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, 2019

The board of directors (the "**Board**") of Haidilao International Holding Ltd. (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended June 30, 2019 (the "**Reporting Period**"), together with comparative figures for the same period of 2018.

In this announcement, "we", "us", and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

KEY FINANCIAL HIGHLIGHTS

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**11,694,626**	7,342,644
Revenue from restaurant operation	**11,331,412**	7,152,037
Profit before tax	**1,251,008**	900,918
Profit for the period	**912,165**	647,411
Net profit attributable to owners of the Company	**911,035**	646,488
Basic earnings per share (RMB)	**0.17**	0.13

KEY BUSINESS HIGHLIGHTS

	As of and for the six months ended June 30,	
	2019	2018
Number of restaurants	**593**	341
Average table turnover rate (times/day)	**4.8**	4.9
Average spending per guest (RMB)	**104.4**	100.3
Same store sales (RMB'000)	**6,328,046**	6,042,701
Average same store table turnover rate (times/day)	**5.2**	5.0
Same store sales growth	**4.7%**	

2019 INTERIM PERFORMANCE REVIEW

In the first half of 2019, we opened 130 new restaurants, expanding the global restaurant network from 466 restaurants as of December 31, 2018 to 593 restaurants as of June 30, 2019, among which 550 restaurants were located in 116 cities in mainland China, and 43 restaurants were located in Taiwan (China), Hong Kong (China) and overseas, including Singapore, South Korea, Japan, the United States, Canada, the United Kingdom, Vietnam, Malaysia and Australia.

We continued to optimize the operation management and comprehensively enhanced the dining experience of our guests from the perspectives of "customer satisfaction" and "employee efforts". As of June 30, 2019, we served more than 109 million customers with an average table turnover rate of 4.8 times per day. As of June 30, 2019, we had more than 43.8 million members.

In the first half of 2019, we deployed different intelligent elements to our restaurants. As of June 30, 2019, we implemented intelligent robotic arms in 3 restaurants, intelligent soup bases preparation machines in 3 restaurants and intelligent robot waiters in 179 restaurants.

In the first half of 2019, in order to provide our guests with a richer selection of products, we continued to introduce a variety of new dishes in the whole market and different regional markets in mainland China, and started to sell milk tea and other soft drinks under the Haidilao brand. We introduced 187 new dishes in the first half of 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The revenue of the Group increased by 59.3% from RMB7,342.6 million for the six months ended June 30, 2018 to RMB11,694.6 million for the corresponding period in 2019.

Revenue by Segment

We generate 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 period indicated:

	For the six months ended June 30,			
	2019		2018	
	(RMB' 000 except percentages)		*(RMB' 000 except percentages)*	
Restaurant operation	**11,331,412**	**96.9%**	7,152,037	97.4%
Delivery business	**187,917**	**1.6%**	133,357	1.8%
Sales of condiment products and food ingredients	**175,297**	**1.5%**	57,250	0.8%
Total revenue	**11,694,626**	**100%**	7,342,644	100%

Revenue from restaurant operation, the major part of our revenue which accounted for 96.9% of our total revenue for the six months ended June 30, 2019, increased significantly by 58.4% from RMB7,152.0 million for the six months ended June 30, 2018 to RMB11,331.4 million for the corresponding period in 2019, mainly due to the 259 new restaurants we opened in the second half of 2018 and the first half of 2019. Our same store sales increased by 4.7% from RMB6,042.7 million for the six months ended June 30, 2018 to RMB6,328.0 million for the corresponding period in 2019. Our average spending per guest increased from RMB100.3 for the six months ended June 30, 2018 to RMB104.4 for the corresponding period in 2019.

Revenue from our delivery business increased by 40.9% from RMB133.4 million for the six months ended June 30, 2018 to RMB187.9 million for the corresponding period in 2019, mainly due to an increase in number of delivery orders.

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

	For the six months ended June 30,	
	2019	2018
Overall		
Average spending per guest[1] (RMB)		
Tier 1 cities	**110.0**	106.0
Tier 2 cities	**98.4**	94.2
Tier 3 cities and below	**94.8**	91.8
Mainland China restaurants	**100.4**	96.6
Outside mainland China	**185.5**	196.1
Overall	**104.4**	100.3
Table turnover rate[2] (times/day)		
Tier 1 cities	**4.8**	4.9
Tier 2 cities	**5.0**	5.1
Tier 3 cities and below	**4.7**	4.6
Mainland China restaurants	**4.8**	5.0
Outside mainland China	**3.9**	3.7
Overall	**4.8**	4.9
New and existing restaurants[3]		
Newly-opened restaurants	**3.9**	4.2
Existing restaurants	**4.9**	5.0
Overall	**4.8**	4.9

Notes:

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

(2) Calculated by dividing the total tables served for the period by the product of total restaurant operation days for the period and average table count during the period.

(3) We define our existing restaurants as those that had commenced operations prior to the beginning of the respective period, and remained open at the end of the same period.

The following table sets forth details of our same store sales for the period indicated.

	For the six months ended June 30,	
	2019	2018
Number of same stores[1]		
Tier 1 cities	**53**	
Tier 2 cities	**117**	
Tier 3 cities and below	**58**	
Outside mainland China	**17**	
Overall	**245**	
Same store sales[2] **(in thousands of RMB)**		
Tier 1 cities	**1,532,672**	1,483,389
Tier 2 cities	**3,085,558**	3,028,290
Tier 3 cities and below	**1,233,437**	1,096,682
Outside mainland China	**476,379**	434,340
Overall	**6,328,046**	6,042,701
Same store sales growth (%)		
Tier 1 cities	**3.3%**	
Tier 2 cities	**1.9%**	
Tier 3 cities and below	**12.5%**	
Outside mainland China	**9.7%**	
Overall	**4.7%**	
Average same store sales per day[3] **(in thousands of RMB)**		
Tier 1 cities	**161.5**	155.4
Tier 2 cities	**146.7**	143.6
Tier 3 cities and below	**117.9**	104.9
Outside mainland China	**156.0**	142.7
Overall	**143.7**	136.9
Average same store table turnover rate (times/day)[4]		
Tier 1 cities	**5.1**	5.1
Tier 2 cities	**5.3**	5.2
Tier 3 cities and below	**5.1**	4.7
Outside mainland China	**4.3**	3.9
Overall	**5.2**	5.0

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, 2018 and 2019.

(2) Refers to the aggregate 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 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.

Revenue from Restaurant Operation by Geographic Region

Our business is conducted in China and overseas. The following table sets forth our breakdown of gross revenue from restaurant operation by location for the period indicated:

	As of and for the six months ended June 30,					
	2019			2018		
	Number of restaurants	**Gross Revenue/ Revenue** *(RMB'000)*		Number of restaurants	Gross Revenue/ Revenue *(RMB'000)*	
Mainland China						
Tier 1 cities[1]	**146**	**2,864,838**	**25.2%**	78	1,800,232	25.0%
Tier 2 cities[2]	**257**	**5,024,381**	**44.1%**	153	3,467,689	48.2%
Tier 3 cities and below[3]	**147**	**2,532,050**	**22.2%**	85	1,401,431	19.4%
Subtotal	**550**	**10,421,269**	**91.5%**	316	6,669,352	92.6%
Outside mainland China						
Asia	**36**	**830,980**	**7.3%**	21	471,149	6.6%
North America	**5**	**93,919**	**0.9%**	4	61,167	0.8%
Europe	**1**	**14,095**	**0.1%**	–	–	–
Oceania	**1**	**21,051**	**0.2%**	–	–	–
Subtotal	**43**	**960,045**	**8.5%**	25	532,316	7.4%
Total restaurants/gross revenue generated from restaurant operation	**593**	**11,381,314**	**100%**	341	7,201,668	100%
Net of: Customer loyalty program		**(49,902)**			(49,631)	
Total restaurants/revenue generated from restaurant operation	**593**	**11,331,412**		341	7,152,037	

Notes:

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

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

(3) All the cities and regions excluding tier one cities and tier two cities.

Raw Materials and Consumables Used

Our raw materials and consumables used increased by 59.9% from RMB3,066.3 million for the six months ended June 30, 2018 to RMB4,902.6 million for the corresponding period in 2019, primarily due to our business expansion. As a percentage of revenue, our raw materials and consumables used remained relatively stable at 41.8% for the six months ended June 30, 2018 and 41.9% for the six months ended June 30, 2019.

Staff Costs

Our staff costs increased by 65.8% from RMB2,202.7 million for the six months ended June 30, 2018 to RMB3,651.9 million for the corresponding period in 2019, and as a percentage of revenue, increased from 30.0% for the six months ended June 30, 2018 to 31.2% for the corresponding period in 2019, mainly because of our business expansion and the increase in compensation level of our staffs.

Property Rentals and Related Expenses

Our property rentals and related expenses decreased by 64.7% from RMB272.3 million for the six months ended June 30, 2018 to RMB96.1 million for the corresponding period in 2019, and as a percentage of revenue, decreased from 3.7% for the six months ended June 30, 2018 to 0.8% for the corresponding period in 2019, primarily due to the application of IFRS 16 for the first time. For rental contracts under IFRS 16, the related rental expenses were recorded under depreciation and amortization.

Depreciation and Amortization

Our depreciation and amortization increased by 182.8% from RMB293.6 million for the six months ended June 30, 2018 to RMB830.1 million for the corresponding period in 2019, and as a percentage of revenue, depreciation and amortization increased from 4.0% for the six months ended June 30, 2018 to 7.1% for the corresponding period in 2019, mainly due to the application of IFRS 16 for the first time, which resulted in the increase of the depreciation of our right-of-use assets and the decrease of property rentals and related expenses, and the effect of our business expansion.

Utilities Expenses

Our utilities expenses increased by 72.5% from RMB254.6 million for the six months ended June 30, 2018 to RMB439.1 million for the corresponding period in 2019, primarily because of our business expansion, and as a percentage of revenue, the utilities expenses remained relatively stable at 3.5% for the six months ended June 30, 2018 and 3.8% for the six months ended June 30, 2019.

Travelling and Related Expenses

Our travelling and related expenses increased by 30.3% from RMB72.4 million for the six months ended June 30, 2018 to RMB94.3 million for the corresponding period in 2019, primarily because of our business expansion.

Other Expenses

Our other expenses increased by 53.2% from RMB301.4 million for the six months ended June 30, 2018 to RMB461.6 million for the corresponding period in 2019 as a result of our business expansion. As a percentage of revenue, our other expenses decreased slightly from 4.1% for the six months ended June 30, 2018 to 3.9% for the corresponding period in 2019.

Share of Profit or Loss of Associates and a Joint Venture

Our share of profit or loss in relation to our associates (1) Fuhai (Shanghai) Food Technology Co.,Ltd. ("**Fuhai**"), in which we held a 40% equity interest; (2) other associates invested by Beijing Youdingyou Catering Co., Ltd., a company acquired during the current interim period; and (3) our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest, increased significantly from RMB5.2 million for the six months ended June 30, 2018 to RMB18.3 million for the corresponding period in 2019, mainly due to the business expansion of Fuhai.

Other Gains and Losses

Our other gains and losses decreased by 114.8% from RMB18.8 million (gains) for the six months ended June 30, 2018 to RMB2.8 million (losses) for the corresponding period in 2019, primarily due to the decrease of net foreign exchange (loss) gain and the increase of the loss on disposal of property, plant and equipment.

Finance Costs

Our finance costs increased by 1064.1% from RMB8.8 million for the six months ended June 30, 2018 to RMB102.1 million for the corresponding period in 2019, primarily due to the increase of interest expenses resulting from the application of IFRS16 for the first time.

Income Tax Expense

Our income tax expense increased by 33.7% from RMB253.5 million for the six months ended June 30, 2018 to RMB338.8 million for the corresponding period in 2019. Our effective tax rate decreased from 28.1% for the six months ended June 30, 2018 to 27.1% for the corresponding period in 2019, primarily reflecting (i) a RMB4.7 million increase in the effect of income not taxable for tax purposes, and (ii) the effect of different tax rates of subsidiaries operating in other jurisdictions whose income tax rates were less than 25%.

Capital Liquidity and Financial Resources

For the six months ended June 30, 2019, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and net proceeds from the initial public offering. 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 refurbish and decorate our restaurants. Our cash and cash equivalents decreased from RMB4,118.6 million as of December 31, 2018 to RMB3,002.7 million as of June 30, 2019, mainly due to the capital expenditure on business expansion and the acquisition of a subsidiary.

Right-of-use Assets

Under 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, 2019, we recognized right-of-use assets with an amount of RMB4,019.7 million.

Inventories

Our inventories mainly represented our food ingredients used in our restaurant operation. Our inventories increased from RMB457.1 million as of December 31, 2018 to RMB458.1 million as of June 30, 2019, primarily due to our business expansion. Our inventory turnover days for the year ended December 31, 2018 and the six months ended June 30, 2019 equaled the average of the beginning and ending inventories for the year/period divided by raw materials and consumables used for the corresponding year/period and multiplied by 365 days/181 days, and increased from 14.5 days to 16.9 days, primarily because we maintained a low inventory level at the beginning of 2018 before the change of procurement arrangement in January 2018 under which we procure food ingredients that do not require processing directly from third party suppliers instead of from Shuhai (Beijing) Supply Chain Management Co., Ltd. (蜀海(北京)供應鏈管理有限責任公司) and its subsidiaries ("**Shuhai Group**") and maintain the food ingredients that do not require processing as our inventories.

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 increased from RMB150.1 million as of December 31, 2018 to RMB154.1 million as of June 30, 2019, reflecting the trade receivables of the Group at the respective time. The turnover days of trade receivables decreased from 3.5 days for the year ended December 31, 2018 to 2.4 days for the six months ended June 30, 2019.

Trade Payables

Trade payables mainly represent the balances due to our independent third party suppliers of food ingredients and consumables. Our trade payables increased from RMB729.3 million as of December 31, 2018 to RMB909.8 million as of June 30, 2019, reflecting the increase of procurement resulting from the business expansion. The turnover days of trade payables increased from 23.6 days for the year ended December 31, 2018 to 30.3 days for the six months ended June 30, 2019.

Bank Borrowings

As of June 30, 2019, we had bank borrowings of RMB423.6 million. During the six months ended June 30, 2019, the Group obtained new bank loans amounting to RMB52.6 million and repaid bank loans amounting to RMB40.3 million.

Other Borrowing

As of June 30, 2019, we had other borrowing of RMB96.2 million, which were obtained during the six months ended June 30, 2019 and were secured by other non-current assets the Group purchased during this current interim period.

Charge of Assets

As of June 30, 2019, the Company did not charge any fixed assets as securities for borrowings excluding other non-current assets secured for other borrowing.

Contingent Liabilities

As of June 30, 2019, 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.

Debt-to-equity Ratio

As of June 30, 2019, the Company's debt-to-equity ratio was 5.7%.

Note: Equals 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 transactions denominated and settled in RMB. However, the Group has certain overseas operations 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, 2019, the Group had a total of 88,378 employees, of which 84,074 employees were located in mainland China and 4,304 employees were located in Hong Kong (China), Taiwan (China) and overseas. For the six months ended June 30, 2019, the Group has incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB3,651.9 million.

Material Acquisitions and Disposals

As disclosed in the announcement dated March 26, 2019 in relation to the acquisition of 100% equity interest in Beijing Youdingyou Catering Co., Ltd. (北京優鼎優餐飲股份有限公司) ("**Youdingyou**"), on March 26, 2019, Hai Di Lao Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, as the buyer, and the shareholders of Youdingyou, as the sellers, entered into the equity transfer agreements, pursuant to which, the sellers have agreed to sell and the buyer has agreed to purchase the 100% of the equity interest of Youdingyou at a total consideration of RMB204,081,633.

Save as disclosed above, the Company had no other material acquisitions and disposals as of June 30, 2019.

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.

No Material Changes

Saved as disclosed in this interim result announcement, during the period from January 1, 2019 to June 30, 2019, 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 Listing Rules.

FUTURE PROSPECT

Going forward, our development initiatives mainly include:

- Continue to strategically expand our restaurant network by further increasing our restaurant density and further expanding geographical coverage;
- Continue to enhance the Haidilao dining experience by further improving our service and offering more value-added services to the guests with membership; and
- Strategically pursue acquisitions of high-quality businesses and assets.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at June 30, 2019** *RMB'000* **(Unaudited)**	As at December 31, 2018 *RMB'000* (Audited)
Non-current Assets			
Property, plant and equipment		**5,037,212**	3,999,803
Right-of-use assets	*10*	**4,019,706**	–
Goodwill		**92,602**	–
Other intangible assets		**144,659**	51,816
Investments in associates		**115,984**	34,531
Investment in a joint venture		**61,792**	65,331
Financial assets at fair value through profit or loss ("**FVTPL**")		**33,178**	12,585
Deferred tax assets		**155,588**	91,626
Deposits placed in a financial institution		**–**	1,720,216
Rental deposits		**229,729**	232,749
Other non-current assets		**145,595**	–
		10,036,045	6,208,657
Current Assets			
Inventories		**458,138**	457,124
Trade and other receivables and prepayments	*11*	**1,353,253**	845,118
Amounts due from related parties		**250,925**	201,261
Financial assets at FVTPL		**22,023**	1,653
Deposits placed in a financial institution		**1,752,073**	103,381
Other financial assets		**–**	807
Pledged bank deposits		**48,841**	8,019
Bank balances and cash		**3,002,704**	4,118,623
		6,887,957	5,735,986

	Notes	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Current Liabilities			
Trade payables	*12*	**909,822**	729,328
Other payables	*13*	**1,208,489**	906,464
Amounts due to related parties		**370,484**	592,663
Dividend payable	*8*	**–**	128,416
Tax payable		**114,532**	160,724
Lease liabilities		**449,598**	–
Bank borrowings		**423,599**	410,354
Other borrowing		**10,131**	–
Contract liabilities		**436,809**	378,039
		3,923,464	3,305,988
Net Current Assets		**2,964,493**	2,429,998
Total Assets less Current Liabilities		**13,000,538**	8,638,655
Non-current Liabilities			
Deferred tax liabilities		**6,409**	1,618
Lease liabilities		**3,703,145**	–
Other borrowing		**86,115**	–
Provisions		**8,193**	7,479
		3,803,862	9,097
Net Assets		**9,196,676**	8,629,558
Capital and Reserves			
Share capital		**175**	175
Reserves		**9,190,785**	8,624,797
Equity attributable to owners of the Company		**9,190,960**	8,624,972
Non-controlling interests		**5,716**	4,586
Total Equity		**9,196,676**	8,629,558

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended June 30,	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Revenue	*3*	**11,694,626**	7,342,644
Other income	*4*	**118,828**	26,986
Raw materials and consumables used		**(4,902,583)**	(3,066,327)
Staff costs		**(3,651,919)**	(2,202,717)
Property rentals and related expenses		**(96,110)**	(272,301)
Utilities expenses		**(439,146)**	(254,635)
Depreciation and amortization		**(830,144)**	(293,570)
Travelling and related expenses		**(94,343)**	(72,387)
Listing expenses		**–**	(20,659)
Other expenses		**(461,570)**	(301,373)
Share of profit of associates		**21,828**	5,205
Share of loss of a joint venture		**(3,539)**	–
Other gains and losses	*5*	**(2,786)**	18,826
Finance costs		**(102,134)**	(8,774)
Profit before tax		**1,251,008**	900,918
Income tax expense	*6*	**(338,843)**	(253,507)
Profit for the period	*7*	**912,165**	647,411
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(47)**	6,156
Total comprehensive income for the period		**912,118**	653,567
Profit for the period attributable to:			
Owners of the Company		**911,035**	646,488
Non-controlling interests		**1,130**	923
		912,165	647,411
Total comprehensive income attributable to:			
Owners of the Company		**910,988**	651,602
Non-controlling interests		**1,130**	1,965
		912,118	653,567
EARNINGS PER SHARE			
Basic (RMB)	*9*	**0.17**	0.13
Diluted (RMB)	*9*	**0.17**	0.13

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 with the name of Newpai International Investment Ltd.. Pursuant to a special resolution of the Company dated March 14, 2018, the Company's name was changed to Haidilao International Holding Ltd.. The ultimate controlling parties are Mr. Zhang Yong and his spouse namely Ms. Shu Ping (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 and sales of condiment products and food ingredients located in the PRC and overseas.

Items included in the financial statements of each of the Group's entities are recorded using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The condensed consolidated financial statements is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries in the PRC.

The condensed consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current 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 of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17, and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

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

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

As a lessee

Short-term leases

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

Right-of-use assets

Except for short-term leases, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

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

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

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

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

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

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

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

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

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

Taxation

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

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

Sale and leaseback transactions

The Group acts as a seller-lessee

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as other borrowing within the scope of IFRS 9.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition.

The Group recognized lease liabilities of RMB3,446,062,000 and right-of-use assets of RMB3,414,581,000 at January 1, 2019.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities as lessee range from 1.50% to 5.38%.

	At January 1, 2019
	RMB'000
Operating lease commitments disclosed as at December 31, 2018	4,719,948
Less: Value-added tax	(252,421)
Operating lease commitments without value-added tax	4,467,527
Lease liabilities discounted at relevant incremental borrowing rates	3,588,665
Less: Recognition exemption – short-term leases	(106,998)
Lease commitments signed but not commenced as at December 31, 2018	(35,605)
Lease liabilities relating to operating leases recognized upon application of IFRS 16	3,446,062
Lease liabilities as at January 1, 2019	3,446,062
Analyzed as	
Current	471,883
Non-current	2,974,179
	3,446,062

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Notes	**Right-of-use assets**
		RMB'000
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		3,446,062
Reclassified from prepaid lease payments	*(a)*	48,685
Amounts included in property, plant and equipment under IAS 17 – Restoration and reinstatement costs	*(b)*	4,552
Adjustments on rental deposits at January 1, 2019	*(c)*	34,911
Less: Accrued lease liabilities at January 1, 2019	*(d)*	(75,572)
Lease incentives received	*(e)*	(44,057)
		3,414,581

The right-of-use assets are all classified as buildings.

Notes:

(a) Upfront payments for buildings in the PRC and overseas were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the prepaid lease payments amounting to RMB48,685,000 were reclassified to right-of-use assets.

(b) In relation to the leases of restaurants that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented premises previously included in property, plant and equipment amounting to RMB4,552,000 as at January 1, 2019 were included as right-of-use assets.

(c) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB34,911,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(d) Rent free period

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the accrued lease liabilities as at January 1, 2019 was adjusted to right-of-use assets at transition.

Lease payments increase progressively over lease terms

These relate to accrued lease liabilities of several operating leases for leases of properties in which the rentals increase progressively by fixed annual percentage. The carrying amount of the accrued lease liabilities as at January 1, 2019 was adjusted to right-of-use assets at transition.

(e) The carrying amount of the lease incentive received on or before January 1, 2019 was adjusted to right-of-use assets at transition.

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at December 31, 2018**	**Adjustments**	**Carrying amounts under IFRS 16 at January 1, 2019**
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Property, plant and equipment	*(b)*	3,999,803	(4,552)	3,995,251
Rental deposits	*(c)*	232,749	(34,911)	197,838
Right-of-use assets		–	3,414,581	3,414,581
Current Assets				
Trade and other receivables and prepayments				
– Prepaid rental expenses	*(a)(d)(e)*	58,273	70,944	129,217
Current Liabilities				
Lease liabilities		–	471,883	471,883
Non-current liabilities				
Lease liabilities		–	2,974,179	2,974,179

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended June 30, 2019, movements in working capital have been computed based on opening statement of financial position as at January 1, 2019 as disclosed above.

2.2 Significant changes in significant judgements and key sources of estimation uncertainty

Determination on discount rates of lease contracts

The Group applies incremental borrowing rates as the discount rates of lease liabilities, which require financing spread adjustments and lease specific adjustments based on the relevant market rates. The assessments of whether the Group is reasonably determine the adjustments impact the discount rates, which significantly affect the amount of lease liabilities and right-of-use assets.

3. Revenue and Segment Information

During the six months ended June 30, 2019 and 2018, the Group's revenue which represents the amount received and receivable from the restaurant operation, delivery business and sales of condiment products and food ingredients, net of discounts and sales related taxes, are as follows:

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Restaurant operation	**11,331,412**	7,152,037
Delivery business	**187,917**	133,357
Sales of condiment products and food ingredients	**175,297**	57,250
Total	**11,694,626**	7,342,644

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

No revenue from individual customer contributing over 10% of total revenue of the Group during the six months ended June 30, 2019 (six months ended June 30, 2018: Nil).

The following table set forth the breakdown of the Group's revenue during the six months ended June 30, 2019 and 2018, and the breakdown of the Group's non-current assets as at June 30, 2019 and December 31, 2018 based on locations of operations:

	Revenue For the six months ended June 30,		**Non-current assets** *(Note)* **As at**	
	2019	2018	**June 30, 2019**	**December 31,** 2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Mainland China	**10,650,298**	6,793,793	**7,836,063**	3,637,864
Outside mainland China	**1,044,328**	548,851	**2,011,216**	746,366
Total	**11,694,626**	7,342,644	**9,847,279**	4,384,230

Note:

Non-current assets exclude financial assets at FVTPL and deferred tax assets.

4. Other Income

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest income on:		
– bank deposits	**48,788**	454
– deposits placed in a financial institution	**29,857**	–
– rental deposits	**2,551**	–
– other financial assets	**1**	319
	81,197	773
Government grant *(Note)*	**15,860**	17,097
Tax additional deduction	**5,608**	–
Others	**16,163**	9,116
	118,828	26,986

Note:

The amounts represent the subsidies received from the local governments for the Group's local business development. There were no unfulfilled conditions in the periods in which they were recognized.

5. Other Gains and Losses

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss on disposal of property, plant and equipment, net	**(11,276)**	(3,007)
Net foreign exchange (loss) gain	**(1,290)**	11,298
Net gain arising on financial assets at FVTPL	**2,338**	7,062
Others	**7,442**	3,473
	(2,786)	18,826

6. Income Tax Expense

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax:		
– current period		
– PRC Enterprise Income Tax ("**EIT**")	**400,271**	264,941
– other jurisdictions	**1,226**	13,390
	401,497	278,331
– under provision in prior period		
– PRC EIT	**83**	1,793
– other jurisdictions	**–**	415
	83	2,208
	401,580	280,539
Deferred tax	**(62,737)**	(27,032)
	338,843	253,507

Under the Law of the PRC on Enterprise Income Tax, 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, 2019 and 2018, no deferred tax liability was recognized in respect of the undistributed earnings expected to be distributed in the foreseeable future with the tax rate of 5%. Deferred tax liabilities have not been provided for the remaining undistributed earnings amounting to RMB3,191,702,000 and RMB1,503,331,000 as at June 30, 2019 and 2018 respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

7. Profit for the Period

The Group's profit for the period has been arrived at after charging:

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	**534,127**	289,686
Depreciation of right-of-use assets	**287,777**	–
Amortization of other intangible assets	**8,240**	3,884
Total depreciation and amortization	**830,144**	293,570
Property rentals in respect of		
– office premises and staff quarters (fixed payments)	**–**	25,429
– restaurants		
– fixed payments	**–**	213,597
– variable lease payments *(Note)*	**96,110**	33,275
	96,110	246,872
Total property rentals	**96,110**	272,301
Directors' emoluments	**63,798**	12,261
Other staff cost		
Salaries and other allowance	**3,037,005**	1,866,581
Employee welfare	**322,354**	233,622
Retirement benefit contribution	**228,762**	90,253
Total staff costs	**3,651,919**	2,202,717

Note:

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

8. Dividends

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Dividends recognized as distributions during the period	**345,000**	584,002

On March 26, 2019, a final dividend of HKD0.076 (equivalent to RMB0.065) per share with total dividends of HKD403,627,000 (equivalent to RMB345,000,000) was declared to shareholders for the year ended December 31, 2018 by the Company out of share premium. The dividend was paid in June 2019.

On June 10, 2018, a final dividend of USD88,816,000 (equivalent to RMB584,002,000), with the dividend per share of approximately USD5,329 (equivalent to RMB35,039) was declared to shareholders for the year ended December 31, 2017 by the Company.

9. Earnings Per Share

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

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings		
Profit for the period attributable to owners of the Company	**911,035**	646,488

	For the six months ended June 30,	
	2019	2018
	'000	*'000*
	(Unaudited)	(Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**5,300,000**	4,875,470

No diluted earnings per share for the six months ended June 30, 2019 and 2018 were presented as there were no potential ordinary shares in issue for the six months ended June 30, 2019 and 2018.

10. Right-of-use Assets

During the six months ended June 30, 2019, the Group entered into several new lease agreements for the use of restaurant operation and office premises for 7 to 13 years. The Group is required to make fixed-term payments with predetermined annual incremental rental adjustments. On lease commencement, the Group recognized RMB874,961,000 of right-of-use assets and RMB860,433,000 of lease liabilities. No impairment was recognized in respect of right-of-use assets during the six months ended June 30, 2019 as the management considered that no indicator of impairment was identified.

11. Trade and Other Receivables and Prepayments

	As at June 30, 2019	As at December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**154,066**	150,093
Other receivables and prepayments:		
Prepaid rental expenses	**141,596**	58,273
Loans to employees *(Note)*	**11,712**	17,474
Prepayment to suppliers	**347,074**	267,040
Prepaid operating expenses	**91,757**	69,537
Input value-added tax recoverable	**388,156**	237,860
Interest receivable	**28,965**	11,978
Refundable prepayment for purchase of property, plant and equipment	**132,030**	–
Others	**57,897**	32,863
Subtotal	**1,199,187**	695,025
Total trade and other receivables and prepayments	**1,353,253**	845,118

Note:

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

Majority of trade receivables were from payment platforms for which are normally settled within 0 to 30 days. Trade receivables are aged 0 to 30 days based on the date of rendering of services. There were no trade receivables past due but not impaired.

12. 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, 2019 ***RMB'000*** **(Unaudited)**	As at December 31, 2018 *RMB'000* (Audited)
Within 60 days	**792,055**	715,522
61 to 180 days	**93,313**	7,496
More than 181 days	**24,454**	6,310
	909,822	729,328

13. Other Payables

	As at June 30, 2019 ***RMB'000*** **(Unaudited)**	As at December 31, 2018 *RMB'000* (Audited)
Staff cost payable	**634,703**	604,319
Other taxes payables	**69,698**	63,944
Deposits from suppliers	**32,869**	28,271
Renovation fee payables	**342,931**	158,245
Listing fee/share issue cost payables	**12,522**	33,669
Interest payable	**329**	391
Consideration payable for acquisition of a subsidiary	**97,595**	–
Others	**17,842**	17,625
	1,208,489	906,464

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 26, 2018 ("**Listing Date**").

Pursuant to A.2.1 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang Yong currently serves as the chairman of the Board and the chief executive officer of the Company. He is one of the founders of the Group and has been operating and managing the Group since its establishment. The directors of our Company (the "**Directors**") believe that it is beneficial to the business operations and management of the Group that Mr. Zhang Yong continues to serve as both the chairman of the Board and the chief executive officer of the Company.

Save as the above, the Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the principles and the code provisions in the Corporate Governance Code during the six months ended June 30, 2019.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2019.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended June 30, 2019.

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, 2019.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") has three members comprising our non-executive Director, namely Ms. Shu Ping, and two independent non-executive Directors, namely Mr. Qi Daqing (chairman of the Audit Committee) and Mr. Hee Theng Fong, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the Group's interim financial results for the six months ended June 30, 2019, 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 interim financial results for the six months ended June 30, 2019 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 net proceeds from the initial public offering amounted to approximately HK$7,299.3 million, which will be used for (1) our expansion plan; (2) the development and implementation of new technology; (3) the repayment of the loan facility and credit facility; and (4) working capital and general corporate purposes.

As of June 30, 2019, the Company cumulatively used approximately 47.0% of the proceeds from the initial public offering and 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.

The following sets forth a summary of the utilization of the net proceeds from Company's initial public offering as of June 30, 2019:

- approximately 28.6% was used to finance part of our expansion plan;
- approximately 0.4% was used to develop and implement new technology;
- approximately 15.0% was used to partially repay (i) the loan facility of RMB850.0 million from China Merchants Bank Co., Ltd. Hong Kong Branch, and (ii) the credit facility in the amount of US$40.0 million from Citibank (China) Co., Ltd. Beijing Branch; and
- approximately 3.0% was used for our working capital and general corporate purposes.

Events after the End of the Reporting Period

Our Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2019 and up to the date of this announcement.

Principal Risks and Uncertainties

Our business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

Interim Dividends

The Board of Directors does not recommend the payment of interim dividends for the six months ended June 30, 2019 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, 2019 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 20, 2019

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Yong as the Chairman and Executive Director and Mr. Shi Yonghong, Mr. Shao Zhidong and Mr. Tong Xiaofeng as Executive Directors, Ms. Shu Ping as the Non-executive Director, and Dr. Chua Sin Bin, Mr. Hee Theng Fong and Mr. Qi Daqing as Independent Non-executive Directors.