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## SUPER HI INTERNATIONAL HOLDING LTD.

特海国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9658)

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

The board (the “**Board**”) of directors (the “**Directors**”) of SUPER HI 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**”).

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

#### KEY FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2022	2021
	(US\$'000)	(US\$'000)
Revenue	558,225	312,373
Revenue from restaurant operation	545,612	296,059
Loss before tax	(32,230)	(149,592)
Loss for the year	(41,263)	(150,752)
Loss for the year attributable to owners of the Company	(41,248)	(150,752)
Loss per share (Basic and diluted) (US\$)	<u>(0.07)</u>	<u>(0.27)</u>

#### KEY BUSINESS HIGHLIGHTS

	For the year ended December 31,	
	2022	2021
Number of restaurants	111	94
Total guest visits (million)	21.7	9.8
Average table turnover rate (times/day)	3.3	2.1
Average spending per guest (US\$)	25.2	30.3
Average daily revenue per restaurant (US\$'000)	15.4	10.0

## 2022 PERFORMANCE REVIEW

### Financial and Business Review

For the financial year of 2022, our restaurants resumed normal operations gradually following the lifting of dine-in restrictions against the COVID-19 pandemic in various countries. As a result, the Group recorded revenue of US\$558.2 million for the year ended December 31, 2022, representing an increase of 78.7% as compared to US\$312.4 million for the year ended December 31, 2021, and net loss of US\$41.3 million for the year ended December 31, 2022, representing a significant decrease as compared to US\$150.8 million for the year ended December 31, 2021.

During the Reporting Period, the overall average table turnover rate of Haidilao restaurants was 3.3 times per day, and the same-store turnover rate was 3.4 times per day, while the overall turnover rate and the same-store turnover rate for 2021 were 2.1 and 2.2 times per day, respectively. Throughout 2022, the Group opened 17 new Haidilao restaurants, resumed the operations of four restaurants that had been closed previously, and did not further close any restaurant. As of December 31, 2022, the Group was operating 111 Haidilao restaurants in international markets outside mainland China, Hong Kong, Macau and Taiwan.

2022 was a momentous year for the Group. Following the spin-off (the “**Spin-off**”) from Haidilao International Holding Ltd. (“**Haidilao International**”) and the separate listing (the “**Listing**”) by way of introduction on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in December 2022, the Company became an independent public company. For more details of the Spin-off, please refer to the Company’s listing document dated December 19, 2022.

### Management Reform

The Group continued to optimize the internal management system throughout 2022 in various aspects to improve the business management, including but not limited to:

- Optimizing the “Regions – Restaurants” management system, reviewing and clarifying the scope of work, performance indicators, reward and punishment mechanism, and promotion and elimination mechanism at each level. The regional managers are responsible for the overall operation of each region while the store managers are responsible for the specific operation of each restaurant. Up to now, there are a total of 12 regional managers and intern regional managers within the Group, absorbing more outstanding front-line employees for promotion on one hand, and on the other hand, narrowing the management radius of each region to improve the management efficiency.
- Adjusting the salary structure of management team at each level. The Company encouraged and guided the management team at each level to pay more attention to the operation efficiency of the restaurants by implementing the “Low Basic Salary + High Bonus” compensation structure, which helped the Company make great strides towards the proven management implementing philosophy of “aligned interests and disciplined management.”
- Reorganizing the functional departments, including but not limited to products, food safety, finance, information, human resource, brand marketing and engineering. On one hand, each department assisted regional managers and store managers to undertake the relevant functional work; on the other hand, the Company systematically established internal standards to regulate the specific implementation of policies in the restaurants, allowing the Company to better coordinate global resources and experience to empower the restaurants in each region more efficiently.

## **Customers and Employees**

We always place the utmost priority on customer experience. As a China-originated cuisine restaurant brand, we pay special attention to providing a good dining experience for local customers of various countries through the menu items and service styles closer to their respective consumption habits. Throughout 2022, more than 21 million customers visited our restaurants, and the accumulative number of registered members is more than four million. We have launched a total of 233 new products during the year and have achieved certain success in the localization of our products, through which we hope to better meet the demands of our customers in different regions. At the same time, in order to get closer to customers, we opened social media accounts in all 11 countries overseas where we had business operations, and constantly updated contents in the local languages for interacting with customers.

Employees at all levels are a solid force for our growth. As of the end of 2022, we had more than ten thousands of employees. Although our brand was originated in China, our restaurant staff in various countries were mainly hired and trained locally. On the one hand, we provided employees with a fair and equitable working environment where they would get completely open promotion channels; on the other hand, we fully respected the culture and customs of employees from different countries and tried our best to let them fully integrate into the environment.

## **FUTURE PROSPECT**

Going forward, our development initiatives mainly include:

- continuing to enhance the Haidilao dining experience by further improving our service capabilities, products, and environments, and offering more value-added services to our customers;
- continuing to expand our restaurant network, including continuously growing our presence in the countries where we have business operations, as well as entering new markets whenever opportunities arise;
- continuing to enhance our internal management, and constantly improving the quality of our management and operations of the restaurants in different regions by reviewing our business process standards, training, supervision and assessment, etc.;
- developing additional brands and businesses through incubation, exploration and strategic acquisitions, among others, to further enrich our business and customer base.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

We generate revenue from (i) restaurant operation; (ii) delivery business; and (iii) others, consisting primarily of sales of hot pot condiment products to local guests and food ingredients to retailers. The revenue of the Group increased significantly by 78.7% from US\$312.4 million for the year ended December 31, 2021 to US\$558.2 million for the year ended December 31, 2022, primarily driven by an increase of US\$249.5 million in revenue from restaurant operation.

### ***Restaurant Operation***

Our revenue from restaurant operation increased significantly by 84.3% from US\$296.1 million for the year ended December 31, 2021 to US\$545.6 million for the year ended December 31, 2022, primarily because of (i) many countries having successively lifted the dine-in restrictions previously imposed in response to the COVID-19 pandemic, which has enabled the Group's restaurants to resume normal operations gradually and brought a significant increase in guest visits and table turnover rate in 2022; and (ii) the further expansion of the restaurant network as compared to 2021.

We had gradually expanded our restaurant network to 111 restaurants in 11 countries in Asia, North America, Europe and Oceania as of December 31, 2022. The following table summarizes the number of Haidilao restaurants and the breakdown of revenue from restaurant operation by geographic region for the periods indicated:

	For the year ended December 31,									
	2022					2021				
	# of restaurants		Revenue		Average revenue per restaurant <sup>(2)</sup>	# of restaurants		Revenue		Average revenue per restaurant <sup>(2)</sup>
	<i>(US\$'000, except # of restaurants and percentages)</i>									
Southeast Asia	68	61.3%	325,553	59.7%	4,788	55	58.5%	165,942	56.1%	3,017
East Asia	17	15.3%	57,137	10.5%	3,361	17	18.1%	37,251	12.6%	2,191
North America	18	16.2%	113,374	20.8%	6,299	16	17.0%	68,064	23.0%	4,254
Others <sup>(1)</sup>	8	7.2%	49,548	9.0%	6,194	6	6.4%	24,802	8.3%	4,134
<b>Total</b>	<b>111</b>	<b>100.0%</b>	<b>545,612</b>	<b>100.0%</b>	<b>4,915</b>	<b>94</b>	<b>100.0%</b>	<b>296,059</b>	<b>100.0%</b>	<b>3,150</b>

Notes:

- (1) Others include Australia and the United Kingdom.
- (2) Average revenue per restaurant is calculated by dividing revenue generated from restaurant operation in the region by the number of restaurants as of year end. As such, average revenue per restaurant has not taken into consideration of the different operating days for each restaurant.

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

	For the year ended December 31,	
	2022	2021
<b>Average spending per guest<sup>(1)</sup> (US\$)</b>		
Southeast Asia	20.2	24.8
East Asia	26.6	28.8
North America	52.0	54.3
Others <sup>(5)</sup>	40.3	45.6
<b>Overall</b>	<b>25.2</b>	<b>30.3</b>
<b>Table turnover rate<sup>(2)</sup> (times/day)</b>		
Southeast Asia	3.4	2.2
East Asia	3.0	1.9
North America	3.1	2.1
Others <sup>(5)</sup>	3.1	1.9
<b>Overall</b>	<b>3.3</b>	<b>2.1</b>
<b>New and existing restaurants</b>		
Newly-opened restaurants <sup>(3)</sup>	3.3	1.9
Other restaurants	3.3	2.1
<b>Overall</b>	<b>3.3</b>	<b>2.1</b>

**For the year ended December 31,**  
**2022**                      **2021**

<b>Total guest visits (million)</b>		
Southeast Asia	<b>16.1</b>	6.7
East Asia	<b>2.2</b>	1.3
North America	<b>2.2</b>	1.3
Others <sup>(5)</sup>	<b>1.2</b>	0.5
<b>Overall</b>	<b>21.7</b>	<b>9.8</b>

<b>Average daily revenue per restaurant<sup>(4)</sup> (US\$'000)</b>		
Southeast Asia	<b>15.1</b>	10.5
East Asia	<b>11.0</b>	5.9
North America	<b>18.4</b>	12.2
Others <sup>(5)</sup>	<b>20.5</b>	13.7
<b>Overall</b>	<b>15.4</b>	<b>10.0</b>

*Notes:*

- (1) Calculated by dividing gross revenue of restaurant operation for the period by total guests served for the period.
- (2) Calculated by dividing the total number of tables served for the period by the product of total restaurant operation days for the period and the average table count during the period. The average table count included the tables count in the areas that were not opened due to the COVID-19 pandemic prevention and control.
- (3) We define our newly-opened restaurants as those that commenced operations during the periods.
- (4) Calculated by dividing the revenue of restaurant operation for the year by the total restaurant operation days of the year in the same geographic region.
- (5) Others include Australia and the United Kingdom.

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

	<b>For the year ended</b> <b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Number of same stores<sup>(1)</sup></b>		
Southeast Asia		<b>29</b>
East Asia		<b>12</b>
North America		<b>13</b>
Others <sup>(5)</sup>		<b>4</b>
<b>Overall</b>		<b>58</b>
<b>Same store sales<sup>(2)</sup> (US\$'000)</b>		
Southeast Asia	<b>175,482</b>	118,784
East Asia	<b>51,770</b>	30,996
North America	<b>89,254</b>	57,982
Others <sup>(5)</sup>	<b>35,303</b>	20,658
<b>Overall</b>	<b>351,809</b>	<b>228,420</b>

	<b>For the year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Average same store sales per day<sup>(3)</sup> (US\$'000)</b>		
Southeast Asia	<b>16.7</b>	11.8
East Asia	<b>11.9</b>	7.2
North America	<b>18.8</b>	12.2
Others <sup>(5)</sup>	<b>24.2</b>	14.2
<b>Overall</b>	<b>16.7</b>	11.1
<b>Average same store table turnover rate<sup>(4)</sup> (times/day)</b>		
Southeast Asia	<b>3.5</b>	2.3
East Asia	<b>3.3</b>	2.2
North America	<b>3.1</b>	2.1
Others <sup>(5)</sup>	<b>3.4</b>	1.9
<b>Overall</b>	<b>3.4</b>	2.2

*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 tables count in the areas that was not opened due to the COVID-19 pandemic prevention and control.
- (5) Others include Australia and the United Kingdom.

***Delivery Business***

Revenue from delivery business decreased from US\$11.8 million for the year ended December 31, 2021 to US\$6.6 million for the year ended December 31, 2022, primarily because many countries have lifted or eased restrictive measures on dine-in and social gatherings in response to the COVID-19 pandemic and therefore more guests prefer to dine at the restaurants.

***Others***

Others mainly consisted of revenue from sales of hot pot condiment products to local guests and food ingredients to retailers, which increased from US\$4.5 million for the year ended December 31, 2021 to US\$6.0 million for the year ended December 31, 2022, reflecting the growing popularity of the hot pot condiment products and food ingredients.

## **Other Income**

Other income primarily consisted of (i) government grants, for example non-recurring COVID-19 related subsidies received from local governments to support businesses during the COVID-19 pandemic; and (ii) interest income from bank deposits, rental deposits, loans to related parties in relation to the purchase of certain equipment. For the year ended December 31, 2022, the other income decreased by 65.6% to US\$6.7 million, as compared to US\$19.5 million for the year ended December 31, 2021, mainly because local governments ceased or reduced the provision of COVID-19-related subsidies in 2022 as the COVID-19 pandemic gradually came under control.

## **Raw Materials and Consumables Used**

Raw materials and consumables used consisted of costs for (i) food ingredients used in the restaurants, including the soup base and menu items; (ii) consumables used in the restaurant operation, including disposable items, such as napkins, disposable tableware and table cloths; and (iii) others, including logistics and transportation fees. For the year ended December 31, 2022, the raw material and consumables used increased by 72.8% to US\$196.6 million from US\$113.8 million for the year ended December 31, 2021, primarily attributable to a US\$80.2 million increase in food ingredient costs, which was in line with the business recovery from the COVID-19 pandemic as well as the expansion of restaurant network. As a percentage of revenue, raw materials and consumables used remained relatively stable at 36.4% and 35.2% for the years ended December 31, 2021 and 2022, respectively.

## **Staff Costs**

Staff costs consisted of (i) employee salaries and other allowance; (ii) employee welfare; and (iii) retirement benefit scheme contributions. For the year ended December 31, 2022, staff costs amounted to US\$188.9 million, representing an increase of 31.8% from US\$143.3 million for the year ended December 31, 2021, primarily due to the increase in the number of employees in line with the expansion of restaurant network as well as the increase of piece rate wages for the employees as we generally recovered from the COVID-19 pandemic. As a percentage of revenue, staff costs decreased from 45.9% in 2021 to 33.8% in 2022, which reflects the revenue growth resulting from the business recovery from the COVID-19 pandemic and the efforts of the Group in optimizing staff efficiency during the COVID-19 pandemic.

## **Rentals and Related Expenses**

Rentals and related expenses mainly consisted of property management fees and lease payments for short-term leases. For the year ended December 31, 2022, rentals and related expenses amounted to US\$13.0 million, representing an increase of 97.0% from US\$6.6 million for the year ended December 31, 2021, primarily because the Group incurred more property management fees in 2022, which was in line with the expansion of the restaurant network.

## **Utilities Expenses**

Utilities expenses primarily consisted of expenses in relation to electricity, and to a lesser extent, gas and water. For the year ended December 31, 2022, utilities expenses amounted to US\$19.7 million, representing an increase of 79.1% from US\$11.0 million for the year ended December 31, 2021, which was generally in line with the expansion of the restaurant network. As a percentage of revenue, utilities expenses remained stable at 3.5% for each of the years ended December 31, 2021 and 2022.

## **Depreciation and Amortization**

Depreciation and amortization consisted of depreciation charges for the property, plant and equipment, which primarily included leasehold improvements, leasehold land and building, freehold land, machinery, transportation equipment, furniture and fixtures and renovation in progress and right-of-use assets. For the year ended December 31, 2022, depreciation and amortization amounted to US\$73.0 million, representing an increase of 4.4% from US\$69.9 million for the year ended December 31, 2021, which was mainly due to (i) a US\$2.2 million increase in depreciation of property, plant and equipment; and (ii) a US\$0.9 million increase in depreciation of right-of-use assets, as the Group continued to expand the restaurant network.

## **Travelling and Communication Expenses**

Travelling and communication expenses mainly consisted of international and regional travel expenses of staff for new restaurants opening and restaurant operation inspection. For the year ended December 31, 2022, travelling and communication expenses amounted to US\$4.8 million, representing an increase of 77.8% from US\$2.7 million for the year ended December 31, 2021, mainly due to the increase of international business travels as many countries lifted travel restrictions.

## **Listing Expenses**

In 2022, the Company incurred the Listing expenses of US\$6.3 million in relation to the Listing of the Company on the Stock Exchange by way of introduction.

## **Other Expenses**

Other expenses comprised of (i) administrative expenses; (ii) consulting service expenses; (iii) bank charges; (iv) outsourcing service fees; and (v) others, which mainly consisted of daily maintenance expenses, storage expenses and business development expenses. The Group recorded other expenses of US\$55.5 million for the year ended December 31, 2022, representing an increase of 33.1% from US\$41.7 million for the year ended December 31, 2021, mainly reflecting (i) a US\$4.2 million increase in administrative expenses; (ii) a US\$2.9 million increase in bank charges; (iii) a US\$3.1 million increase in daily maintenance expenses, storage expenses, consulting services expenses and business development expenses; and (iv) a US\$3.5 million increase in outsourcing service fees, which was in line with the expansion of the restaurant network.

## **Other Gains (Losses)**

Other gains (losses) primarily consisted of (i) impairment loss recognized in respect of property, plant and equipment and right-of-use assets, representing provisions recorded in light of the continued impact of COVID-19 on the restaurant operation; (ii) loss on disposal of property, plant and equipment and provision for early termination of leases, in relation to the capital expenditures the Group invested for restaurants originally planned but later decided not to open as a result of the dynamic evaluation of the expansion plan and the temporary closure of certain restaurants; (iii) gain on lease termination, which represented reversals of right of use assets and lease liabilities in relation to the termination of leases for restaurants the Group decided to suspend the opening of; (iv) net foreign exchange loss, which fluctuated from year-to-year based on exchange rate movements; (v) net gain arising on financial assets at fair value through profit or loss (“FVTPL”); and (vi) others. The Group recorded other losses of US\$26.8 million in 2022, as compared to other losses of US\$73.3 million in 2021, due principally to a decrease of US\$55.2 million in impairment loss in respect of property, plant and equipment and right-of-use assets following the easing of the impact of the COVID-19 pandemic on the restaurant operation in later 2022, which was partially offset by an increase in net foreign exchange loss and loss on disposal of property, plant and equipment and provision for early termination of leases.

## **Finance Costs**

Finance costs represented (i) interests on lease liabilities; (ii) interests on loans from related parties, mainly relating to the loans from Haidilao International (together with its subsidiaries, the “**Haidilao Group**”) to support the business expansion before the Listing of the Group; (iii) interests on bank borrowings; and (iv) interests charge on unwinding of discounts, primarily in relation to provisions for restoration of the premises the Group used for the restaurants. For the year ended December 31, 2022, finance costs amounted to US\$12.5 million, representing a decrease of 34.9% from US\$19.2 million for the year ended December 31, 2021, mainly due to (i) a decrease of US\$5.7 million in interest on loans from related parties as a substantial amount of the loans the Group obtained from Haidilao Group were settled in June 2022; and (ii) a US\$0.8 million decrease in interest on lease liabilities mainly due to the decrease in lease payments which corresponds to the termination of certain leases during the Reporting Period.

## **Income Tax Expenses**

The Group recorded income tax expenses of US\$1.2 million and US\$9.0 million for the years ended December 31, 2021 and 2022, respectively. The taxation of the Group was calculated at the rates prevailing in relevant jurisdictions, which ranged from 17% to 35% on the estimated assessable profits during the Reporting Period.

## **Loss for the Year**

As a result of the foregoing, loss for the year decreased from US\$150.8 million for the year ended December 31, 2021 to US\$41.3 million for the year ended December 31, 2022.

## **Inventories**

Inventories mainly consisted of food ingredients and other materials used in the restaurant operation and the hot pot condiment products for sale. Inventories increased from US\$16.7 million as of December 31, 2021 to US\$26.0 million as of December 31, 2022, which reflected the inventories the Group kept for the new restaurants opened during the Reporting Period and the recovery of the restaurant operation.

## **Trade Receivables**

The majority of trade receivables were from payment platforms which were normally settled within 30 days. Trade receivables are aged with 30 days based on the date of rendering of services. There were no past due trade receivables at the end of the Reporting Period. As at December 31, 2022 and 2021, trade receivables from contracts with customers amounted to US\$9.5 million and US\$6.3 million, respectively, which was generally in line with revenue growth in the Reporting Period. Trade receivable turnover days were 5.1 days in 2022. Trade receivables turnover days for each year equals the average of the beginning and ending balances of trade receivables for that year divided by our revenue for the year and multiplied by 360 days.

## **Other Receivables and Prepayments**

Other receivables and prepayments primarily consisted of (i) prepayment to suppliers; (ii) input value-added tax to be deducted; (iii) interest receivables, and (iv) others. Other receivables and prepayments decreased from US\$23.9 million as of December 31, 2021 to US\$19.3 million as of December 31, 2022, primarily due to (i) a decrease of US\$3.5 million in prepayment to suppliers; and (ii) a decrease of US\$1.7 million in input value-added tax to be deducted.

## **Trade Payables**

Trade payables mainly consisted of the balances due to the Group's suppliers of food ingredients and consumables. The majority of trade payables had a credit term of 30 to 60 days. Trade payables increased from US\$26.5 million as of December 31, 2021 to US\$32.3 million as of December 31, 2022, as the Group purchased more raw materials to support the restaurant operation. Trade payable turnover days were 77.2 days and 53.9 days in 2021 and 2022, respectively. Trade payable turnover days for each year equals the average of the beginning and ending balances of trade payable for that year divided by raw materials and consumables for the year and multiplied by 360 days. The decrease in trade payables turnover days from 2021 to 2022 was mainly because the Group optimized the payment process.

## **Liquidity and Capital Resources**

The primary uses of cash of the Group are to fund its operations, expansion and capital expenditures. During the Reporting Period, the Company primarily funded its working capital through cash generated from its operations, bank borrowings and other borrowings, and it also adopted flexible and diverse financing methods when needed. The Group has adopted prudent treasury policies in cash and financial management. The Group closely monitors its liquidity and capital resources on a regular basis and strives to maintain optimum liquidity that can meet its working capital needs while supporting the continuing business operations.

## **Capital Structure**

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations while maximizing shareholders' value through the optimization of debt and equity balances. The Group's overall strategy remains unchanged during the Reporting Period. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions.

## **Bank Borrowings**

As of December 31, 2022, we had guaranteed and unsecured bank borrowings of US\$0.6 million.

## Cash and Cash Equivalents

The principal uses of cash are for working capital to open new restaurants, procure food ingredients, consumables and equipment, and renovate and decorate the restaurants. Cash and cash equivalents increased from US\$89.5 million as of December 31, 2021 to US\$93.9 million as of December 31, 2022, mainly due to the increase in the number of restaurants during the Reporting Period and the recovery of the business operation.

## Capital Expenditure

For the year ended December 31, 2022, capital expenditure amounted to US\$63.7 million, which is in line with the growth in the number of restaurants during the Reporting Period.

The Group plans to finance future capital expenditures through cash generated from its operations, cash and cash equivalents and bank borrowings.

## Charge of Assets

As of December 31, 2022, the Group charged bank deposits of US\$3.7 million to banks to secure rental payments to the lessors.

## 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.

## Financial Ratios

The following table sets forth certain of the Company's financial ratios as of the date indicated:

	<b>As of December 31,</b> <b>2022</b>	2021
Current ratio <sup>(1)</sup>	<b>1.3</b>	0.3
Gearing ratio <sup>(2)</sup>	<b>0.4</b>	1.2

*Note:*

- (1) Equals current assets divided by current liabilities as of the same date.
- (2) Equals the total borrowings (including bank borrowings, lease liabilities and non-trade amounts due to related parties, which have been capitalized in 2022) divided by total assets as of the same date. Such ratio as of December 31, 2022 decreased significantly compared to the ratio as of December 31, 2021, which is mainly because non-trade amounts due to related parties have been capitalized in 2022.

## **Foreign Exchange Risks and Hedging**

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

The Group currently does not have a foreign exposure hedging policy. However, the management of the Group monitors foreign exchange exposure closely and will consider hedging significant foreign exchange exposure should the need arises.

## **Contingent Liabilities**

As of December 31, 2022, the Company did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on its business, financial condition or results of operations.

## **Material Acquisitions and Disposals**

During the Reporting Period, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **Employees and Remuneration Policy**

As of December 31, 2022, the Group had a total of 10,217 employees. During the Reporting period, the Group had incurred staff costs (including salaries and other allowance, welfare and retirement benefit scheme contributions) of US\$188.9 million.

The Group's remuneration policy is determined by the salary levels in different regions, employee rank and performance and the market conditions. The Group also provides other benefits to all of its employees, including medical schemes, pension contribution schemes, share award schemes, etc. To maintain the quality, knowledge and skill levels of the workforce, the Group provides regular and specialized trainings tailored to the needs of employees in different departments, including regular training sessions conducted by senior employees or third party consultants covering various aspects of the business operations of the Group, for employees to stay up to date with both catering segment developments and service skills. The Group also organizes workshops from time to time to discuss specific topics.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
	Notes	2022 US\$'000	2021 US\$'000
Revenue	4	558,225	312,373
Other income	5	6,701	19,458
Raw materials and consumables used		(196,646)	(113,760)
Staff costs	10	(188,927)	(143,343)
Rentals and related expenses		(13,006)	(6,556)
Utilities expenses		(19,743)	(11,017)
Depreciation and amortization	10	(72,952)	(69,916)
Travelling and communication expenses		(4,776)	(2,674)
Listing expenses		(6,310)	–
Other expenses	6	(55,510)	(41,729)
Other gains (losses) – net	7	(26,793)	(73,270)
Finance costs	8	(12,493)	(19,158)
<b>Loss before tax</b>		<b>(32,230)</b>	<b>(149,592)</b>
Income tax expense	9	(9,033)	(1,160)
<b>Loss for the year</b>	10	<b>(41,263)</b>	<b>(150,752)</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		8,385	2,097
<b>Total comprehensive loss for the year</b>		<b>(32,878)</b>	<b>(148,655)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(41,248)	(150,752)
Non-controlling interests		(15)	–
		<b>(41,263)</b>	<b>(150,752)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(32,863)	(148,655)
Non-controlling interests		(15)	–
		<b>(32,878)</b>	<b>(148,655)</b>
<b>Loss per share</b>			
Basic and diluted (US\$)	11	(0.07)	(0.27)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at December 31,</b>	
		<b>2022</b>	2021
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current Assets</b>			
Property, plant and equipment		197,444	194,978
Right-of-use assets	12	201,283	202,020
Goodwill		1,122	–
Other intangible assets		1,937	375
Deferred tax assets		1,019	144
Other financial assets		–	4,244
Other receivables	14	1,955	–
Prepayment for acquisition of non-current assets		426	–
Rental deposits		17,530	18,230
		<u>422,716</u>	<u>419,991</u>
<b>Current Assets</b>			
Inventories	13	25,984	16,709
Trade and other receivables and prepayments	14	26,771	30,253
Amounts due from related parties		–	29,383
Financial assets at fair value through profit or loss		14	36,074
Other financial assets		–	500
Rental deposits		3,076	930
Pledged bank deposits		3,673	3,337
Bank balances and cash		93,878	89,546
		<u>153,396</u>	<u>206,732</u>
<b>Current Liabilities</b>			
Trade payables	15	32,313	26,549
Other payables	16	31,663	24,128
Amounts due to related parties		776	500,562
Tax payable		7,877	2,294
Lease liabilities		40,016	36,655
Bank borrowings		75	3,111
Contract liabilities		3,787	2,330
Provision		723	515
		<u>117,230</u>	<u>596,144</u>
<b>Net Current Assets (Liabilities)</b>		<u>36,166</u>	<u>(389,412)</u>

	<i>Notes</i>	<b>As at December 31,</b>	
		<b>2022</b>	2021
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		3,611	1,127
Lease liabilities		201,687	206,539
Bank borrowings		521	688
Contract liabilities		430	470
Provisions		10,596	8,937
		<u>216,845</u>	<u>217,761</u>
<b>Net Assets (Liabilities)</b>		<u>242,037</u>	<u>(187,182)</u>
<b>Capital and Reserves</b>			
Combined capital/Share capital	<i>17</i>	3	50,920
Shares held under share award scheme	<i>17</i>	*	–
Share premium	<i>17</i>	494,480	–
Reserves		<u>(254,677)</u>	<u>(238,102)</u>
Equity attributable to owners of the Company		239,806	(187,182)
Non-controlling interests		<u>2,231</u>	<u>–</u>
<b>Total Equity (Deficit)</b>		<u><u>242,037</u></u>	<u><u>(187,182)</u></u>

\* Less than US\$1,000

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 6, 2022 under the Companies Act, Cap 22 (as consolidated and revised) of the Cayman Islands. The principal place of business is at 80 Robinson Road, #02-00, Singapore 068898 and registered office at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 in Cayman Islands. 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 with effect from December 30, 2022.

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

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 Functional Currency of the Company is United States Dollar, which is also the presentation currency of the consolidated financial statements.

### 2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Prior to the Group’s reorganization, the Spin-off Business was carried out by certain then subsidiaries of Haidilao International. To rationalize the structure of the Group in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong Limited, the companies and business now comprising the Group underwent a group reorganization (the “**Group Reorganization**”). Please refer to the listing document of the Company dated December 19, 2022 for details.

The annual results set out in the announcement do not constitute the Group’s financial statements for the year ended December 31, 2022 but are abstracted from those financial statements.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of new and revised Standards – On January 1, 2022, the Group adopted all the new and revised IFRS pronouncements that are relevant to its operations. The adoption of these new/revised IFRS pronouncements does not result in changes to the Group’s accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

#### **New and revised IFRSs in issue but not yet effective**

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<i>IFRS 17 (including amendments to IFRS 17)</i>	<i>Insurance Contracts<sup>1</sup></i>
<i>Amendments to IFRS 10 and IAS 28</i>	<i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
<i>Amendments to IAS 1</i>	<i>Classification of Liabilities as Current or Non-Current<sup>2</sup></i>
<i>Amendments to IAS 1 and IFRS Practice Statement 2</i>	<i>Disclosure of Accounting Policies<sup>1</sup></i>
<i>Amendments to IAS 8</i>	<i>Definition of Accounting Estimates<sup>1</sup></i>
<i>Amendments to IAS 12</i>	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>1</sup></i>
<i>Amendments to IAS 1</i>	<i>Non-current Liabilities with Covenants<sup>2</sup></i>
<i>Amendments to IFRS 16</i>	<i>Lease Liability in a Sale and Leaseback<sup>2</sup></i>

- 1 Effective for annual periods beginning on or after January 1, 2023, with early application permitted.
- 2 Effective for annual periods beginning on or after January 1, 2024, with early application permitted.
- 3 Effective date is deferred indefinitely.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

#### 4. 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 and others, which is primarily generated from sales of hot pot condiment products to local guests and food ingredients to retailers, are as follows:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>Types of services or goods</b>		
Restaurant operation	<b>545,612</b>	296,059
Delivery business	<b>6,572</b>	11,783
Others	<b>6,041</b>	4,531
	<hr/>	<hr/>
Total	<b>558,225</b>	312,373
	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition</b>		
At point in time	<b>558,225</b>	312,373
	<hr/> <hr/>	<hr/> <hr/>

Information reported to Mr. ZHOU Zhaocheng, who is identified as the chief operating decision maker of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented.

No individual customer contributes to over 10% of total revenue of the Group during the year.

The following table sets forth the breakdown of the Group's revenue and non-current assets based on location of operation:

	<b>Revenue</b>		<b>Non-current assets (Note)</b>	
	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Southeast Asia	<b>331,632</b>	173,674	<b>157,437</b>	134,073
East Asia	<b>58,708</b>	41,178	<b>40,525</b>	48,150
North America	<b>116,075</b>	70,702	<b>101,632</b>	121,289
Others	<b>51,810</b>	26,819	<b>102,192</b>	93,861
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>558,225</b>	312,373	<b>401,786</b>	397,373
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Note:*

- (1) Non-current assets presented above excluded other financial assets, other receivables, rental deposits, prepayment for acquisition of non-current assets and deferred tax assets.

## 5. OTHER INCOME

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Interest income on:		
– bank deposits	355	61
– rental deposits	437	618
– loans to related parties	225	689
– other financial assets	41	127
	<u>1,058</u>	<u>1,495</u>
Government grants ( <i>Note</i> )	4,998	17,455
Others	645	508
	<u>6,701</u>	<u>19,458</u>

*Note:*

- (1) The amounts represent the subsidies received from the local governments for the Group's business development. The Group recognized government grants of US\$2,594,000 (2021: US\$16,563,000) in respect of Covid-19-related subsidies, of which US\$510,000 (2021: US\$10,578,000) are related to employment support scheme provided by the local government. There were no unfulfilled conditions for all the government grants in the years in which they were recognized.

## 6. OTHER EXPENSES

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Administrative expenses ( <i>Note</i> )	23,921	19,681
Consulting services expenses	7,754	7,594
Bank charges	8,705	5,757
Daily maintenance expenses	4,959	2,746
Outsourcing service fee	5,931	2,418
Business development expenses	1,501	1,413
Storage expenses	2,739	2,120
	<u>55,510</u>	<u>41,729</u>

*Note:*

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

## 7. OTHER GAINS (LOSSES) – NET

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Impairment loss recognized in respect of		
– property, plant and equipment	(7,721)	(31,852)
– right-of-use assets ( <i>Note 12</i> )	(106)	(31,203)
	<u>(7,827)</u>	<u>(63,055)</u>
Loss on disposal of property, plant and equipment and provision for early termination of leases	(6,890)	(1,037)
Gain on lease termination	5,146	–
Loss on lease modification	–	(236)
Net foreign exchange loss	(21,889)	(13,175)
Net gain arising on financial assets at FVTPL	195	422
Others	4,472	3,811
	<u>4,472</u>	<u>3,811</u>
Total	<u><u>(26,793)</u></u>	<u><u>(73,270)</u></u>

## 8. FINANCE COSTS

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Interests on loans from related parties	3,880	9,581
Interests on lease liabilities	8,277	9,111
Interests on bank borrowings	51	153
Interests charge on unwinding of discounts	285	313
	<u>285</u>	<u>313</u>
	<u><u>12,493</u></u>	<u><u>19,158</u></u>

## 9. INCOME TAX EXPENSE

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Current tax:		
– current year	6,941	178
– over provision of tax in prior years	(386)	(187)
Withholding tax	1,318	1,093
Deferred tax	1,160	76
	<u>1,160</u>	<u>76</u>
	<u><u>9,033</u></u>	<u><u>1,160</u></u>

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

The taxation of the Group is calculated at the rates prevailing in the relevant jurisdictions at 17% to 35% on the estimated assessable profits.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Loss before tax	<b>(32,230)</b>	(149,592)
Tax at 17% ( <i>Note</i> )	<b>(5,479)</b>	(25,431)
Tax effect of expenses not deductible for tax purposes	<b>6,848</b>	7,850
Tax effect of income not taxable for tax purposes	<b>(1,104)</b>	(3,562)
Tax effect of tax losses not recognized	<b>10,783</b>	9,998
Tax effect of deductible temporary differences not recognized	<b>(296)</b>	12,211
Utilization of tax losses previously not recognized	<b>(1,822)</b>	(571)
Tax exemption and rebates	<b>(320)</b>	–
Withholding tax	<b>1,318</b>	1,093
Over provision of tax in prior years	<b>(386)</b>	(187)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(540)</b>	(241)
Others	<b>31</b>	–
Income tax expense for the year	<b>9,033</b>	1,160

*Note:*

- (1) 17% represents the domestic tax rate of Singapore, the largest region where the Group's business located for the year.

## 10. LOSS FOR THE YEAR

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

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Depreciation of property, plant and equipment	<b>37,346</b>	35,166
Depreciation of right-of-use assets	<b>35,560</b>	34,700
Amortization of other intangible assets	<b>46</b>	50
	<hr/>	<hr/>
Total depreciation and amortization	<b>72,952</b>	69,916
	<hr/> <hr/>	<hr/> <hr/>
Property and equipment rentals:		
– Office premises and equipment (short-term leases)	<b>288</b>	179
– Restaurants		
– Covid-19-related rent concessions	<b>(1,006)</b>	(2,576)
– Variable lease payments ( <i>Note</i> )	<b>1,653</b>	1,314
	<hr/>	<hr/>
Subtotal	<b>935</b>	(1,083)
	<hr/>	<hr/>
Other rental related expenses	<b>12,071</b>	7,639
	<hr/>	<hr/>
Total rentals and related expenses	<b>13,006</b>	6,556
	<hr/> <hr/>	<hr/> <hr/>
Directors' emoluments	<b>1,045</b>	823
Other staff cost:		
Salaries and other allowance	<b>173,557</b>	130,475
Employee welfare	<b>3,442</b>	3,640
Retirement benefit contribution	<b>10,883</b>	8,405
	<hr/>	<hr/>
Total staff costs	<b>188,927</b>	143,343
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration	<b>601</b>	592
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

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

## 11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Loss for the year attributable to the owners of the Company for the purpose of calculating loss per share	<u><b>(41,248)</b></u>	<u>(150,752)</u>
	<b>2022</b> <b>'000</b>	2021 <b>'000</b>
Weighted average number of ordinary shares for the purpose of calculating loss per share ( <i>Note</i> )	<u><b>557,400</b></u>	<u>557,400</u>

*Note:*

- (1) The weighted average number of ordinary shares for the purpose of basic loss per share has been determined on the assumptions that the Group Reorganization as defined in Note 2 and the issue of additional 557,399,997 ordinary shares of the Company to Newpai Ltd. (“**Newpai**”) had been effected on January 1, 2021.
- (2) No diluted loss per share for the year ended December 31, 2022 and 2021 was presented as there were no potential ordinary shares in issue for the year ended December 31, 2022 and 2021.

## 12. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> <i>US\$'000</i>
<b>At December 31, 2021</b>	
Carrying amount	202,020
<b>At December 31, 2022</b>	
Carrying amount	201,283
<b>For the year ended December 31, 2021</b>	
Depreciation charge	34,700
Impairment loss recognized in profit or loss	<u>31,203</u>
<b>For the year ended December 31, 2022</b>	
Depreciation charge	35,560
Impairment loss recognized in profit or loss	<u>106</u>

	2022 US\$'000	2021 US\$'000
Expense relating to short-term leases	288	179
Variable lease payments not included in the measurement of lease liabilities	1,653	1,314
Total cash outflow for leases ( <i>Note</i> )	38,053	30,585
Additions to right-of-use assets	60,133	44,985
Acquisition of subsidiary	5,064	–
Termination of right-of-use assets	20,888	14,181
Remeasurement of provision for restoration	1,091	–
Decrease due to the modification of leases	–	4,362
	<u>          </u>	<u>          </u>

*Note:*

- (1) The amount includes payments of principal and interest portion of lease liabilities, of US\$36,112,000 (2021: US\$29,091,000) which are presented in financing cash flows and payment of variable lease payments and short-term leases of US\$1,941,000 (2021: US\$1,494,000) which are presented in operating cash flows.
- (2) During the year, the Group leases various buildings for its operations. Lease contracts are entered into for fixed terms of 12 months to 20 years, but may have termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

### Variable lease payments

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 0.8% to 8.0% (2021: 0.25% to 8.0%) of sales with minimum annual lease payments that are fixed over the lease term for the year ended. 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 year before offsetting Covid-19-related rent concessions are as follows:

For the year ended December 31, 2022

	Number of leases	Fixed payments US\$'000	Variable payments US\$'000	Total payments US\$'000
Office premises without variable lease payments	3	187	–	187
Leases without variable lease payments	114	18,918	–	18,918
Leases with variable lease payments	67	17,295	1,653	18,948
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	184	36,340	1,653	38,053
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

For the year ended December 31, 2021

	Number of leases	Fixed payments <i>US\$'000</i>	Variable payments <i>US\$'000</i>	Total payments <i>US\$'000</i>
Office premises without variable lease payments	1	39	–	39
Leases without variable lease payments	110	18,900	–	18,900
Leases with variable lease payments	58	10,332	1,314	11,646
<b>Total</b>	<b>169</b>	<b>29,271</b>	<b>1,314</b>	<b>30,585</b>

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

### **Termination options**

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

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

During the year, 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 US\$241,703,000 (2021: US\$243,194,000) are recognized with related right-of-use assets of US\$201,283,000 (2021: US\$202,020,000) as at year end. 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 year end, the Group has entered into new leases for several restaurants that have yet to commence, with average non-cancellable period ranging from 2 to 15 years, the total future undiscounted cash flows over the non-cancellable period amounted to US\$5,131,000 (2021: US\$1,840,000).

### **Rent concessions**

During the year ended December 31, 2022, certain lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 10% to 100% (2021: 10% to 100%) of monthly rents over 0.5 to 6 months (2021: 0.5 to 10 months).

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of US\$1,006,000 (2021: US\$2,576,000) were recognized as negative variable lease payments.

### 13. INVENTORIES

	2022 US\$'000	2021 US\$'000
Condiment products	6,999	2,135
Food ingredients	10,254	10,096
Beverage	1,197	583
Other materials	7,534	3,895
	<u>25,984</u>	<u>16,709</u>

### 14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2022 US\$'000	2021 US\$'000
Trade receivables <i>(Note 1)</i>	<u>9,470</u>	<u>6,334</u>
<i>Other receivables and prepayments:</i>		
Prepayment to suppliers	14,872	18,413
Input value-added tax to be deducted	488	2,212
Interest receivable	–	38
Others <i>(Note 2)</i>	<u>3,896</u>	<u>3,256</u>
	<u>19,256</u>	<u>23,919</u>
Total	<u>28,726</u>	<u>30,253</u>
Current	26,771	30,253
Non-current <i>(Note 2)</i>	<u>1,955</u>	<u>–</u>
	<u>28,726</u>	<u>30,253</u>

As at January 1, 2021, trade receivables from contracts with customers amounted to US\$3,919,000.

#### Notes:

- (1) Majority of trade receivables were from payment platforms which are normally settled within 30 days. Trade receivables are aged within 30 days based on the date of rendering of services. There were no past due trade receivables at end of the reporting period.
- (2) Includes in others are mainly long term loans to non-controlling interests amounted to US\$1,955,000 (2021: nil). The loans are unsecured, interest-free and repayable in 5 years.

## 15. 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:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Within 60 days	<b>32,313</b>	26,549

*Note:*

- (1) As at December 31, 2021, included in the trade payable balances above were amounts of US\$1,633,000, which were attributable to the IFS Business and Central Kitchen Business but the contractual relationship were between the Retained Group and the creditors. Upon transfer of the IFS Business and Central Kitchen Business in June 2022, trade payable of US\$2,382,000 attributable to the IFS Business and Central Kitchen Business, which was not part of the Purchased Assets, has been retained in the Retained Group and not included in the Group's consolidated financial statements.

## 16. OTHER PAYABLES

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Staff cost payable	<b>15,852</b>	16,183
Other taxes payables	<b>5,728</b>	4,446
Renovation fee payables	<b>3,457</b>	266
Listing expenses payables	<b>2,761</b>	–
Others	<b>3,865</b>	3,233
	<b>31,663</b>	24,128

## 17. COMBINED CAPITAL/SHARE CAPITAL

### Combined share capital

For the purpose of presenting the historical financial information, the combined capital as at December 31, 2021 represented the aggregate amount of the paid-in capital of the subsidiaries attributable to the Controlling Shareholders at the respective dates before the Company became the holding company of the Group.

## Share Capital

	Number of shares	Shown in the consolidated financial statements <i>US\$'000</i>
Ordinary shares at par value of US\$0.000005 each		
<b>Authorised:</b>		
At May 6, 2022 (date of incorporation), and December 31, 2022	10,000,000,000	—
<b>Issued and fully paid:</b>		
At May 6, 2022 (date of incorporation)	1	—
Issue of shares	557,399,998	3
Loan Capitalization	1	—
Issue of ordinary shares to share award scheme trust	61,933,000	*
At December 31, 2022	<u>619,333,000</u>	<u>3</u>

\* : Less than US\$1,000

### Notes:

- (1) On May 6, 2022, the Company was incorporated in the Cayman Islands as an exempted company with 10,000,000,000 shares with a par value of US\$0.000005 each. Upon incorporation, one share was allotted and issued to an independent third party subscriber and such share was then transferred to Newpai.
- (2) On June 1, 2022, one share of the Company was allotted and issued to Newpai for loan Capitalization with the amount of US\$471,336,000 and another one share of the Company was allotted and issued to Newpai for cash injection with the amount of US\$23,144,000. The differences between above amounts and the par value of the share capital were recognized as share premium. The new shares allotted and issued rank pari passu in all respects with the existing shares.
- (3) On December 12, 2022, 557,399,997 shares was allotted and issued to Newpai for cash at par value of US\$0.000005 each.
- (4) On December 12, 2022, in order to implement the share award scheme, 61,933,000 shares were allotted and issued to the company wholly owned and managed by the trustee appointed by the Company to manage and administer the share award scheme. These shares have been fully paid at par value of US\$0.000005 each with payment to be made out of the share premium of the Company. As the share award scheme acts solely as a deposit for the Company's shares, the shares held by the share award scheme were presented as treasury shares in the consolidated financial statements of the Group.

## 18. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2022, nor has any dividend been proposed since the incorporation of the Company.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. Pursuant to C.2.1 of 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 period from the Listing date, being December 30, 2022 (the “**Listing Date**”) to March 30, 2023, the Company did not have a separate chairman and chief executive officer, and Mr. ZHOU Zhaocheng performed these two roles. The Board believed that vesting the roles of both chairman and chief executive officer in the same person had the benefit of ensuring consistent leadership within the Group and enabled more effective and efficient overall strategic planning for the Group. The Board considered that the balance of power and authority for the present arrangement would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively.

On March 30, 2023, Mr. ZHOU Zhaocheng resigned and Mr. LI Yu was appointed as the chief executive officer of the Company while Mr. ZHOU currently maintains 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 all the applicable principles and code provisions as set out in the CG Code during the period from the Listing Date to December 31, 2022.

### **Compliance with the Model Code**

The Company has adopted its own code of the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Specific inquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2022.

The Company’s employees, who are likely to be in possession of inside information about 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 period from the Listing Date to December 31, 2022.

### **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period from the Listing Date to December 31, 2022.

## **Audit Committee**

The Audit Committee has three members comprising three independent non-executive Directors, namely Mr. TEO Ser Luck (chairman of the Audit Committee), Mr. TAN Kang Uei, Anthony and Mr. LIEN Jown Jing Vincent, 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 Deloitte & Touche LLP**

On February 7, 2023, the Accounting and Financial Reporting Council of Hong Kong has approved the application submitted by the Company for recognition of Deloitte & Touche LLP as an "overseas auditor" under the Accounting and Financial Reporting Council Ordinance (Cap. 588 of Laws of Hong Kong) (the "AFRCO"), and granted an approval in principle ("AIP") recognizing Deloitte & Touche LLP as a public interest entity auditor (the "PIE auditor") (as defined under section 3A of the AFRCO) of the Company. Upon receipt of this AIP, the Company is permitted to appoint Deloitte & Touche LLP to act as a PIE auditor of the Company under the AFRCO, for the audit of the Group's annual financial statement for the purposes of the applicable Hong Kong regulations. In this connection, 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, Deloitte & Touche LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Deloitte & Touche LLP on the preliminary announcement.

## **Events after the Reporting Period**

On March 30, 2023, Mr. ZHOU Zhaocheng resigned and Mr. LI Yu was appointed as the chief executive officer of the Company. Mr. LI Yu was also appointed as an executive Director with effect from the same date. For details, please refer to the announcement of the Company dated March 30, 2023.

Save as disclosed in this announcement, 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 does not recommend any payment of a final dividend for the year ended December 31, 2022.

## **Annual General Meeting**

The annual general meeting (the “AGM”) will be held on Tuesday, May 30, 2023. A notice convening the AGM will be published and dispatched to the shareholders in the manner required by the Listing Rules in due course.

## **Closure of Register of Members for AGM**

The register of members of the Company will be closed from Wednesday, May 24, 2023 to Tuesday, May 30, 2023, both days inclusive, during which period no transfer of shares will be registered. 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 Tuesday, May 23, 2023.

## **Publication of Annual Results Announcement and Annual Report**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.superhiinternational.com](http://www.superhiinternational.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 dispatched 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  
**SUPER HI INTERNATIONAL HOLDING LTD.**  
**ZHOU Zhaocheng**  
*Chairman*

Singapore, March 30, 2023

*As at the date of this announcement, the Board comprises Mr. ZHOU Zhaocheng, Mr. LI Yu, Mr. WANG Jinping and Ms. LIU Li as executive Directors; Mr. TAN Kang Uei, Anthony, Mr. TEO Ser Luck and Mr. LIEN Jown Jing Vincent as independent non-executive Directors.*