海底捞

HAIDILAO INTERNATIONAL HOLDING LTD.
海底捞国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6862)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Directors**") of Haidilao International Holding Ltd. (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended June 30, 2023 (the "**Reporting Period**"), together with comparative figures for the same period of 2022.

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

KEY FINANCIAL HIGHLIGHTS

From continuing operations

	For the six months ended June 30,	
	2023	2022
	(RMB'000)	*(RMB'000)*
		(Restated)
Revenue	**18,885,854**	15,155,472
Revenue from Haidilao restaurant operation	**17,935,372**	14,305,664
Profit before tax	**2,813,816**	202,145
Profit for the period	**2,258,886**	72,265
Profit attributable to owners of the Company	**2,258,052**	73,272
Basic earnings per share (RMB)	**0.42**	0.01

KEY BUSINESS HIGHLIGHTS

From continuing operations

	As of and for the six months ended June 30,	
	2023	2022 (Restated)
Number of Haidilao restaurants	**1,382**	1,332
Average table turnover rate (times/day)	**3.3**	2.9
Average spending per guest (RMB)	**102.9**	105.0

2023 INTERIM PERFORMANCE REVIEW

In the first half of 2023, the overall consumer market in China demonstrated signals of recovery and the consumers' willingness to dine in the restaurants had significantly increased. We have focused on the core management philosophy of the Group, namely "aligned interests and disciplined management". As a result, the operation results of our restaurants had significantly improved and enhanced. In the first half of 2023, the Group recorded revenue from continuing operations[(1)] of RMB18,885.9 million, representing an increase of 24.6% as compared to RMB15,155.5 million for the same period of 2022. The Group recorded a net profit of RMB2,258.9 million in the first half of 2023, representing a significant increase as compared to the same period in 2022.

In the same period, Haidilao restaurants witnessed a significant recovery in customer flow, having served a total of 174.6 million customers. The table turnover rate of Haidilao restaurants was 3.3 times per day, and the same store[(2)] turnover rate was 3.5 times per day. While maintaining a strategy of opening a limited number of high-quality restaurants, we had opened five new Haidilao restaurants, reopened 24 Haidilao restaurants that were previously suspended and closed 18 under-performing restaurants in the first half of 2023. As of June 30, 2023, we operated a total of 1,382 Haidilao restaurants, among which 1,360 were located in mainland China and 22 in Hong Kong, Macau and Taiwan regions.

Haidilao has been continuously pursuing "customer satisfaction" as one of its primary missions. We continued to optimize the organizational structure and implement refined management in our restaurants. In the first half of 2023, we optimized and adjusted our regional management and coach system. Currently, all existing Haidilao restaurants are concurrently under smaller management

(1) In December 2022, Super Hi International Holding Ltd. ("**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 Company's shareholders ("**Shareholders**"). Super Hi and its subsidiaries (the "**Super Hi Group**") are principally engaged in the operation of restaurant business outside mainland China, Hong Kong, Macau, and Taiwan regions. Upon completion of the Spin-off, the business of Super Hi and its subsidiaries was classified as discontinued operations of the Group, while the remaining business of the Group was classified as continuing operations of the Group. For the six months ended June 30, 2022, the total revenue of the Group (including the continuing operations of the Group and discontinued operations, namely the business of the Super Hi Group) was RMB16,764.1 million, and the net loss of the Group (including continuing operations of the Group and discontinued operations, namely the business of the Super Hi Group) was RMB267.3 million.

(2) Includes restaurants that had commenced operations prior to the beginning of the periods under comparison and opened for more than 150 days in both the six-month periods ended June 30, 2022 and 2023.

radius based on region, with 19 regional coaches responsible for each respective region. In terms of the refined management of restaurants, we continued to optimize Haidilao's "four-color card" appraisal system, which focuses on four basic aspects: on-site service, product presentation, environmental hygiene and food safety, ensuring that our restaurants' daily operation and management are effectively traced and implemented. In terms of restaurant ratings, we increased the proportion of customer reviews, optimized the "Mystery Guest" plan, and mobilized customers to monitor our restaurants more accurately. In terms of service, we adhered to the principle of "kindness", provided appropriate service to customers, encouraged our employees to put themselves in the shoes of customers and understand their preferences. Sample cases of excellent service within store were regularly summarized and shared among restaurants. Through these managemental adjustments, we ultimately achieved systematic management, process-oriented operation, data-based assessment and follow-up supervision. In the first half of this year, some of our restaurants provided services such as brief resting area and free shuttle buses after concerts for customers in need; our front-line staff in different areas successfully rescued a number of customers using the Heimlich Maneuver. All these actions received widespread praise from the public.

In terms of our products, we are dedicated to building stronger product capabilities. Deliciousness, safety and affordability are always key factors in attracting consumers to a restaurant. Therefore, we continued to focus on menu innovation and upgrades. In the first half of 2023, we held several rounds of new product tastings, inviting enthusiastic customers to participate. Prior to being finally presented to consumers, each new product underwent market and taste research, strict scrutiny of its origin and supply chain, plating and production standards, pricing standard research and discussion, customer taste evaluation, and other procedures. In the first half of 2023, we launched nine spring and summer limited products nationwide, and 143 regional featured new products. Among them, nationwide-launched products such as "Lingnan Yellow-feathered Chicken and Pork Tripe Soup Base", "Rattan Pepper Spiced Beef Threads" and "Summer Matcha Coconut Milk" have received encouraging click-through rates since their launch. In addition, our regional coaches proposed and launched products with regional characteristics based on the tastes of local customers, such as Tanghulu and Sugar Figure in Beijing, crayfish fried rice in Suzhou and hotpot oysters in Guangdong, which have all been welcomed by local customers.

In terms of brand marketing, in the first half of 2023, we conducted a series of themed events in coordination with some important occasions, such as Haidilao 320 Birthday Month in March, the launch of new dishes for spring and summer in May, Children's Day in June, etc. We continued to improve the frequency of customer's perception of Haidilao by updating the promotions and decorations of Haidilao restaurants. In addition, we also published advertisements on various social media platforms and promote them through live-streaming, short videos and other popular ways of publicity.

In terms of membership, with the development of personalized services, we attached greater attention to private domain users, and currently the total number of private domain users has exceeded 10 million. Through our maintenance of these customers, we were able to push promotional content and discount information in a more accurate and efficient way, thus effectively improving the repurchase rate of customers. We also increased investments in digital application to improve management efficiency and transparency. Leveraging on the Hi Hi System (嗨嗨系統), a digital management system independently developed by the Group, managements at all levels can keep abreast of the key indicators of a restaurant at any time. In addition, we continued to optimize our management dashboard based on the adjustment to standards of performance appraisal, so as to enhance the precision in data collection. Currently, the Hi Hi System (嗨嗨系統) has been updated to version 3.0, which is able to effectively help restaurants improve the response capability in a "quick and accurate" manner.

In terms of costs, we continued to implement effective control measures and optimized costs to enhance the profitability of our restaurants while ensuring service quality and employee benefits. In terms of labor cost, we continued to optimize the staff structure of each restaurant, adopted flexible employment mode, and encouraged our restaurants to devise flexible working arrangement for our employees based on customer flow. We constantly expanded the application scenarios of intelligent systems and equipment to enhance the operation efficiency of restaurants.

MANAGEMENT DISCUSSION AND ANALYSIS

Following the completion of the Spin-off, Super Hi was no longer a subsidiary of the Group and the financial results under this section does not include those of the Super Hi Group. The financial results of the Group for the six months ended June 30, 2022 have also been restated for the purpose of comparison.

Revenue

The revenue of our Group increased by 24.6% from RMB15,155.5 million for the six months ended June 30, 2022 to RMB18,885.9 million for the corresponding period in 2023.

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 six months ended June 30,			
	2023		2022 (restated)	
	(RMB'000 except percentages)			
Haidilao restaurant operation	**17,935,372**	**95.0%**	14,305,664	94.4%
Delivery business	**471,351**	**2.5%**	448,185	3.0%
Sales of condiment products and food ingredients	**370,229**	**2.0%**	321,631	2.1%
Other restaurant operation	**104,636**	**0.5%**	67,782	0.4%
Others	**4,266**	**0.0%**	12,210	0.1%
Total revenue	**18,885,854**	**100%**	15,155,472	100%

The revenue of our Group is mainly generated from Haidilao restaurant operation, which accounted for 95.0% of our total revenue for the six months ended June 30, 2023. The revenue of Haidilao restaurant operation increased by 25.4% from RMB14,305.7 million for the six months ended June 30, 2022 to RMB17,935.4 million for the corresponding period in 2023, mainly due to (i) the increase in customer flow and the improved operating performance of Haidilao restaurants as a result of the lifting of the COVID-19 pandemic control measures; and (ii) the increase in the number of restaurants as compared to the same period in 2022 following the re-opening of certain previously suspended restaurants under the "Hard Bone" plan. Haidilao restaurants' average table turnover rate for the six months ended June 30, 2023 was 3.3 times per day. The average spending per guest decreased from RMB105.0 for the six months ended June 30, 2022 to RMB102.9 for the corresponding period in 2023.

Revenue of delivery business slightly increased by 5.2% from RMB448.2 million for the six months ended June 30, 2022 to RMB471.4 million for the corresponding period in 2023, mainly due to the increase in the number of restaurants that provided delivery services.

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

	For the six months ended June 30,	
	2023	2022
Average spending per guest[1] (RMB)		
Tier 1 cities[2]	**110.3**	117.4
Tier 2 cities[3]	**101.8**	104.3
Tier 3 cities and below[4]	**96.1**	97.8
Mainland China restaurants	**100.9**	103.5
Hong Kong, Macau and Taiwan regions	**205.5**	194.6
Overall	**102.9**	105.0
Table turnover rate[5] (times/day)		
Tier 1 cities[2]	**3.4**	3.0
Tier 2 cities[3]	**3.5**	3.0
Tier 3 cities and below[4]	**3.2**	2.8
Mainland China restaurants	**3.3**	2.9
Hong Kong, Macau and Taiwan regions	**4.1**	3.1
Overall	**3.3**	2.9
Newly-opened restaurants[6]	**2.9**	2.2
Other restaurants	**3.3**	2.9
Overall	**3.3**	2.9

Notes:

(1) Calculated by dividing gross revenue generated from restaurant operation for the period by total guests served for the period.

(2) Beijing, Shanghai, Guangzhou and Shenzhen.

(3) All municipalities and provincial capitals excluding tier 1 cities, plus Qingdao, Xiamen, Ningbo, Dalian, Zhuhai, Suzhou and Wuxi.

(4) All the cities and regions excluding tier 1 cities and tier 2 cities.

(5) Calculated by dividing the total tables served for the period by the product of total operation days for the period and average table count during the period. The average table count included the table count in the areas that were not opened due to the pandemic prevention and control during the Reporting Period.

(6) We define our newly-opened restaurants as those that commenced operations during the Reporting Period.

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

	For the six months ended June 30,	
	2023	2022
Number of same stores[1]		
Tier 1 cities	**79**	
Tier 2 cities	**355**	
Tier 3 cities and below	**425**	
Hong Kong, Macau and Taiwan regions	**20**	
Overall	**879**	
Same store sales[2] (in thousands of RMB)		
Tier 1 cities	**1,175,880**	1,011,979
Tier 2 cities	**4,968,990**	4,307,002
Tier 3 cities and below	**5,540,667**	4,857,570
Hong Kong, Macau and Taiwan regions	**601,153**	414,740
Overall	**12,286,690**	10,591,291
Average same store sales per day[3] (in thousands of RMB)		
Tier 1 cities	**82.6**	75.4
Tier 2 cities	**77.8**	69.4
Tier 3 cities and below	**72.4**	65.8
Hong Kong, Macau and Taiwan regions	**167.6**	116.0
Overall	**77.7**	69.2
Average same store table turnover rate[4] (times/day)		
Tier 1 cities	**3.6**	3.1
Tier 2 cities	**3.5**	3.0
Tier 3 cities and below	**3.3**	2.9
Hong Kong, Macau and Taiwan regions	**4.1**	3.2
Overall	**3.5**	2.9

Notes:

(1) Includes restaurants that had commenced operations prior to the beginning of the periods under comparison and opened for more than 150 days in both the six-month periods ended June 30, 2022 and 2023.

(2) The gross revenue from restaurant operation at our same stores for the period indicated.

(3) Calculated by dividing the gross revenue from restaurant operation at our same stores for the period by the total operation days at our same stores for the period.

(4) Calculated by dividing the total tables served at our same stores for the period by the total operation days for the period and average table count during the period. The average table count included the table count in the areas that were not open 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 from Haidilao restaurant operation by location for the periods indicated:

	For the six months ended June 30,					
	2023			2022		
	Number of restaurants	**Gross Revenue/ Revenue** *(RMB'000)*		Number of restaurants	Gross Revenue/ Revenue *(RMB'000)*	
Mainland China						
Tier 1 cities	**233**	**3,275,220**	**18.2%**	238	2,439,973	17.0%
Tier 2 cities	**542**	**7,160,401**	**39.9%**	521	5,728,793	40.0%
Tier 3 cities and below	**585**	**6,863,174**	**38.2%**	551	5,736,175	40.0%
Subtotal	**1,360**	**17,298,795**	**96.3%**	1,310	13,904,941	97.0%
Hong Kong, Macau and Taiwan regions	**22**	**659,409**	**3.7%**	22	429,203	3.0%
Total restaurants/gross revenue generated from restaurant operation	**1,382**	**17,958,204**	**100.0%**	1,332	14,334,144	100.0%
Net of: Customer loyalty program		**(22,832)**			(28,480)	
Total restaurants/gross revenue generated from restaurant operation	**1,382**	**17,935,372**		1,332	14,305,664	

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 18.7% from RMB6,476.4 million for the six months ended June 30, 2022 to RMB7,685.0 million for the corresponding period in 2023. As a percentage of revenue, our raw materials and consumables used decreased from 42.7% for the six months ended June 30, 2022 to 40.7% for the corresponding period in 2023, primarily due to a decrease in the price and consumption per table of raw materials and consumables of the Company following the lifting of COVID-19 pandemic control measures.

Staff Costs

Our staff costs increased by 8.6% from RMB5,311.2 million for the six months ended June 30, 2022 to RMB5,769.3 million for the corresponding period in 2023, primarily due to an increase in the number of staff as a result of the improvement of operation results following the lifting of COVID-19 pandemic control measures. As a percentage of revenue, our staff costs decreased from 35.0% for the six months ended June 30, 2022 to 30.5% for the corresponding period in 2023, primarily due to an increase in table turnover rate and improved human resource efficiency.

Rentals and Related Expenses

Our rentals and related expenses increased by 18.4% from RMB169.2 million for the six months ended June 30, 2022 to RMB200.4 million for the corresponding period in 2023, primarily due to the increase in the variable lease payments as a result of growth of revenue and the decrease of COVID-19-related rentals and property management fee concessions. As a percentage of revenue, rentals and related expenses remained relatively stable at 1.1% for each of the six months ended June 30, 2022 and 2023.

Utilities Expenses

Our utilities expenses increased by 20.5% from RMB502.4 million for the six months ended June 30, 2022 to RMB605.4 million for the corresponding period in 2023, primarily due to the increase in table turnover rate and the enhanced restaurants operation results as a result of the lifting of COVID-19 pandemic control measures. As a percentage of revenue, the utilities expenses remained relatively stable at 3.3% and 3.2% for the six months ended June 30, 2022 and 2023, respectively.

Travelling and Communication Expenses

Our travelling and communication expenses decreased by 2.5% from RMB80.7 million for the six months ended June 30, 2022 to RMB78.7 million for the corresponding period in 2023. As a percentage of revenue, our travelling and communication expenses remained relatively stable at 0.5% and 0.4% for the six months ended June 30, 2022 and 2023, respectively.

Depreciation and Amortization

Our depreciation and amortization decreased by 11.2% from RMB1,696.6 million for the six months ended June 30, 2022 to RMB1,506.4 million for the corresponding period in 2023, primarily because depreciation and amortization for the property, plant and equipment of certain restaurants had already been fully charged previously. As a percentage of revenue, depreciation and amortization decreased from 11.2% for the six months ended June 30, 2022 to 8.0% for the corresponding period in 2023, primarily due to the increase in revenue and the decrease in depreciation and amortization during the Reporting Period.

Other Expenses

Our other expenses increased by 6.5% from RMB641.9 million for the six months ended June 30, 2022 to RMB683.6 million for the corresponding period in 2023, primarily due to (i) a RMB27.0 million increase in business development expenses; (ii) a RMB19.3 million increase in storage expenses; and (iii) a RMB18.6 million increase in daily maintenance expenses. As a percentage of revenue, our other expenses decreased from 4.2% for the six months ended June 30, 2022 to 3.6% for the corresponding period in 2023, primarily due to the increase in revenue during the Reporting Period.

Share of Results of Associates and a Joint Venture

Our share of results in relation to (i) our associate Fuhai (Shanghai) Food Technology Co., Ltd. (馥海(上海)食品科技有限公司), ("**Fuhai**"), in which we held a 40% equity interest; (ii) our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest; and (iii) other associates invested by Beijing Youdingyou Catering Co., Ltd. (北京優鼎優餐飲管理有限公司), decreased from RMB26.6 million for the six months ended June 30, 2022 to RMB15.6 million for the corresponding period in 2023.

Other Gains and Losses

Our other gains and losses was RMB227.2 million of gains for the six months ended June 30, 2023 as compared to losses of RMB68.9 million for the corresponding period in 2022, primarily due to (i) a decrease of RMB220.8 million in the one-off loss arising out of disposal of property, plant and equipment and other intangible asset and termination of leases and impairment loss, etc.; and (ii) an increase of RMB60.7 million in the net foreign exchange gain.

Finance Costs

Our finance costs decreased by 11.4% from RMB206.5 million for the six months ended June 30, 2022 to RMB183.0 million for the corresponding period in 2023, primarily due to the redemption and cancellation of certain long-term bonds in the second half of 2022.

Income Tax Expense

Our income tax expense increased by 327.3% from RMB129.9 million for the six months ended June 30, 2022 to RMB554.9 million for the corresponding period in 2023, primarily due to the increase in our profit during the Reporting Period.

Profit for the Period

As a result of the foregoing, our profit for the period increased from RMB72.3 million for the six months ended June 30, 2022 to RMB2,258.9 million for the corresponding period in 2023.

Capital Liquidity and Financial Resources

For the six months ended June 30, 2023, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and other borrowing. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting continuing business expansion.

Cash and Cash Equivalents

Our principal uses of cash are for working capital to procure food ingredients, consumables and equipment, and to renovate and decorate our restaurants. Our cash and cash equivalents increased from RMB6,300.8 million as of December 31, 2022 to RMB7,908.8 million as of June 30, 2023, mainly due to the increase in net cash from operating activities during the Reporting Period.

Right-of-use Assets

Under International Financial Reporting Standards 16 Leases ("**IFRS 16**"), we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. As of June 30, 2023, we recognized right-of-use assets of RMB3,608.0 million.

Inventories

Our inventories mainly represented our condiment products and food ingredients used in our restaurant operation. Our inventories decreased from RMB1,141.8 million as of December 31, 2022 to RMB1,049.9 million as of June 30, 2023, primarily due to the increased inventories at the end of 2022 in preparation for the 2023 Chinese New Year. Our inventory turnover days for the year ended December 31, 2022 and the six months ended June 30, 2023 equaled the average of the beginning and ending inventories for the year/period divided by raw materials and consumables used for the same period and multiplied by 365 days/181 days and decreased from 35.2 days(1) to 25.8 days, primarily due to the increase in the consumption of our raw materials and consumables during the Reporting Period as a result of the improvement of operation results following the lifting of COVID-19 pandemic control measures.

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 RMB306.9 million as of December 31, 2022 to RMB251.1 million as of June 30, 2023. The turnover days of trade receivables decreased from 3.7 days(2) for the year ended December 31, 2022 to 2.7 days for the six months ended June 30, 2023.

Trade Payables

Trade payables mainly represent the balances of our independent third party suppliers of food ingredients and consumables. Our trade payables increased from RMB1,321.0 million as of December 31, 2022 to RMB1,855.9 million as of June 30, 2023, primarily reflecting the increase in procurement. The turnover days of trade payables decreased from 43.8 days(2) for the year ended December 31, 2022 to 37.4 days for the six months ended June 30, 2023.

Bank Borrowings

As of June 30, 2023, we had bank borrowings of RMB982.5 million. During the six months period ended June 30, 2023, the Group obtained new bank loans amounting to RMB736.9 million and repaid bank loans amounting to RMB2,223.3 million.

Other Borrowing

As of June 30, 2023, we had other borrowing of RMB28.4 million which was secured by fixed assets of the Group.

(1) Calculated based on the inventories from continuing operations as of December 31, 2021 and 2022.

(2) Calculated based on the trade receivables/trade payables from continuing operations as of December 31, 2021 and 2022.

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Charge of Assets

As of June 30, 2023, the Group charged fixed assets with a net book value of RMB123.0 million as securities for other borrowing.

As of June 30, 2023, the Group charged bank deposits of RMB2.2 million to banks to secure the rental payments to the lessors.

Debt-to-equity Ratio

As of June 30, 2023, the Group's debt-to-equity ratio was 33.8%.

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 June 30, 2023, the Group had a total of 136,161 employees. For the six months ended June 30, 2023, the Group has incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB5,769.3 million.

Material Acquisitions and Disposals

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

No Material Changes

Saved as disclosed 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 and 40(2) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Future Plans for Material Investments

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

FUTURE PROSPECT

Going forward, our development initiatives mainly include:

- 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended June 30, 2023 *RMB'000* (Unaudited)	For the six months ended June 30, 2022 *RMB'000* (Unaudited) (Restated)
Continuing operations			
Revenue	*3*	**18,885,854**	15,155,472
Other income	*4*	**396,979**	173,892
Raw materials and consumables used		**(7,685,020)**	(6,476,411)
Staff costs		**(5,769,263)**	(5,311,222)
Rentals and related expenses		**(200,385)**	(169,235)
Utilities expenses		**(605,366)**	(502,372)
Depreciation and amortization		**(1,506,422)**	(1,696,575)
Travelling and communication expenses		**(78,688)**	(80,738)
Other expenses		**(683,637)**	(641,887)
Share of results of associates		**19,609**	33,196
Share of results of a joint venture		**(4,004)**	(6,559)
Other gains and losses	*5*	**227,180**	(68,916)
Finance costs	*6*	**(183,021)**	(206,500)
Profit before tax		**2,813,816**	202,145
Income tax expense	*7*	**(554,930)**	(129,880)
Profit for the period from continuing operations	*8*	**2,258,886**	72,265
Discontinued operations			
Loss for the period from discontinued operations		**–**	(339,530)
Profit (loss) for the period		**2,258,886**	(267,265)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Fair value gain on investments in equity instruments at fair value through other comprehensive income		**175,291**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(52,579)**	(2,387)
Other comprehensive income (expense) for the period, net of income tax		**122,712**	(2,387)
Total comprehensive income (expense) for the period		**2,381,598**	(269,652)

	Notes	**For the six months ended June 30, 2023** ***RMB'000*** **(Unaudited)**	For the six months ended June 30, 2022 *RMB'000* (Unaudited) (Restated)
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operations		**2,258,052**	73,272
– from discontinued operations		**–**	(339,530)
Profit (loss) for the period attributable to owners of the Company		**2,258,052**	(266,258)
Profit (loss) for the period attributable to non-controlling interests:			
– from continuing operations		**834**	(1,007)
– from discontinued operations		**–**	–
Profit (loss) for the period attributable to non-controlling interests		**834**	(1,007)
		2,258,886	(267,265)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**2,380,764**	(268,645)
Non-controlling interests		**834**	(1,007)
		2,381,598	(269,652)
Total comprehensive income (expense) attributable to Owners of the Company			
– from continuing operations		**2,380,764**	27,871
– from discontinued operations		**–**	(296,516)
		2,380,764	(268,645)
EARNINGS (LOSS) PER SHARE			
From continuing and discontinued operations			
Basic (RMB)	*10*	**0.42**	(0.05)
Diluted (RMB)	*10*	**0.42**	(0.05)
From continuing operations			
Basic (RMB)	*10*	**0.42**	0.01
Diluted (RMB)	*10*	**0.42**	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	11	**4,588,855**	5,644,772
Right-of-use assets	11	**3,608,010**	3,865,678
Goodwill		**84,845**	84,845
Other intangible assets		**87,619**	104,624
Interests in associates		**261,346**	241,737
Interest in a joint venture		**–**	15,519
Financial assets at fair value through profit or loss		**13,704**	13,209
Financial assets at fair value through other comprehensive income		**222,535**	–
Deferred tax assets		**503,039**	601,355
Other financial assets		**391,865**	147,147
Rental deposits		**199,215**	208,619
Security deposits for other borrowing		**–**	5,060
		9,961,033	10,932,565
Current Assets			
Inventories		**1,049,850**	1,141,813
Trade and other receivables and prepayments	12	**1,813,501**	1,956,632
Amounts due from related parties		**314,922**	341,395
Financial assets at fair value through profit or loss		**548,782**	408,458
Financial assets at fair value through other comprehensive income		**84,692**	–
Security deposits for other borrowing		**5,060**	–
Rental deposits		**25,256**	24,698
Other financial assets		**280,511**	10,310
Pledged bank deposits		**2,161**	2,081
Bank balances and cash		**9,037,531**	6,621,203
		13,162,266	10,506,590

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Current Liabilities			
Trade payables	*13*	**1,855,933**	1,321,000
Other payables	*14*	**1,850,216**	1,476,535
Amounts due to related parties		**353,866**	230,940
Long term bonds		**45,058**	42,365
Dividend payable		**591,845**	3,805
Tax payable		**114,987**	58,353
Lease liabilities		**911,680**	897,917
Bank borrowings		**982,469**	2,340,746
Other borrowing		**28,356**	22,758
Contract liabilities		**813,235**	793,541
Provision		**31,008**	44,130
		7,578,653	7,232,090
Net Current Assets		**5,583,613**	3,274,500
Total Assets less Current Liabilities		**15,544,646**	14,207,065
Non-current Liabilities			
Long term bonds		**2,093,622**	2,045,942
Deferred tax liabilities		**106,451**	157,929
Lease liabilities		**4,012,858**	4,295,684
Bank borrowings		**–**	215,496
Other borrowing		**–**	16,952
Provision		**16,945**	18,970
		6,229,876	6,750,973
Net Assets		**9,314,770**	7,456,092
Capital and Reserves			
Share capital		**183**	183
Reserves		**9,300,533**	7,443,004
Equity attributable to owners of the Company		**9,300,716**	7,443,187
Non-controlling interests		**14,054**	12,905
Total Equity		**9,314,770**	7,456,092

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited 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 and 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**"). These condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries in mainland China.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

Except as described below, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

2.1.1 Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, and for provisions for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred the Group applies IAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities and provisions to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for decommissioning and restoration that occurred on or after January 1, 2022;

(ii) the Group also, as at January 1, 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities and decommissioning and restoration and the corresponding amounts recognized as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized the related deferred tax assets of RMB1,668,785,000 and deferred tax liabilities of RMB1,443,423,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

2.2 Impacts on application of Amendments to IAS 12 *International Tax Reform-Pillar Two model Rules*

IAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3. REVENUE AND SEGMENT INFORMATION

During the six months ended June 30, 2023 and 2022, 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 six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing Operations		
Types of services or goods:		
Restaurant operation	**18,040,008**	14,373,446
Delivery business	**471,351**	448,185
Sales of condiment products and food ingredients	**370,229**	321,631
Others	**4,266**	12,210
Total	**18,885,854**	15,155,472
Timing of revenue recognition:		
At a point in time	**18,885,854**	15,155,472

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 contributes over 10% of total revenue of the Group during the six months ended June 30, 2023 (six months ended June 30, 2022: Nil).

The following table set forth an analysis of the Group's revenue based on the location of the operations, and non-current assets based on the geographical location of the assets, from the continuing operations:

	Revenue For the six months ended June 30,		Non-current assets *(Note)* As at	
			June 30,	December 31,
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
		(Restated)		
Mainland China	**18,182,298**	14,684,545	**7,999,072**	9,240,470
Outside mainland China	**703,556**	470,927	**631,603**	716,705
Total	**18,885,854**	15,155,472	**8,630,675**	9,957,175

Note:

Non-current assets have excluded financial assets at fair value through profit or loss ("**FVTPL**"), Financial assets at fair value through other comprehensive income ("**FVTOCI**"), other financial assets, rental deposits, security deposits for other borrowing and deferred tax assets.

4. OTHER INCOME

	For the six months ended June 30, 2023 *RMB'000* (Unaudited)	2022 *RMB'000* (Unaudited) (Restated)
Continuing Operations		
Interest income on:		
– bank deposits	**125,208**	17,864
– rental deposits	**4,485**	3,553
– other financial assets	**3,429**	–
	133,122	21,417
Government grants *(Note i)*	**33,578**	45,809
Additional tax deduction *(Note ii)*	**158,657**	65,221
Others	**71,622**	41,445
	396,979	173,892

Notes:

i. The amounts represent the subsidies received from the local governments for the Group's business development. During the current interim period, the Group has not recognized any government grants in respect of Covid-19-related subsidies (six months ended June 30, 2022: RMB14,256,000 (Restated)). There were no unfulfilled conditions in the periods in which they were recognized.

ii. The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which came into effect from April 1, 2019 onwards.

5. OTHER GAINS AND LOSSES

	For the six months ended June 30, 2023 *RMB'000* (Unaudited)	2022 *RMB'000* (Unaudited) (Restated)
Continuing Operations		
Net impairment loss reversed (recognized) in respect of:		
– property, plant and equipment	**6,795**	(121,370)
– right-of-use assets	**14,115**	(39,979)
– interest in a joint venture	**(11,515)**	–
	9,395	(161,349)
Expected credit loss on rental deposits	**(1,633)**	–
Gain (loss) on disposal of property, plant and equipment and other intangible assets and termination of leases, net	**1,987**	(49,704)
Net foreign exchange gain	**192,546**	131,828
Net gain arising on financial assets at FVTPL	**19,673**	14,855
Others	**5,212**	(4,546)
	227,180	(68,916)

6. FINANCE COSTS

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing Operations		
Interests on lease liabilities	**123,714**	123,296
Interests on bank borrowings	**33,890**	36,857
Interests on long term bonds	**24,320**	44,701
Interests on other borrowing	**756**	1,328
Interests charge on unwinding of provision	**341**	318
	183,021	206,500

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing Operations		
Current tax:		
– current period		
– PRC Enterprise Income Tax ("**EIT**")	**420,437**	123,487
– other jurisdictions	**96,022**	35,469
	516,459	158,956
– over provision in prior period		
– PRC EIT	**(8,349)**	(3,344)
	508,110	155,612
Deferred tax	**46,820**	(25,732)
	554,930	129,880

Under the Law of the EIT, withholding tax is imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. As at June 30, 2023, a deferred tax liability of RMB96,000,000 (December 31, 2022: RMB96,000,000) has been recognized in respect of the undistributed earnings expected to be distributed in the foreseeable future with the tax rate of 5%.

8. PROFIT (LOSS) FOR THE PERIOD

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing Operations		
Depreciation of property, plant and equipment	**1,125,318**	1,304,283
Depreciation of right-of-use assets	**362,147**	372,080
Amortization of other intangible assets	**18,957**	20,212
Total depreciation and amortization	**1,506,422**	1,696,575
Property and equipment rentals		
– office premises and equipment (short-term leases)	**2,183**	3,398
– restaurants		
– Covid-19-related rent concessions	**–**	(10,518)
– variable lease payments	**41,297**	27,282
	41,297	16,764
Property management services and other rental related expenses	**156,905**	149,073
Total rentals and related expenses	**200,385**	169,235
Directors' emoluments	**44,458**	12,765
Other staff costs:		
Salaries and other allowance	**4,752,725**	4,029,103
Employee welfare	**437,106**	578,274
Retirement benefit contribution	**534,974**	691,080
Total staff costs	**5,769,263**	5,311,222

9. DIVIDENDS

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends recognized as distributions during the period	**570,479**	–

On March 30, 2023, a final dividend of Hong Kong Dollar ("**HKD**") 0.116 (equivalent to RMB0.105) per share with a total amount of HKD628,488,926 (equivalent to RMB570,479,000) was declared to shareholders for the year ended December 31, 2022 by the Company out of share premium. The dividend was paid in July 2023.

10. 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:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings (loss) for the purpose of basic earnings (loss) per share	**2,258,052**	(266,258)

	For the six months ended June 30,	
	2023	2022
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating earnings (loss) per share	**5,415,000**	5,415,000

No diluted earnings (loss) per share for the six months ended June 30, 2023 and 2022 were calculated as there were no potential ordinary shares in issue for the six months ended June 30, 2023 and 2022.

For continuing operations

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit (loss) for the period attributable to the owners of the Company	**2,258,052**	(266,258)
Less:		
Loss for the period from discontinued operations	**–**	(339,530)
Earnings for the purpose of basic earnings per share from continuing operations	**2,258,052**	73,272

The denominators used are the same as those set out 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 RMB0.06 per share for the six months ended June 30, 2022, based on the loss for the period from the discontinued operations of approximately RMB339,530,000 and the denominators set out above for both basic and diluted earnings (loss) per share.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group purchased property, plant and equipment amounting to RMB91,044,000 (six months ended June 30, 2022: RMB308,871,000), consisting of leasehold improvement, machinery, transportation equipment, furniture and fixtures and construction in progress.

As at June 30, 2023, transportation equipment with net book value of approximately RMB122,960,000 (December 31, 2022: RMB126,678,000) has been pledged as collaterals for other borrowings.

During the current interim period, the Group entered into several new lease agreements for the use of restaurant operation and office premises with lease terms ranged from 1 to 10 years. The Group is required to make fixed-term payments with predetermined annual incremental rental adjustments. On lease commencement, the Group recognized right-of-use assets of RMB145,693,000 (six months ended June 30, 2022: RMB227,366,000) and lease liabilities of RMB144,600,000 (six months ended June 30, 2022: RMB224,899,000).

Impairment assessment

In view of the unsatisfied performance and unfavorable future prospects of some restaurants, the management of the Group concluded there were impairment indications for these restaurants. As at June 30, 2023, the management of the Group also noticed that some restaurants achieved significant improvement in their operations as a result of the optimization of the internal management and the recovery of consumer and catering business in the PRC, and concluded that there were indications that the impairment losses recognized in prior years for the relevant restaurants may no longer exist or may have decreased. The Group estimated the recoverable amounts of above restaurants cash generating units ("**CGUs**") to which the asset belongs when it is not possible to estimate the recoverable amounts individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amounts of CGUs from continuing operations 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 following 1 to 5 years with pre-tax discount rates ranging from 9.3% to 28.1% as at June 30, 2023 (June 30, 2022: 8.0% to 22.4% (Restated)), which varies in restaurants operated in different regions. Cash flows beyond the 5-year period (June 30, 2022: 5-year (Restated)) for those CGUs with remaining lease terms more than 5 years are extrapolated using a steady 0% to 3% growth rate (June 30, 2022: 0% to 3% (Restated)). 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.

Based on the results of the assessments, the management of the Group determined that: (1) 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; and (2) the recoverable amounts of certain CGUs are higher than their carrying amounts. The reversal of impairment loss for the CGUs 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 increased above its recoverable amount (if determinable) and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. Based on the value in use calculation and the allocation, impairment loss of RMB24,048,000 (June 30, 2022: RMB121,370,000 (Restated)) and RMB7,267,000 (June 30, 2022: RMB39,979,000 (Restated)) before netting off the reversal of impairment loss of RMB30,843,000 (June 30, 2022: Nil (Restated)) and RMB21,382,000 (June 30, 2022: Nil (Restated)), has been recognized against the carrying amount of property, plant and equipment and right-of-use assets from continuing operations, respectively.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2023 *RMB'000* **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Trade receivables	**251,069**	306,856
Other receivables and prepayments:		
Loans to employees *(Note)*	**32,250**	22,483
Prepayment to suppliers	**634,174**	530,874
Prepaid operating expenses	**256,814**	318,164
Input value-added tax recoverable	**474,814**	595,003
Interest receivable	**1,272**	1,906
Others	**163,108**	181,346
Subtotal	**1,562,432**	1,649,776
Total trade and other receivables and prepayments	**1,813,501**	1,956,632

Note:

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

Majority of trade receivables are due from payment platforms and are normally settled within 30 days. Trade receivables are aged within 30 days based on the date of rendering of services. There were no past due trade receivables.

13. TRADE PAYABLES

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

	As at June 30, 2023 *RMB'000* **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Within 60 days	**1,712,426**	1,204,254
61 to 180 days	**89,325**	74,499
More than 181 days	**54,182**	42,247
	1,855,933	1,321,000

14. OTHER PAYABLES

	As at June 30, 2023 *RMB'000* (Unaudited)	As at December 31, 2022 *RMB'000* (Audited)
Staff costs payable	**1,508,705**	1,154,981
Other taxes payables	**193,793**	177,325
Deposits from suppliers	**19,744**	12,846
Renovation fee payables	**58,814**	86,447
Others	**69,160**	44,936
	1,850,216	1,476,535

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company had adopted and applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. During the six months ended June 30, 2023, the Company has complied with the mandatory code provisions in the Corporate Governance Code.

Compliance with the Model Code

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2023.

Our employees, who are likely to be in possession of inside information of our Group, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by our employees was noted by the Group during the six months ended June 30, 2023.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's shares during the six months ended June 30, 2023.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Qi Daqing (being the chairman of the Audit Committee), Mr. Hee Theng Fong and Dr. Chua Sin Bin with terms of reference in compliance with the Listing Rules. The Audit Committee has reviewed the Group's interim results for the six months ended June 30, 2023, the accounting principles and practices adopted by the Company and the Group. The Audit Committee considers that the interim financial results for the six months ended June 30, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Use of Proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on September 26, 2018 (the "**Global Offering**"). The net proceeds from the Global Offering amounted to approximately HK$7,299.3 million. For the six months ended June 30, 2023, the net proceeds have been applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of our Company dated September 12, 2018 (the "**Prospectus**"). As of June 30, 2023, the Company cumulatively used HK$6,686.2 million, accounting for approximately 91.6% of the proceeds from the Global Offering. The Company expects to utilize the balance of net proceeds of approximately HK$613.1 million by the end of 2025*Note*.

			As of June 30, 2023	
	Percentage	**Net Proceeds**	**Utilized amount**	**Unutilized 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	846.8	613.1
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	6,686.2	613.1

Note: The delay in the expected timeline for the use of balance of net proceeds from the Global Offering is mainly because (i) the Company utilized a portion of its working capital to supplement the funds required for the development and implementation of new technology; (ii) the priority of the Group during the Reporting Period was to focus on the improvement of the restaurant operation performance before and following the lifting of COVID-19 pandemic control measures; and (iii) the Company was exploring certain new projects that are under contemplation and might be implemented in the following two years. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company and remains subject to change based on current and future development of market conditions and actual business needs.

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$2,337.0 million. As of June 30, 2023, the net proceeds had been applied in the manner as set out in the announcements dated November 12, 2021 and November 22, 2021. As of June 30, 2023, the Company cumulatively used HK$709.4 million, accounting for approximately 30.4% of the proceeds from the 2021 Placing, in accordance with the intended uses, details of which are set forth as follows:

			As of June 30, 2023	
	Percentage	**Net Proceeds**	**Utilized amount**	**Unutilized amount**
	%	*HK$ million*	*HK$ million*	*HK$ million*
For supply chain management and product development	30.0	701.1	430.8	270.3
For payment of credit facilities	30.0	701.1	278.6	422.5
For working capital and general corporate purposes	40.0	934.8	–	934.8
Total	100.0	2,337.0	709.4	1,627.6

The Company expects to utilize the balance of net proceeds of approximately HK$1,627.6 million within the upcoming two to five years. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company and remains subject to change based on current and future development of market conditions and actual business needs. For further details of the 2021 Placing, please refer to the announcements of the Company dated November 12, 2021 and November 22, 2021.

Events after the End of June 30, 2023

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2023 and up to the date of this announcement.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2023 to the Shareholders.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.haidilao.com**). The interim report for the six months ended June 30, 2023 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, August 29, 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.