and control.

Revenue from Haidilao Restaurant Operation by Geographic Region

As of the date of this announcement, our business was conducted in mainland China, Hong Kong, Macau and Taiwan regions. The following table sets forth our breakdown of gross revenue of Haidilao restaurant operation in the Greater China regions by location for the periods indicated:

	As of and for the year ended December 31,					
	2022			2021		
	Number of restaurants	Gross Revenue/ Revenue (RMB' 000)		Number of restaurants	Gross Revenue/ Revenue (RMB' 000)	
Mainland China						
Tier 1 cities	234	5,153,936	17.8%	248	7,728,253	20.5%
Tier 2 cities	538	11,338,523	39.1%	522	14,903,891	39.6%
Tier 3 cities and below	577	11,465,959	39.5%	559	14,230,285	37.8%
Subtotal	1,349	27,958,418	96.4%	1,329	36,862,429	97.9%
Hong Kong, Macau and Taiwan regions	22	1,032,421	3.6%	20	805,111	2.1%
Total restaurants/gross revenue of restaurant operation	1,371	28,990,839	100%	1,349	37,667,540	100%
Net of: Customer loyalty program		(48,200)			(120,548)	
Total restaurants/revenue of restaurant operation	1,371	28,942,639		1,349	37,546,992	

Raw Materials and Consumables Used

Our raw materials and consumables used decreased by 25.2% from RMB17,243.3 million in 2021 to RMB12,906.4 million in 2022, primarily due to (i) the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulting from the impact of the COVID-19 pandemic in 2022; and (ii) the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan. As a percentage of revenue, the raw materials and consumables used decreased from 44.1% in 2021 to 41.6% in 2022, mainly due to the improvement in restaurants operation efficiency as a result of the optimization of the internal management and operation.

Staff Costs

Our staff costs decreased by 26.6% from RMB13,950.2 million in 2021 to RMB10,239.8 million in 2022, mainly due to the decrease in the number of staff as a result of the decrease in the number of restaurants from January to August 2022 due to the implementation of the “Woodpecker” plan. As a percentage of revenue, the staff costs decreased from 35.7% in 2021 to 33.0% in 2022, mainly due to the improvement in restaurants operation efficiency as a result of the optimization of the internal management and operation.

Rentals and Related Expenses

Our rentals and related expenses decreased by 7.5% from RMB296.6 million in 2021 to RMB274.3 million in 2022, primarily due to the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan. As a percentage of revenue, rentals and related expenses remained relatively stable at 0.8% and 0.9% in 2021 and 2022, respectively.

Utilities Expenses

Our utilities expenses decreased by 24.4% from RMB1,385.9 million in 2021 to RMB1,048.0 million in 2022, primarily because of the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan. As a percentage of revenue, utilities expenses remained relatively stable at 3.5% and 3.4% in 2021 and 2022, respectively.

Travelling and Communication Expenses

Our travelling and communication expenses decreased by 36.7% from RMB228.5 million in 2021 to RMB144.6 million in 2022, primarily due to (i) the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan; and (ii) the reduced travel frequency due to the impact of COVID-19 pandemic. As a percentage of revenue, our travelling and communication expenses remained relatively stable at 0.6% in 2021 and 0.5% in 2022, respectively.

Depreciation and Amortization

Our depreciation and amortization decreased by 18.9% from RMB4,097.1 million in 2021 to RMB3,321.2 million in 2022 primarily due to (i) the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan; and (ii) the provisions for impairment losses made by the management in a prudent manner during 2021. As a percentage of revenue, depreciation and amortization remained relatively stable at 10.5% and 10.7% in 2021 and 2022, respectively.

Other Expenses

Our other expenses decreased by 14.2% from RMB1,586.7 million in 2021 to RMB1,361.2 million in 2022, primarily reflecting (i) a RMB130.7 million decrease in daily maintenance expenses; (ii) a RMB76.5 million decrease in human resources and other consulting service expenses; and (iii) a RMB26.8 million decrease in storage expenses. As a percentage of revenue, our other expenses remained relatively stable at 4.1% and 4.4% in 2021 and 2022, respectively.

Share of Results of Associates and a Joint Venture

Our share of profit in relation to (i) our associate Fuhai (Shanghai) Food Technology Co., Ltd. (馥海(上海)食品科技有限公司), in which we held a 40% equity interest; (ii) our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest; and (iii) other associates invested by Beijing Youdingyou Catering Co., Ltd. (北京優鼎優餐飲管理有限公司), decreased from RMB81.1 million in 2021 to RMB65.4 million in 2022.

Other Gains and Losses

Our other gains and losses was RMB286.9 million of gains in 2022 as compared to losses of RMB3,234.8 million in 2021, primarily due to (i) a RMB3,093.0 million decrease in the one-off loss and impairment loss; and (ii) a gain of RMB328.8 million recognized on cancellation of the notes due 2026 issued by the Company in 2021 repurchased by the Group from the open market or by tender offer.

Finance Costs

Our finance costs decreased by 18.7% from RMB582.7 million in 2021 to RMB473.9 million in 2022, primarily due to (i) the decrease in the interest of lease liabilities as a result of the decrease in the number of restaurants from January to August 2022 as compared to the corresponding period in 2021 due to the implementation of the “Woodpecker” plan; and (ii) the decrease in interests on bank borrowings during the Reporting Period.

Income Tax Expense

Our income tax expense increased by 170.3% from RMB177.7 million in 2021 to RMB480.3 million in 2022, primarily due to the increase in our profit during the Reporting Period.

Profit (loss) for the Year

As a result of the foregoing, we recorded profit of RMB1,637.3 million in 2022, as compared to the loss of RMB3,247.8 million recorded in 2021.

Capital Liquidity and Financial Resources

For the year ended December 31, 2022, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and other borrowing, and we also adopted flexible and diverse financing methods when needed. 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 for our business operation.

Cash and Cash Equivalents

Our principal uses of cash are for working capital to procure food ingredients, consumables and equipment, and to renovate and decorate our restaurants. Our cash and cash equivalents increased from RMB5,766.8 million as of December 31, 2021 to RMB6,300.8 million as of December 31, 2022, mainly due to (i) the increase in net cash from operating activities during the Reporting Period; and (ii) the decrease in the capital expenditure as a result of the slowdown in business expansion.

Right-of-use Assets

Under International Financial Reporting Standards 16 Leases (“IFRS 16”), we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. As of December 31, 2022, we recognized right-of-use assets with an amount of RMB3,865.7 million.

Inventories

Our inventories mainly represented our food ingredients, condiment products and other materials used in our restaurant operation. Our inventories decreased from RMB1,456.2 million as of December 31, 2021 to RMB1,141.8 million as of December 31, 2022, primarily due to the decrease in purchases at the end of the year as a result of the COVID-19 impact as compared to the same time in 2021. Our inventory turnover days increased from 26.5 days for the year ended December 31, 2021 to 35.2 days⁽¹⁾ for the year ended December 31, 2022, mainly due to the deceleration in the consumption of raw materials and consumables as a result of the COVID-19 pandemic.

Trade Receivables

The majority of our trade receivables were in connection with bills settled through payment platforms such as Alipay or WeChat Pay. Receivables from these payment platforms were normally settled within a short period of time. Our trade receivables decreased from RMB367.7 million as of December 31, 2021 to RMB306.9 million as of December 31, 2022. The turnover days of trade receivables increased from 2.9 days for the year ended December 31, 2021 to 3.7 days⁽²⁾ for the year ended December 31, 2022.

Trade Payables

Trade payables mainly represent the balances of our independent third party suppliers of food ingredients and consumables. Our trade payables decreased from RMB1,944.2 million as of December 31, 2021 to RMB1,321.0 million as of December 31, 2022, primarily reflecting the decrease in procurement. The turnover days of trade payables increased from 35.8 days for the year ended December 31, 2021 to 43.8 days⁽³⁾ for the year ended December 31, 2022.

Notes:

- ⁽¹⁾ Calculated based on the inventories from continuing operations as of December 31, 2021.
- ⁽²⁾ Calculated based on the trade receivables from continuing operations as of December 31, 2021.
- ⁽³⁾ Calculated based on the trade payables from continuing operations as of December 31, 2021.

Bank Borrowings

As of December 31, 2022, we had bank borrowings of RMB2,556.2 million. In 2022, the Group obtained new bank loans amounting to RMB1,171.9 million and repaid bank loans amounting to RMB2,414.6 million.

Other Borrowing

As of December 31, 2022, we had other borrowing of RMB39.7 million which was secured by fixed assets of the Group.

Contingent Liabilities

As of December 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.

Charge of Assets

As of December 31, 2022, the Group charged fixed assets with a net book value of RMB352.3 million and RMB126.7 million as securities for bank borrowings and other borrowing, respectively.

As of December 31, 2022, the Group charged bank deposits of RMB2.1 million to banks to secure the rental payments to the lessors.

Debt-to-equity Ratio

As of December 31, 2022, the Group's debt-to-equity ratio was 62.8%.

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

Foreign Exchange Risk and Hedging

The Group mainly operates in mainland China with most of the transaction denominated and settled in RMB. However, the Group has certain business operations outside mainland China and cash denominated in other currencies, which is exposed to foreign currency exchange risks. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

Employees and Remuneration Policy

As of December 31, 2022, the Group had a total of 107,592 employees. For the year ended December 31, 2022, the Group incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB10,239.8 million.

Material Acquisitions and Disposals

In December 2022, Super Hi was spun-off and listed separately on the Main Board of the Stock Exchange by way of introduction through a distribution in specie to the Shareholders. Super Hi and its subsidiaries are principally engaged in the operation of restaurant business outside Greater China. Upon completion of the Spin-off, Super Hi was no longer a subsidiary of the Group. For further details of the Spin-off, please refer to the announcements of the Company dated July 11, 2022, July 13, 2022, August 22, 2022, December 5, 2022 and December 15, 2022, the circular of the Company dated July 29, 2022 and the listing document relating to the Spin-off issued by Super Hi on December 19, 2022.

Save as disclosed in this announcement, the Company had no material acquisitions or disposals during the year ended December 31, 2022.

No Material Changes

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

Future Plans for Material Investments

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

FUTURE PROSPECT

Going forward, our development initiatives mainly include:

- continuing to enhance the Haidilao dining experience by further improving our service, enhancing our product innovation capabilities, strengthening the operating capacity of our restaurants, and offering more value-added services and community operation services to our customers;
- continuing to invest in innovation and new technology, such as further optimizing and developing our business management system and intelligent restaurant technology; and
- strategically pursuing acquisitions of high-quality assets to further diversify our restaurant business patterns and customer base.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended December 31,	
		2022 RMB'000	2021 RMB'000 (Restated)
Continuing operations			
Revenue	3	31,038,634	39,096,727
Other income	4	496,040	357,794
Raw materials and consumables used		(12,906,421)	(17,243,286)
Staff costs		(10,239,759)	(13,950,233)
Rentals and related expenses		(274,329)	(296,613)
Utilities expenses		(1,048,000)	(1,385,921)
Depreciation and amortization		(3,321,162)	(4,097,070)
Travelling and communication expenses		(144,622)	(228,487)
Other expenses		(1,361,228)	(1,586,670)
Share of results of associates		73,808	91,731
Share of results of a joint venture		(8,384)	(10,621)
Other gains and losses	5	286,943	(3,234,753)
Finance costs	6	(473,879)	(582,742)
Profit (loss) before tax		2,117,641	(3,070,144)
Income tax expense	7	(480,335)	(177,702)
Profit (loss) for the year from continuing operations	8	<u>1,637,306</u>	<u>(3,247,846)</u>
Discontinued operations:			
Loss for the year from discontinued operations	9	(264,090)	(913,360)
Profit (loss) for the year		<u>1,373,216</u>	<u>(4,161,206)</u>
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(231,070)	17,877
Reclassification of cumulative translation reserve upon disposal of foreign operations		41,449	—
Other comprehensive (expense) income for the year		(189,621)	17,877
Total comprehensive income (expense) for the year		<u>1,183,595</u>	<u>(4,143,329)</u>

	<i>Notes</i>	For the year ended December 31,	
		2022	2021
		RMB'000	RMB'000 <i>(Restated)</i>
Profit (loss) for the year attributable to owners of the Company:			
– from continuing operations		1,638,466	(3,249,815)
– from discontinued operations		<u>(263,989)</u>	<u>(913,360)</u>
Profit (loss) for the year attributable to owners of the Company		<u>1,374,477</u>	<u>(4,163,175)</u>
(Loss) profit for the year attributable to non-controlling interests:			
– from continuing operations		(1,160)	1,969
– from discontinued operations		<u>(101)</u>	<u>–</u>
(Loss) profit for the year attributable to non-controlling interests		<u>(1,261)</u>	<u>1,969</u>
		<u>1,373,216</u>	<u>(4,161,206)</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		1,184,856	(4,145,298)
Non-controlling interests		<u>(1,261)</u>	<u>1,969</u>
		<u>1,183,595</u>	<u>(4,143,329)</u>
Total comprehensive income (expense) attributable to Owners of the Company			
– from continuing operations		1,517,650	(3,238,120)
– from discontinued operations		<u>(332,794)</u>	<u>(907,178)</u>
		<u>1,184,856</u>	<u>(4,145,298)</u>

EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

Basic (RMB)	<i>11</i>	0.25	(0.78)
Diluted (RMB)	<i>11</i>	0.25	(0.78)

From continuing operations

Basic (RMB)	<i>11</i>	0.30	(0.61)
Diluted (RMB)	<i>11</i>	0.30	(0.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at December 31,	
		2022	2021
		RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment		5,644,772	9,315,090
Right-of-use assets	12	3,865,678	5,819,320
Goodwill		84,845	84,845
Other intangible assets		104,624	132,433
Interests in associates		241,737	327,929
Interest in a joint venture		15,519	22,937
Financial assets at fair value through profit or loss		13,209	12,092
Deferred tax assets		601,355	526,296
Other financial assets		147,147	3,188
Rental deposits		208,619	366,795
Security deposits for other borrowing		5,060	5,060
		10,932,565	16,615,985
Current Assets			
Inventories		1,141,813	1,456,237
Trade and other receivables and prepayments	13	1,956,632	3,135,462
Amounts due from related parties		341,395	287,100
Financial assets at fair value through profit or loss		408,458	672,895
Rental deposits		24,698	–
Other financial assets		10,310	27,056
Pledged bank deposits		2,081	21,717
Bank balances and cash		6,621,203	5,805,035
		10,506,590	11,405,502
Current Liabilities			
Long term bonds		42,365	47,533
Trade payables	14	1,321,000	1,944,156
Other payables	15	1,476,535	1,752,832
Amounts due to related parties		230,940	385,564
Dividend payable		3,805	3,805
Tax payable		58,353	103,308
Lease liabilities		897,917	1,202,499
Bank borrowings		2,340,746	3,560,283
Other borrowing		22,758	22,847
Contract liabilities		793,541	744,647
Provision		44,130	118,395
		7,232,090	9,885,869
Net Current Assets		3,274,500	1,519,633
Total Assets less Current Liabilities		14,207,065	18,135,618

	<i>Notes</i>	As at December 31,	
		2022	2021
		RMB'000	RMB'000
Non-current Liabilities			
Long term bonds		2,045,942	3,796,228
Deferred tax liabilities		157,929	31,349
Lease liabilities		4,295,684	6,044,559
Bank borrowings		215,496	221,158
Other borrowing		16,952	39,554
Provisions		18,970	74,145
		<u>6,750,973</u>	<u>10,206,993</u>
Net Assets		<u>7,456,092</u>	<u>7,928,625</u>
Capital and Reserves			
Share capital	<i>16</i>	183	183
Reserves		<u>7,443,004</u>	<u>7,914,377</u>
Equity attributable to owners of the Company		<u>7,443,187</u>	7,914,560
Non-controlling interests		<u>12,905</u>	<u>14,065</u>
Total Equity		<u>7,456,092</u>	<u>7,928,625</u>

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on July 14, 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 in Cayman Islands, and the address of the principal place of business is 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou Town, Changping District in Beijing, the PRC. The ultimate controlling parties are Mr. Zhang Yong and his spouse namely Ms. Shu Ping (collectively the "**Controlling Shareholders**").

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited with effect from September 26, 2018.

The Company is an investment holding company. Its subsidiaries are engaged in restaurants operation, delivery business, sales of condiment products and food ingredients and others located in mainland China, Hong Kong, Macau and Taiwan regions.

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 consolidated financial statements is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries in mainland China.

On December 15, 2022, in respect of the spin-off and separate listing of Super Hi International Holding Ltd. (the "**Super Hi**"), a subsidiary of the Company before the completion of the distribution, on the Main Board of the Stock Exchange by way of introduction, the Board approved and declared a conditional distribution in specie of all the Super Hi's shares to the Company's shareholders. out of the share premium account of the Company. The distribution in specie by the Company was recognized at the carrying amount of the net assets of Super Hi and its subsidiaries (collectively referred to as "**Super Hi Group**") attributable to the owners of the Company as the directors of the Company considered that Super Hi was ultimately under the control of the same parties before and after the distribution. Following the distribution, the Group held no interest in Super Hi Group and Super Hi Group ceased to be subsidiaries of the Company. Super Hi Group is engaged in restaurants operation, delivery business and sales of hot pot condiment products and food ingredients in overseas market outside Mainland China, Hong Kong, Macau and Taiwan regions. On December 30, 2022 (the "**Distribution Date**"), all the Company's equity interests of Super Hi Group were distributed to the owners of the Company. Super Hi Group's loss for the period from January 1, 2022 to December 30, 2022 was presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income, and the comparative figures have been restated to conform with the current year's presentation. Details of the discontinued operations are set out in Note 9.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after January 1, 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to IFRSs	Annual Improvements to IFRSs 2018-2020

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

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts 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 IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
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 1 January 2023.

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

³ Effective for annual periods beginning on or after 1 January 2024.

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 consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

During the year, the Group's revenue which represents the amount received and receivable, net of discounts and sales related taxes, from the restaurant operation, delivery business, sales of condiment products and food ingredients and others, are as follows:

	For the year ended December 31,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Continuing operations		
Types of services or goods:		
Restaurant operation	29,087,006	37,744,701
Delivery business	1,280,100	629,763
Sales of condiment products and food ingredients	662,164	668,358
Others	9,364	53,905
	31,038,634	39,096,727
	31,038,634	39,096,727
Timing of revenue recognition:		
At a point in time	31,038,634	39,096,727
	31,038,634	39,096,727

Information reported to Ms. June Yang Lijuan, the chief executive officer of the Company, 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 year ended December 31, 2022 (2021: Nil).

The following table set forth the breakdown of the Group's revenue during the years ended December 31, 2022 and 2021, and the breakdown of the Group's non-current assets as at December 31, 2022 and 2021 based on location of operation:

	Revenue For the year ended December 31,		Non-current assets (Note) As at December 31,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Mainland China	29,867,674	38,160,899	9,240,470	12,276,902
Outside mainland China	1,170,960	935,828	716,705	892,124
	31,038,634	39,096,727	9,957,175	13,169,026
	31,038,634	39,096,727	9,957,175	13,169,026

Note:

Non-current assets presented above excluded financial assets at fair value through profit or loss ("FVTPL"), other financial assets, rental deposits, security deposits for other borrowing and deferred tax assets. To conform with current year's presentation, the non-current assets as at December 31, 2021 was restated to represent the assets from continuing operations only.

4. OTHER INCOME

	For the year ended December 31,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Continuing operations		
Interest income on:		
– bank deposits	99,873	12,630
– rental deposits	15,146	13,047
– financial assets at fair value through other comprehensive income	42	2,106
– other financial assets	620	–
	115,681	27,783
Government grants (<i>Note i</i>)	87,860	60,922
Additional tax deduction (<i>Note ii</i>)	209,572	149,458
Others	82,927	119,631
	496,040	357,794

Notes:

- i. The amounts represent the subsidies received from the local governments for the Group's business development. During the current year, the Group recognized government grants of RMB36,150,000 (2021: RMB17,170,000 (Restated)) in respect of Covid-19-related subsidies, of which RMB28,205,000 (2021: RMB7,328,000 (Restated)) relates to employment support scheme provided by the local governments. There were no unfulfilled conditions in the years in which they were recognized.
- ii. The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which become effective from April 1, 2019 onwards.

5. OTHER GAINS AND LOSSES

	For the year ended December 31,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Continuing operations		
Net impairment loss recognized in respect of		
– goodwill	–	(62,383)
– Investment in associates	–	(32,327)
– other intangible assets	–	(8,120)
– property, plant and equipment	(109,441)	(823,339)
– right-of-use assets	(64,166)	(398,912)
	<u>(173,607)</u>	<u>(1,325,081)</u>
Expected credit loss on rental deposits	(18,939)	(18,955)
Net gain (loss) on disposal of property, plant and equipment, other intangible assets and termination of leases	46,839	(1,994,754)
Gain on lease modification	–	100,058
Net foreign exchange gain (loss)	112,901	(33,077)
Net (loss) gain arising on financial assets at FVTPL	(28,594)	7,114
Gain arising from redemption of long term bonds	328,776	–
Others	19,567	29,942
	<u>286,943</u>	<u>(3,234,753)</u>

6. FINANCE COSTS

	For the year ended December 31,	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Continuing operations		
Interests on lease liabilities	273,047	340,749
Interests on bank borrowings	115,507	154,155
Interests on long term bonds	82,270	83,743
Interests on other borrowing	2,374	3,486
Interests charge on unwinding of discounts	681	609
	<u>473,879</u>	<u>582,742</u>

7. INCOME TAX EXPENSE

	For the year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Continuing operations		
Current tax:		
– current year		
– PRC Enterprise Income Tax (“EIT”)	362,113	325,912
– other jurisdictions	53,239	23,056
	415,352	348,968
– under provision in prior years		
– PRC EIT	8,464	540
– other jurisdictions	2	–
	8,466	540
	423,818	349,508
Deferred tax	56,517	(171,806)
	480,335	177,702

Under the Law of the PRC on Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Under the EIT Law, withholding tax is also imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. As at December 31, 2022, deferred tax liability RMB96,000,000 (2021: Nil) was recognized in respect of the undistributed earnings expected to be distributed in the foreseeable future with the tax rate of 5%.

Taxation arising in other jurisdictions from the continuing operations is calculated at the rates prevailing in the relevant jurisdictions at 8.25% to 30% (2021: 8.25% to 29.84% (Restated)) on the estimated assessable profits for the year.

On March 21, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong Dollar (“HKD”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%.

No provision for taxation in Hong Kong has been made as no taxable profit derived from Hong Kong in 2022 and 2021.

The income tax expense for the years ended December 31, 2022 and 2021 can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year	
	ended December 31,	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Continuing operations		
Profit (loss) before tax	2,117,641	(3,070,144)
Tax at 25%	529,410	(767,536)
Tax effect of expenses not deductible for tax purposes	123,282	56,146
Tax effect of income not taxable for tax purposes	(18,641)	(25,377)
Tax effect of tax losses not recognized	141,161	559,170
Tax effect of deductible temporary differences not recognized	77,955	300,662
Utilization of tax losses previously not recognized	(190,109)	(2,586)
Utilization of deductible temporary differences previously not recognized	(126,047)	–
Withholding tax	96,000	–
Under provision of current tax in respect of prior years	8,466	540
Effect of different tax rates of subsidiaries operating in other jurisdictions	(155,036)	63,655
Others	(6,106)	(6,972)
Income tax expense for the year on continuing operations	480,335	177,702

8. PROFIT (LOSS) FOR THE YEAR

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

	For the year ended December 31,	
	2022 RMB'000	2021 RMB'000 (Restated)
Continuing operations		
Depreciation of property, plant and equipment	2,515,308	3,156,255
Depreciation of right-of-use assets	761,481	903,585
Amortization of other intangible assets	44,373	37,230
Total depreciation and amortization	<u>3,321,162</u>	<u>4,097,070</u>
Property and equipment rentals		
– office premises and equipment (short-term leases)	<u>5,366</u>	<u>660</u>
– restaurants		
– Covid-19-related rent concessions (<i>Note 12</i>)	<u>(10,518)</u>	<u>(11,385)</u>
– variable lease payments	<u>60,792</u>	<u>66,503</u>
	<u>50,274</u>	<u>55,118</u>
Other rental related expenses	<u>218,689</u>	<u>240,835</u>
Total rentals and related expenses	<u>274,329</u>	<u>296,613</u>
Directors' emoluments	42,979	59,661
Other staff cost:		
Salaries and other allowance	7,910,450	10,999,159
Employee welfare	1,027,471	1,550,359
Retirement benefit contribution	<u>1,258,859</u>	<u>1,341,054</u>
Total staff costs	<u>10,239,759</u>	<u>13,950,233</u>
Auditor's remuneration	<u>7,380</u>	<u>6,350</u>

9. DISTRIBUTION IN SPECIE

On the Distribution Date, in connection with the listing of Super Hi, the Company's then wholly-owned subsidiary, on the Main Board of The Stock Exchange of Hong Kong Limited, all the Super Hi shares to which the Company entitled immediately before the completion of the distribution was distributed to the then existing shareholders of the Company. Since then, Super Hi has become a fellow subsidiary of the Company and both the Company and Super Hi are ultimately controlled by the Controlling Shareholders before and after the distribution.

The consolidated results of Super Hi Group for the period from January 1, 2022 to the Distribution Date were presented in the consolidated statements as discontinued operations. The consolidated statements of profit or loss and other comprehensive income distinguished the discontinued operations from the continuing operations, and the comparative figures have been restated to conform with the current year's presentation.

The summarized financial information of Super Hi Group presented below represents the amounts after the intra-group elimination.

The results of the operations of Super Hi Group for the period from January 1, 2022 to the Distribution Date, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period from January 1, 2022 to December 30, 2022 RMB'000	For the year ended December 31, 2021 RMB'000
Revenue (<i>Note i</i>)	3,702,323	2,014,897
Other income	43,203	121,064
Raw materials and consumables used	(1,305,260)	(733,785)
Staff costs	(1,260,168)	(924,604)
Rentals and related expenses	(99,906)	(42,289)
Utilities expenses	(131,686)	(71,063)
Depreciation and amortization	(485,812)	(450,981)
Listing expenses	(42,089)	–
Travelling and communication expenses	(31,857)	(17,247)
Other expenses (<i>Note ii</i>)	(356,419)	(267,484)
Other gains and losses (<i>Note iii</i>)	(178,714)	(472,612)
Finance costs	(57,455)	(61,771)
	<hr/>	<hr/>
Loss before tax	(203,840)	(905,875)
Income tax expense	(60,250)	(7,485)
	<hr/>	<hr/>
Loss for the period/year (<i>Note iv</i>)	<u>(264,090)</u>	<u>(913,360)</u>

Notes:

i. Revenue from discontinued operations includes the following:

	For the period from January 1, 2022 to December 30, 2022 RMB'000	For the year ended December 31, 2021 RMB'000
Types of services or goods:		
Restaurant operation	3,618,870	1,916,740
Delivery business	43,409	75,896
Others	40,044	22,261
	<hr/>	<hr/>
	<u>3,702,323</u>	<u>2,014,897</u>
Timing of revenue recognition:		
At a point in time	<u>3,702,323</u>	<u>2,014,897</u>

ii. Other expenses from discontinued operations includes the following:

	For the period from January 1, 2022 to December 30, 2022 RMB'000	For the year ended December 31, 2021 RMB'000
Consulting service expenses	51,724	48,981
Daily maintenance expenses	33,079	17,716
Storage expenses	18,269	13,678
Business development expenses	10,010	9,112
Bank charges	58,060	37,134
Outsourcing service fee	39,558	15,598
Other administrative expenses (<i>Note</i>)	145,719	125,265
	356,419	267,484

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

iii. Other gains and losses from discontinued operations includes the following:

	For the period from January 1, 2022 to December 30, 2022 RMB'000	For the year ended December 31, 2021 RMB'000
Net impairment loss recognized in respect of		
– property, plant and equipment	(51,503)	(205,452)
– right-of-use assets	(705)	(201,266)
	(52,208)	(406,718)
Net loss on disposal of property, plant and equipment and termination of leases	(11,635)	(6,689)
Loss on lease modification	–	(1,522)
Net foreign exchange loss	(146,000)	(84,981)
Net gain arising on financial assets at FVTPL	1,299	2,724
Others	29,830	24,574
	(178,714)	(472,612)

iv. Loss for the period/year from discontinued operations includes the following:

	For the period from January 1, 2022 to December 30, 2022 RMB'000	For the year ended December 31, 2021 RMB'000
Depreciation of property, plant and equipment	248,318	226,831
Depreciation of right-of-use assets	237,190	223,829
Amortization of other intangible assets	304	321
	<hr/>	<hr/>
Total depreciation and amortization	485,812	450,981
Property and equipment rentals		
– office premises and equipment (short-term leases)	1,920	150
	<hr/>	<hr/>
– restaurants		
– Covid-19-related rent concessions	(6,118)	(16,614)
	<hr/>	<hr/>
– variable lease payments	11,027	8,478
	<hr/>	<hr/>
	4,909	(8,136)
	<hr/>	<hr/>
Other rental related expenses	93,077	50,275
	<hr/>	<hr/>
Total rentals and related expenses	99,906	42,289
	<hr/>	<hr/>
Staff cost:		
Salaries and other allowance	1,164,623	846,913
Employee welfare	22,955	23,484
Retirement benefit contribution	72,590	54,207
	<hr/>	<hr/>
Total staff costs	1,260,168	924,604
	<hr/>	<hr/>
Auditor's remuneration	4,009	3,819
	<hr/> <hr/>	<hr/> <hr/>

During the year ended December 31, 2022, Super Hi Group contributed approximately RMB456,396,000 (2021: RMB29,947,000) to the Group's net operating cash flows, paid approximately RMB189,714,000 (2021: RMB633,529,000) in respect of investing activities and paid approximately RMB352,492,000 (2021: RMB104,777,000) in respect of financing activities.

The net assets of Super Hi Group at the Distribution Date were as below:

	<i>RMB'000</i>
Property, plant and equipment	1,375,907
Right-of-use assets	1,401,858
Goodwill	7,815
Other intangible assets	13,492
Deferred tax assets	7,099
Rental deposits	143,512
Inventories	187,370
Trade and other receivables and prepayments	185,713
Financial assets at FVTPL	96
Pledged bank deposits	25,581
Bank balances and cash	650,025
Trade payables	(225,045)
Other payables	(220,523)
Amount due to related parties	(5,405)
Tax payable	(54,858)
Lease liabilities	(1,683,363)
Bank borrowings	(4,155)
Contract liabilities	(29,368)
Provision	(78,832)
Deferred tax liabilities	(25,152)
	<hr/>
Net assets	1,671,767
Less: non-controlling interests	15,538
	<hr/>
Net assets attributable to the owners of the Company	1,656,229
	<hr/>

Analysis of net outflow of cash and cash equivalents in respect of the distribution:

	<i>RMB'000</i>
Cash proceeds on distribution	–
Cash and cash equivalents of Super Hi Group as at the Distribution Date	650,025
	<hr/>
Net cash outflow in respect of distribution in specie	650,025
	<hr/> <hr/>

10. DIVIDENDS

	For the year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Distribution in specie (<i>Note 9</i>)	1,656,229	–
Dividends for ordinary shareholders of the Company recognized as distribution during the year (<i>Note</i>)	–	92,781
Total	<u>1,656,229</u>	<u>92,781</u>

Note:

On March 23, 2021, a final dividend of HKD0.021 (equivalent to RMB0.018) per share with a total amount of HKD110,788,933 (equivalent to RMB92,781,300) was declared to shareholders for the year ended December 31, 2020 by the Company out of share premium. The dividend was paid in July 2021.

Subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2022 of HKD0.116 (equivalent to RMB0.102) per share, amounting to approximately HKD628,488,926 (equivalent to RMB549,790,800) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting, which will be held on June 7, 2023.

11. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

Earnings (loss) figures are calculated as follows:

	For the year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Earnings (loss) for the purpose of basic earnings (loss) per share	<u>1,374,477</u>	<u>(4,163,175)</u>
	For the year ended December 31,	
	2022	2021
	'000 shares	'000 shares
Weighted average number of ordinary shares for the purpose of calculating earnings (loss) per share	<u>5,415,000</u>	<u>5,312,000</u>

No diluted earnings (loss) per share for the year ended December 31, 2022 and 2021 were calculated as there were no potential ordinary shares in issue for the year ended December 31, 2022 and 2021.

For continuing operations

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

	For the year ended December 31,	
	2022	2021
	RMB'000	RMB'000 (Restated)
Profit (loss) for the year attributable to the owners of the Company	1,374,477	(4,163,175)
Less:		
Loss for the year from discontinued operations	<u>(263,989)</u>	<u>(913,360)</u>
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	<u>1,638,466</u>	<u>(3,249,815)</u>

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

Both basic and diluted loss per share for the discontinued operations is RMB0.05 per share (2021: RMB0.17 per share), based on the loss for the year from the discontinued operations of approximately RMB263,989,000 (2021: RMB913,360,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

12. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
At December 31, 2022	
Carrying amount	3,865,678
At December 31, 2021	
Carrying amount	5,819,320
For the year ended December 31, 2022	
Depreciation charge from continuing operations	761,481
Depreciation charge from discontinued operations (Note 9)	237,190
Net impairment loss recognized in profit or loss from continuing operations	64,166
Net impairment loss recognized in profit or loss from discontinued operations (Note 9)	<u>705</u>
For the year ended December 31, 2021	
Depreciation charge	1,127,414
Impairment loss recognized in profit or loss	<u>600,178</u>

	For the year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Expense relating to short-term leases	7,286	810
Variable lease payments not included in the measurement of lease liabilities	71,819	74,981
Total cash outflow for leases (<i>Note</i>)	1,146,658	1,045,681
Additions to right-of-use assets	742,882	1,031,987
Acquired on acquisition of a subsidiary	35,269	44,054
Decrease due to lease modification	82,221	460,431
Decrease due to lease termination	228,325	600,577
Distribution in specie (<i>Note 9</i>)	1,401,858	–

Note:

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.

For the year ended December 31, 2022 and 2021, the Group leases various buildings for its operations. The year ended December 31, 2022 lease contracts are entered into for fixed terms of 12 months to 15 years (2021: 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 2% to 5% of sales with minimum annual lease payments that are fixed over the lease term for the year ended December 31, 2022 (2021: 1% to 11%). 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 years are as follows:

For the year ended December 31, 2022

	Number of leases	Fixed payments <i>RMB'000</i>	Variable payments <i>RMB'000</i>	Total payments <i>RMB'000</i>
Office premises and equipment without variable lease payments	26	33,006	–	33,006
Restaurants without variable lease payments	1,355	587,360	–	587,360
Restaurants with variable lease payments	602	454,473	71,819	526,292
Total	1,983	1,074,839	71,819	1,146,658

For the year ended December 31, 2021

	Number of leases	Fixed payments <i>RMB'000</i>	Variable payments <i>RMB'000</i>	Total payments <i>RMB'000</i>
Office premises without variable lease payments	40	18,727	–	18,727
Restaurants without variable lease payments	1,196	573,180	–	573,180
Restaurants with variable lease payments	793	378,793	74,981	453,774
	<u>2,029</u>	<u>970,700</u>	<u>74,981</u>	<u>1,045,681</u>
Total	<u>2,029</u>	<u>970,700</u>	<u>74,981</u>	<u>1,045,681</u>

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.

For the year ended December 31, 2022 and 2021, the Group decided to discontinue the operations of certain restaurants before the expiry of original lease terms of those restaurants. As a result, the Group is reasonably certain to exercise the termination option stipulated in the lease agreements for the relevant restaurants, and lease liabilities and right-of-use assets have been adjusted accordingly.

Restrictions or covenants on leases

Lease liabilities of RMB5,193,601,000 are recognized with related right-of-use assets of RMB3,865,678,000 as at December 31, 2022 (2021: lease liabilities of RMB7,247,058,000 are recognized with related right-of-use assets of RMB5,819,320,000). 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, 2022, the Group has not entered into new leases that have yet to commence. As at December 31, 2021, the Group has entered into new leases that have yet to commence, with average non-cancellable period ranging from 5 to 9 years, the total future undiscounted cash flows over the non-cancellable period amounted to RMB13,256,000.

Rent concessions

During the year ended December 31, 2022, lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 10% to 100% of monthly rents over 0.5 to 6 months (2021: ranging from 10% to 100% of monthly rents over 0.5 to 12 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 RMB10,518,000 (2021: RMB11,385,000 (Restated)) from continuing operations and RMB6,118,000 (2021: RMB16,614,000) from discontinued operations were recognized as negative variable lease payments.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Trade receivables	<u>306,856</u>	<u>367,668</u>
Other receivables and prepayments:		
Loans to employees (<i>Note</i>)	22,483	16,879
Prepayment to suppliers	530,874	887,339
Prepaid operating expenses	318,164	740,303
Input value-added tax recoverable	595,003	868,192
Interest receivable	1,906	4,897
Others	<u>181,346</u>	<u>250,184</u>
Subtotal	<u>1,649,776</u>	<u>2,767,794</u>
Total trade and other receivables and prepayments	<u><u>1,956,632</u></u>	<u><u>3,135,462</u></u>

Note:

Loans to employees are non-interest bearing and principally repayable within 12 months. The amounts were secured by certain assets pledged by the employees or guaranteed by other employees.

Majority of trade receivables 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.

14. TRADE PAYABLES

Trade payables are non-interest bearing and the majority are with a credit term of 30-60 days. An aged analysis of the Group's trade payables, as at the end of the reporting period, based on the invoice date, is as follows:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Within 60 days	1,204,254	1,871,703
61 to 180 days	74,499	46,803
More than 181 days	<u>42,247</u>	<u>25,650</u>
	<u><u>1,321,000</u></u>	<u><u>1,944,156</u></u>

15. OTHER PAYABLES

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Staff cost payable	1,154,981	1,249,141
Other taxes payables	177,325	175,857
Deposits from suppliers	12,846	11,792
Renovation fee payables	86,447	223,645
Interest payable	–	1,279
Others	44,936	91,118
	<u>1,476,535</u>	<u>1,752,832</u>

16. SHARE CAPITAL

	Par value	Number of	Nominal	Shown in the
	USD	shares	amount	consolidated
			USD'000	financial
				statements
				RMB'000
Authorized:				
At beginning and end of 2021 and 2022	0.000005	<u>10,000,000,000</u>	<u>50</u>	
Issued:				
At beginning of 2021	0.000005	5,300,000,000	27	175
Issue of new ordinary shares upon subscription (<i>note i</i>)	0.000005	115,000,000	1	3
Issue of ordinary shares to share award scheme trust (<i>note ii</i>)	0.000005	<u>159,000,000</u>	<u>1</u>	<u>5</u>
At end of 2021 and 2022	0.000005	<u>5,574,000,000</u>	<u>29</u>	<u>183</u>

Notes:

- i. On November 12, 2021, the Group entered into a placing and top-up subscription agreement with a placing agent (the “**Placing Agent**”) and SP NP Ltd. (“**SP NP**”), a shareholder of the Group, whereby SP NP agreed to appoint the Placing Agent to procure not less than 6 places for an aggregate of 115,000,000 shares of the Company held by NP SP at a consideration of HKD20.43 per placing share representing a discount of approximately 7.97% to the closing market price of the Company’s ordinary shares on November 11, 2021 and SP NP has agreed to subscribe for an aggregate of 115,000,000 shares of the Company. On November 22, 2021, an aggregate of 115,000,000 ordinary shares of the Company with par value of USD0.000005 each were successfully placed to SP NP.

The net proceeds of HKD2,337.01 million (equivalent to approximately RMB1,918.69 million) from the placing will be used to enhance supply chain management and product development, and to provide additional working capital for the Company. The new shares rank pari passu with the existing shares in all respects.

- ii. In July 2021, the Company issued 159,000,000 ordinary shares with par value of USD0.000005 each to the Share Award Scheme Trust with no consideration which was established by the Company to hold the shares for the benefit of the participants of the Share Award Scheme. As the Share Scheme Trust acts solely a warehouse for the Company’s shares, the shares held by the Share Award Scheme Trust were presented as treasury shares in the consolidated financial statements of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

Pursuant to C.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**CG Code**”), the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the Reporting Period, Mr. Zhang Yong served as the chairman of the Board and the chief executive officer of the Company until March 1, 2022. Since March 1, 2022, Ms. June Yang Lijuan has been designated as the chief executive officer of the Company in replacement of Mr. Zhang and Mr. Zhang remains as the chairman of the Board. Following such change, the Company separates the roles of chairman of the board and chief executive officer and thus fully complies with C.2.1 of the CG Code.

The Company regularly reviews its compliance with CG Code and save as disclosed above, the Company has complied with the code provisions as set out in the CG Code during the year ended December 31, 2022.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they had complied with the Model Code during the year ended December 31, 2022.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. The Company was not aware of any incident of non-compliance with the Model Code by the employees during the year ended December 31, 2022.

Purchase, Sale or Redemption of Listed Securities

With respect to the US\$600 million 2.150 per cent notes due 2026 issued by the Company (the “**2026 Senior Notes**”), from September 2022 to October 2022, the Company and HAI DI LAO HOLDINGS PTE LTD, a subsidiary of the Group, made on-market repurchases of the 2026 Senior Notes in the principal amount of US\$3,000,000.00 and US\$58,708,000.00 for a consideration of US\$2,469,840.00 and US\$48,044,994.40, respectively. Please refer to the announcement dated September 28, 2022 issued by the Company for further details about the on-market repurchases.

In addition, pursuant to a tender offer launched by the Company in October 2022, the Company repurchased a total of US\$240,312,000.00 principal amount of the 2026 Senior Notes for an aggregate consideration of US\$203,784,576.00. Please refer to the announcements dated October 10, 2022, October 19, 2022 and October 21, 2022 issued by the Company for further details about the tender offer.

All the repurchased 2026 Senior Notes, in an aggregate principal amount of US\$302,020,000.00, were subsequently cancelled by the Company, and a total of US\$297,980,000.00 principal amount of the 2026 Senior Notes now remains outstanding as of the date of this announcement.

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has repurchased, redeemed, or sold any of the Company’s listed securities in 2022.

Audit Committee

The Audit Committee has three members comprising three independent non-executive Directors, namely Mr. Hee Theng Fong, Dr. Chua Sin Bin and Mr. Qi Daqing (chairman of the Audit Committee), with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the Group's annual results for the year ended December 31, 2022, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended December 31, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on March 30, 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Use of Proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on September 26, 2018. The net proceeds from the Global Offering (as defined in the Company's prospectus dated September 12, 2018 (the "**Prospectus**")) amounted to approximately HK\$7,299.3 million. For the year ended December 31, 2022, the net proceeds had been applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As of December 31, 2022, the Company cumulatively used HK\$6,557.6 million, accounting for approximately 89.8% of the proceeds from the Global Offering. The Company expects to utilize the balance of net proceeds of approximately HK\$741.7 million by the end of 2023.

	As of December 31, 2022			
	Percentage	Net	Utilized	Unutilized
	%	Proceeds	amount	amount
		HK\$ million	HK\$ million	HK\$ million
For expansion plan	60.0	4,379.5	4,379.5	–
For development and implementation of new technology	20.0	1,459.9	718.2	741.7
For the repayment of loan facility and credit facility	15.0	1,094.9	1,094.9	–
For working capital and general corporate purposes	5.0	365.0	365.0	–
Total	100.0	7,299.3	6,557.6	741.7

Use of Proceeds from the Placing

The placing of existing shares and top-up subscription of new shares pursuant to the share placing and subscription agreement dated November 12, 2021 was completed on November 22, 2021 (the “**2021 Placing**”).

The net proceeds raised from the 2021 Placing were approximately HK\$2,337.01 million. As of the date of this announcement, the Company did not utilize any of the proceeds from the 2021 Placing. The Company intends to use the net proceeds for the following purposes as previously disclosed in the Company’s announcements relating to the 2021 Placing: (i) an amount of approximately HK\$701.10 million, representing approximately 30.0% of the net proceeds for enhancing supply chain management and product development; (ii) an amount of approximately HK\$701.10 million, representing approximately 30.0% of the net proceeds for the repayment of credit facilities; and (iii) an amount of approximately HK\$934.81 million, representing approximately 40.0% of the net proceeds for working capital and general corporate purpose of the Group. To the extent that the net proceeds are not immediately required for the above purposes, we may hold such funds in short-term deposits or purchase short-term wealth management products so long as it is deemed to be in the best interests of the Company.

Events after the Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2022 and up to the date of this announcement.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.116 (equivalent to RMB0.102) per share for the year ended December 31, 2022, subject to the approval of the shareholders at the annual general meeting of this year to be held on Wednesday, June 7, 2023 (the “**AGM**”). The final dividend will be distributed in HKD and will be calculated based on the average benchmark exchange rate of RMB against HKD announced by the People’s Bank of China in the five working days prior to but excluding the date of the Board meeting held on Thursday, March 30, 2023. The recommended dividends will be paid to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, June 16, 2023. Subject to the Shareholders’ approval at the AGM, the final dividend is expected to be paid to the Shareholders on or before Tuesday, July 4, 2023.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Thursday, June 1, 2023 to Wednesday, June 7, 2023, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Wednesday, June 7, 2023. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, May 31, 2023.

CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND

The register of members of the Company will also be closed from Tuesday, June 13, 2023 to Friday, June 16, 2023, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. The Shareholders whose names appear on the register of members of the Company at the close of business on Friday, June 16, 2023, will be entitled to the final dividend. In order to be eligible to be entitled to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, June 12, 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haidilao.com).

The annual report of the Company for the year ended December 31, 2022 containing all the information as required by the Listing Rules will be despatched to the Shareholders of the Company and made available for review on the same websites in April 2023.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

By order of the Board
Haidilao International Holding Ltd.
Zhang Yong
Chairman

Hong Kong, March 30, 2023

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