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HAIDILAO INTERNATIONAL HOLDING LTD.

海底捞国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6862)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Haidilao International Holding Ltd. (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended June 30, 2022 (the “**Reporting Period**”), together with comparative figures for the same period of 2021.

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

KEY FINANCIAL HIGHLIGHTS

| | For the six months ended June 30, | |
|---|--------------------------------------|------------|
| | 2022 | 2021 |
| | (RMB'000) | (RMB'000) |
| Revenue | 16,764,134 | 20,094,369 |
| Revenue from Haidilao restaurant operation | 15,857,011 | 19,418,626 |
| (Loss) profit before tax | (111,094) | 294,921 |
| (Loss) profit for the period | (267,265) | 96,508 |
| (Loss) profit attributable to owners of the Company | (266,258) | 94,529 |
| Basic (loss) earnings per share (RMB) | (0.05) | 0.02 |

KEY BUSINESS HIGHLIGHTS

| | As of and for the six months ended June 30, | |
|--|--|-------|
| | 2022 | 2021 |
| Number of Haidilao restaurants ^{Note} | 1,435 | 1,597 |
| Average table turnover rate (times/day) | 2.9 | 3.0 |
| Average spending per guest (RMB) | 109.1 | 107.3 |

Note: As of June 30, 2021, the number of Haidilao restaurants was 1,597. From July 2021 to June 2022, 129 new restaurants were opened and 291 restaurants were closed, representing a net decrease of 162 restaurants. Accordingly, the number of restaurants was 1,435 as of June 30, 2022.

2022 INTERIM PERFORMANCE REVIEW

During the Reporting Period, the impact of COVID-19 pandemic on the Group remained significant. Since March 2022, a new wave of COVID-19 outbreak has hit several regions in China, in particular first-tier cities. To contain the wide spread of the COVID-19 pandemic, local governments have imposed stringent preventive and control measures, bringing impacts to the overall catering industry. Against this background, the Group recorded total revenue of RMB16,764.1 million for the first half of the year 2022, as compared to RMB20,094.4 million for the same period of 2021, which was mainly due to the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulted from the impact of the COVID-19 pandemic from March to May 2022, and the decrease in the number of restaurants as compared to the corresponding period in 2021 as a result of the “Woodpecker” plan.

The Group recorded net loss of RMB267.3 million for the six months ended June 30, 2022, as compared to its net profit of RMB96.5 million for the same period of 2021, mainly attributable to (i) one-off losses on disposal of long term assets, impairment losses and others, which in aggregate amounted to approximately RMB307.7 million, primarily due to the closure and suspension of certain restaurants under the “Woodpecker” plan and the impact of the COVID-19 pandemic in the first half of 2022; and (ii) incurring of fixed expenses and staff costs in certain of our restaurants despite the suspension of business or dine-in services due to the recurring COVID-19 pandemic in mainland China from March to May 2022.

During the first half of 2022, we have opened 18 new restaurants and closed 26 restaurants as a result of the “Woodpecker” plan. As of June 30, 2022, we operated 1,435 Haidilao restaurants worldwide^{Note}, among which 1,310 were located in mainland China, 22 were located in Hong Kong, Macau and Taiwan regions, and 103 were located in 11 other countries. Considering the operation performance of our restaurants in mainland China and other regions has significantly improved since June 2022 along with the gradual alleviation of the COVID-19 pandemic, and the “Woodpecker” plan has achieved certain favorable results, the Group planned to launch the “Hard Bone” plan when appropriate, pursuant to which the Group will consider to re-open the restaurants that were previously closed and suspended under the “Woodpecker” plan. Going forward, the management of the Group will re-assess the overall conditions of those closed and suspended restaurants, including location, properties, staffing, operation size and performance improvement potentials. The management of the Group will, taking into account the market conditions, selectively re-open these restaurants pursuant to the “Hard Bone” plan whilst continue to ensure customer satisfaction and the operation performance and staff adequacy of the existing restaurants.

Note: Includes restaurants that were temporarily closed and under renovation as of June 30, 2022.

In addition to optimizing the layout of our restaurant network, we also focused on improving the efficiency of our restaurant operations and enhancing the quality of our services. For the first half of the year 2022, the table turnover rate of Haidilao restaurants was 2.9 times per day, and the same store turnover rate was 3.0 times per day. We have served a total of 145.8 million customers. The regional management system proposed under the “Woodpecker” plan has effectively helped us to constantly monitor the quality of our restaurants and continue to quickly identify problems and effectively solve them from both the directions of “customer satisfaction” and “employee effort”.

During the Reporting Period, we have experimented with more diverse ways to attract customers. For example, in terms of products, we launched two batches of new products in mainland China restaurants in January and June 2022 respectively, complemented by multi-channel active marketing, which attracted many customers to taste the new products in our restaurants, and were widely praised by the public. Most of the products launched in January 2022 received an average click-through rates over 10%, among which the average click-through rates of certain products like “Zhenxiang Hotpot Soup Base”, “One Plate Not-enough Inner Mongolia Grassland Lamb” and “Fine Fatty Lamb” remained above 20% for the first half of 2022. For new products launched in June, such as “the New Generation of Tomato Hotpot Soup Base”, “Cod Fish Shrimp Paste”, “8-Second Seaweed Seeds” and “Pork Belly”, the click-through rates during the first month of launch exceeded 15%. We will continue to promote product innovation in the second half of 2022 to offer more choices to our customers, enhancing their dining experience.

Most of our restaurants were able to achieve normal operations in the first half of 2022. However, due to the outbreak of the COVID-19 in certain areas, particularly in cities with high Haidilao restaurants density, a number of our restaurants suspended their operation or dine-in service. From March to May 2022, an average of over 200 restaurants suspended dine-in service per day, whilst such number was reduced to less than 90 in June and further reduced to below 30 in July. To cope with this exceptional incident, the Company has established community operation center and encouraged restaurants to generate revenue in other ways, for example, by utilizing restaurants as delivery stations to provide a wide range of delivery services such as hot pot sets, boxed meals, braised dishes and crayfish to consumers affected by the pandemic. Meanwhile, the Company actively operated online platforms, including its own “Haidilao” App, “Laodian Haohuo” mini-program and third-party delivery platforms, selling the “Laopai” series of fresh products and Haidilao brand instant food. From January to June 2022, revenue from our delivery business increased significantly. The active revenue-generating projects have helped the Company alleviate potentially large losses due to the suspension of restaurants and have been effective in maintaining employees’ morale and increasing customer stickiness.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The revenue of our Group decreased by 16.6% from RMB20,094.4 million for the six months ended June 30, 2021 to RMB16,764.1 million for the corresponding period in 2022.

Revenue by Segment

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

| | For the six months ended June 30, | | | |
|--|-------------------------------------|--------------------|--------------------------|--------------------|
| | 2022 | | 2021 | |
| | <i>(RMB'000 except percentages)</i> | | | |
| Haidilao restaurant operation | 15,857,011 | 94.6% | 19,418,626 | 96.6% |
| Other restaurant operation | 67,884 | 0.4% | 91,538 | 0.5% |
| Delivery business | 475,583 | 2.8% | 345,655 | 1.7% |
| Sales of condiment products and food ingredients | 350,986 | 2.1% | 210,275 | 1.1% |
| Others | 12,670 | 0.1% | 28,275 | 0.1% |
| Total revenue | <u>16,764,134</u> | <u>100%</u> | <u>20,094,369</u> | <u>100%</u> |

Revenue from Haidilao restaurant operation, the major part of our revenue, accounted for 94.6% of our total revenue for the six months ended June 30, 2022, decreasing by 18.3% from RMB19,418.6 million for the six months ended June 30, 2021 to RMB15,857.0 million for the corresponding period in 2022, mainly due to the suspension of business operation or dine-in services of certain restaurants and the decrease of customer flow in mainland China resulted from the impact of the COVID-19 pandemic from March to May 2022, and the decrease in the number of restaurants as compared to the corresponding period in 2021 as a result of the “Woodpecker” plan. Haidilao restaurants’ average table turnover rate for the six months ended June 30, 2022 was 2.9 times per day. Haidilao restaurants’ average spending per guest increased from RMB107.3 for the six months ended June 30, 2021 to RMB109.1 for the corresponding period in 2022.

Revenue from our delivery business increased by 37.6% from RMB345.7 million for the six months ended June 30, 2021 to RMB475.6 million for the corresponding period in 2022, mainly due to the establishment of community operation center which encouraged restaurants to generate revenue in different ways and the increased penetration rate of delivery business as more restaurants were offering delivery services.

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

| | For the six months ended June 30, | |
|---|--|-------|
| | 2022 | 2021 |
| Average spending per guest⁽¹⁾ (RMB) | | |
| Tier 1 cities ⁽²⁾ | 117.4 | 114.9 |
| Tier 2 cities ⁽³⁾ | 104.3 | 104.6 |
| Tier 3 cities and below ⁽⁴⁾ | 97.8 | 99.0 |
| <i>Mainland China restaurants</i> | 103.5 | 104.3 |
| Outside mainland China | 174.7 | 189.5 |
| Overall | 109.1 | 107.3 |
| Table turnover rate⁽⁵⁾ (times/day) | | |
| Tier 1 cities ⁽²⁾ | 3.0 | 3.0 |
| Tier 2 cities ⁽³⁾ | 3.0 | 3.1 |
| Tier 3 cities and below ⁽⁴⁾ | 2.8 | 2.9 |
| <i>Mainland China restaurants</i> | 2.9 | 3.0 |
| Outside mainland China | 3.0 | 2.2 |
| Overall | 2.9 | 3.0 |
| Newly-opened restaurants ⁽⁶⁾ | 2.5 | 2.3 |
| Other restaurants | 2.9 | 3.1 |
| Overall | 2.9 | 3.0 |

Notes:

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

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

| | For the six months ended June 30, | |
|---|--|-------------|
| | 2022 | 2021 |
| Number of same stores⁽¹⁾ | | |
| Tier 1 cities | 70 | |
| Tier 2 cities | 294 | |
| Tier 3 cities and below | 312 | |
| Outside mainland China | 83 | |
| Overall | 759 | |
| Same store sales⁽²⁾ (in thousands of RMB) | | |
| Tier 1 cities | 887,338 | 1,003,419 |
| Tier 2 cities | 3,671,854 | 4,502,342 |
| Tier 3 cities and below | 3,741,421 | 4,421,016 |
| Outside mainland China | 1,568,564 | 1,112,065 |
| Overall | 9,869,177 | 11,038,842 |
| Average same store sales per day⁽³⁾ (in thousands of RMB) | | |
| Tier 1 cities | 74.7 | 80.1 |
| Tier 2 cities | 71.5 | 85.0 |
| Tier 3 cities and below | 69.2 | 78.6 |
| Outside mainland China | 105.6 | 76.0 |
| Overall | 74.6 | 81.0 |
| Average same store table turnover rate⁽⁴⁾ (times/day) | | |
| Tier 1 cities | 3.1 | 3.2 |
| Tier 2 cities | 3.0 | 3.4 |
| Tier 3 cities and below | 3.0 | 3.3 |
| Outside mainland China | 3.2 | 2.3 |
| Overall | 3.0 | 3.2 |

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, 2021 and 2022.
- (2) The gross revenue from restaurant operation at our same stores for the period indicated.
- (3) Calculated by dividing the gross revenue from restaurant operation at our same stores for the period by the total operation days at our same stores for the period.
- (4) Calculated by dividing the total tables served at our same stores for the period by the total operation days for the period and average table count during the period. The average table count includes the table count in the areas that were not opened due to the pandemic prevention and control during the Reporting Period.

Revenue from Haidilao Restaurant Operation by Geographic Region

Our business is conducted in mainland China, Hong Kong, Macau and Taiwan regions, and overseas. The following table sets forth our breakdown of gross revenue from Haidilao restaurant operation by geographic region for the period indicated:

| | For the six months ended June 30, | | | | | |
|--|-----------------------------------|---|-------------|--------------------------|---|-------------|
| | 2022 | | | 2021 | | |
| | Number of restaurants | Gross Revenue/ Revenue (RMB'000) | | Number of restaurants | Gross Revenue/ Revenue (RMB'000) | |
| Mainland China | | | | | | |
| Tier 1 cities | 238 | 2,439,973 | 15.4% | 287 | 3,705,870 | 19.0 % |
| Tier 2 cities | 521 | 5,728,793 | 36.0% | 593 | 7,656,699 | 39.2 % |
| Tier 3 cities and below | 551 | 5,736,175 | 36.0% | 611 | 6,930,452 | 35.5 % |
| Subtotal | 1,310 | 13,904,941 | 87.4% | 1,491 | 18,293,021 | 93.7 % |
| Outside mainland China | | | | | | |
| Asia | 100 | 1,565,446 | 9.8% | 85 | 1,006,537 | 5.2 % |
| North America | 17 | 308,574 | 1.9% | 16 | 142,068 | 0.7 % |
| Europe | 3 | 59,343 | 0.4% | 2 | 10,389 | 0.1 % |
| Oceania | 5 | 77,599 | 0.5% | 3 | 61,746 | 0.3 % |
| Subtotal | 125 | 2,010,962 | 12.6% | 106 | 1,220,740 | 6.3 % |
| Total restaurants/gross revenue generated from restaurant operation | 1,435 | 15,915,903 | 100% | 1,597 | 19,513,761 | 100% |
| Net of: Customer loyalty program | | (58,892) | | | (95,135) | |
| Total restaurants/gross revenue generated from restaurant operation | 1,435 | 15,857,011 | | 1,597 | 19,418,626 | |

Raw Materials and Consumables Used

Our raw materials and consumables used decreased by 17.2% from RMB8,502.4 million for the six months ended June 30, 2021 to RMB7,043.5 million for the corresponding period in 2022, primarily due to the suspension of operation or dine-in services of certain restaurants in mainland China resulted from the impact of the COVID-19 pandemic from March to May 2022, and the decrease in the number of restaurants as compared to the corresponding period in 2021 as a result of the “Woodpecker” plan. As a percentage of revenue, our raw materials and consumables used remained relatively stable at 42.3% and 42.0% for the six months ended June 30, 2021 and June 30, 2022, respectively.

Staff Costs

Our staff costs decreased by 17.6% from RMB7,161.7 million for the six months ended June 30, 2021 to RMB5,903.2 million for the corresponding period in 2022, primarily due to the change in the number of employees corresponding to the decrease in the number of restaurants as compared to the same period in 2021 as a result of the “Woodpecker” plan. As a percentage of revenue, our staff costs remained relatively stable at 35.6% and 35.2% for the six months ended June 30, 2021 and June 30, 2022, respectively.

Property Rentals and Related Expenses

Our property rentals and related expenses increased by 3.7% from RMB198.6 million for the six months ended June 30, 2021 to RMB206.0 million for the corresponding period in 2022, primarily due to maturity of property management fee concessions of newly opened restaurants in 2020 and 2021. As a percentage of revenue, property rentals and related expenses increased from 1.0% for the six months ended June 30, 2021 to 1.2% for the corresponding period in 2022, primarily due to the decrease in revenue for the Reporting Period.

Utilities Expenses

Our utilities expenses decreased by 19.2% from RMB693.1 million for the six months ended June 30, 2021 to RMB560.3 million for the corresponding period in 2022, primarily due to the decrease in the number of restaurants as compared to the corresponding period in 2021 as a result of the “Woodpecker” plan. As a percentage of revenue, the utilities expenses remained relatively stable at 3.4% and 3.3% for the six months ended June 30, 2021 and June 30, 2022 respectively.

Travelling and Communication Expenses

Our travelling and communication expenses decreased by 18.9% from RMB118.7 million for the six months ended June 30, 2021 to RMB96.3 million for the corresponding period in 2022, primarily due to the decrease in travelling frequency resulting from the decrease in the number of restaurants as compared to the corresponding period in 2021 as a result of the “Woodpecker” plan and the COVID-19 pandemic impact. As a percentage of revenue, our travelling and communication expenses remained relatively stable at 0.6% and 0.6% for the six months ended June 30, 2021 and June 30, 2022 respectively.

Depreciation and Amortization

Our depreciation and amortization decreased by 11.7% from RMB2,169.1 million for the six months ended June 30, 2021 to RMB1,914.7 million for the corresponding period in 2022, primarily due to the decrease in the number of restaurants as compared to the corresponding period in 2021 as a result of the “Woodpecker” plan and the provisions for impairment losses made by the management in a prudent manner during the year of 2021. As a percentage of revenue, depreciation and amortization increased from 10.8% for the six months ended June 30, 2021 to 11.4% for the corresponding period in 2022, primarily due to the decrease in revenue for the Reporting Period.

Other Expenses

Our other expenses increased by 1.3% from RMB801.0 million for the six months ended June 30, 2021 to RMB811.1 million for the corresponding period in 2022, primarily reflecting a RMB75.5 million increase in the agency fees and other administrative expenses, which was partially offset by (i) a RMB10.0 million decrease in storage expenses; (ii) a RMB16.2 million decrease in human resources and other consulting expenses; and (iii) a RMB41.9 million decrease in daily maintenance expenses. As a percentage of revenue, our other expenses increased from 4.0% for the six months ended June 30, 2021 to 4.8% for the corresponding period in 2022, primarily due to the decrease in revenue for the Reporting Period.

Share of Profits of Associates and a Joint Venture

Our share of profits in relation to (i) our associate Fuhai (Shanghai) Food Technology Co., Ltd. (“**Fuhai**”), in which we held a 40% equity interest; (ii) our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest; and (iii) other associates invested by Beijing Youdingyou Catering Co., Ltd., decreased from RMB39.6 million for the six months ended June 30, 2021 to RMB26.6 million for the corresponding period in 2022, mainly due to a decrease in share of profits of Fuhai as a result of a decrease in its gross profit during the Reporting Period as compared to the corresponding period in 2021.

Other Gains and Losses

Our other losses increased by 296.3% from RMB85.4 million for the six months ended June 30, 2021 to RMB338.6 million for the corresponding period in 2022, primarily attributable to one-off losses on disposal of long term assets, impairment losses and others, which in aggregate amounted to approximately RMB307.7 million, as a result of the closure and suspension of certain restaurants under the “Woodpecker” plan and the impact of the COVID-19 pandemic during the Reporting Period.

Finance Costs

Our finance costs decreased by 22.1% from RMB303.5 million for the six months ended June 30, 2021 to RMB236.5 million for the corresponding period in 2022, primarily due to the decrease in interests of lease liabilities corresponding to the decrease in the number of restaurants following the implementation of the “Woodpecker” Plan and the decrease of interests of bank borrowings as a result of the repayment of bank borrowings.

Income Tax Expense

Our income tax expense decreased by 21.3% from RMB198.4 million for the six months ended June 30, 2021 to RMB156.2 million for the corresponding period in 2022, primarily due to the losses during the Reporting Period.

(Loss) profit for the Period

As a result of the foregoing, our (loss) profit for the period decreased by 376.9% from RMB96.5 million of profit for the six months ended June 30, 2021 to RMB267.3 million of loss for the corresponding period in 2022.

Capital Liquidity and Financial Resources

For the six months ended June 30, 2022, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and other borrowing. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting continuing business expansion.

Cash and Cash Equivalents

Our principal uses of cash are for working capital to procure food ingredients, consumables and equipment, and to renovate and decorate our restaurants. Our cash and cash equivalents increased from RMB5,766.8 million as of December 31, 2021 to RMB6,327.8 million as of June 30, 2022, mainly due to the net cash inflow generated from our operations during the Reporting Period and the decrease in capital expenditures as a result of slowdown in business expansion.

Right-of-use Assets

Under International Financial Reporting Standards 16 Leases (“IFRS 16”), we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. As of June 30, 2022, we recognized right-of-use assets of RMB5,302.8 million.

Inventories

Our inventories mainly represented our condiment products and food ingredients used in our restaurant operation. Our inventories decreased from RMB1,456.2 million as of December 31, 2021 to RMB1,156.3 million as of June 30, 2022, primarily due to the decrease in the number of restaurants as compared to the end of period in 2021 following the implementation of the “Woodpecker” plan. Our inventory turnover days for the year ended December 31, 2021 and the six months ended June 30, 2022 equaled the average of the beginning and ending inventories for the year/period divided by raw materials and consumables used for the same period and multiplied by 365 days/181 days and increased from 26.5 days to 33.6 days, primarily due to the slowdown in the consumption of our raw materials and consumables during the Reporting Period as a result of the impact of the COVID-19 epidemic in mainland China from March to May 2022.

Trade Receivables

The majority of our trade receivables were in connection with bills settled through payment platforms such as Alipay or WeChat Pay. Receivables from these payment platforms were normally settled within a short period of time. Our trade receivables decreased from RMB367.7 million as of December 31, 2021 to RMB245.7 million as of June 30, 2022. The turnover days of trade receivables increased from 2.9 days for the year ended December 31, 2021 to 3.3 days for the six months ended June 30, 2022.

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 RMB1,944.2 million as of December 31, 2021 to RMB2,113.7 million as of June 30, 2022. The turnover days of trade payables increased from 35.8 days for the year ended December 31, 2021 to 52.1 days for the six months ended June 30, 2022.

Bank Borrowings

As of June 30, 2022, we had bank borrowings of RMB2,931.6 million. During the six months period ended June 30, 2022, the Group obtained new bank loans amounting to RMB1,198.8 million and repaid bank loans amounting to RMB2,060.8 million.

Other Borrowing

As of June 30, 2022, we had other borrowing of RMB51.0 million which was secured by fixed assets of the Group.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Charge of Assets

As of June 30, 2022, the Group charged fixed assets with a net book value of RMB349.5 million and RMB130.4 million as securities for bank borrowings and other borrowing, respectively.

As of June 30, 2022, the Group charged bank deposits of RMB19.9 million to banks to secure the rental payments to the lessors.

Foreign Exchange Risk and Hedging

The Group mainly operates in mainland China with most of the transaction denominated and settled in RMB. However, the Group has certain 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, 2022, the Group had a total of 101,041 employees, of which 93,047 employees were located in mainland China and Hong Kong, Macau and Taiwan regions, and 7,994 employees were located overseas. For the six months ended June 30, 2022, the Group has incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB5,903.2 million.

Proposed Spin-off and Separate Listing of the Shares of Super Hi

The Company proposed to spin-off and separately list the shares of Super Hi International Holding Ltd. (“**Super Hi**”), a subsidiary of the Company, on the Main Board of the Stock Exchange by way of introduction pursuant to Practice Note 15 to the Listing Rules (the “**Proposed Spin-off**”), to be implemented by means of a distribution (the “**Distribution**”) in specie by the Company of all the shares in Super Hi to which the Company will be entitled immediately before the completion of the Proposed-Spin-off, representing 90% of the total number of shares of Super Hi to be in issue at that time to the relevant shareholders of the Company (“**Shareholders**”).

Super Hi and its subsidiaries are principally engaged in the operation of restaurant business outside mainland China, Hong Kong, Macau and Taiwan regions. The Company considers that the Proposed Spin-off is in the interests of the Group and the Shareholders taken as a whole given, *inter alia*, the Proposed Spin-off will better position the business of Super Hi and the remaining business of the Group for growth in their respective geographic presences and deliver value enhancing benefits in the long run under a separate standalone listing platform. The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has confirmed that the Company may proceed with the Proposed Spin-off.

On July 13, 2022, Super Hi submitted an application to the Stock Exchange for the listing of, and permission to deal in, the shares of Super Hi on the Main Board of the Stock Exchange.

Pursuant to article 134 of the articles of association of the Company, with the sanction of an ordinary resolution, the Company may declare and pay dividend out of share premium account. Accordingly, on August 22, 2022, Shareholders have approved the Distribution and authorized the Directors to do all such act and things as they consider necessary appropriate, desirable or expedient for the purposes of approving, implementing and/or giving effect to the Distribution.

As the Listing is conditional upon, among other things, the approvals of the Listing Committee of the Stock Exchange, the final decision of the Board and the board of Super Hi, the market and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

For further details, please refer to the announcements of the Company dated July 11, 2022, July 13, 2022, and August 22, 2022, and the circular of the Company dated July 29, 2022.

Material Acquisitions and Disposals

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

No Material Changes

Saved as disclosed in this announcement, during the Reporting Period, there were no material changes affecting the Group's performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Future Plans for Material Investments

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

FUTURE PROSPECT

Going forward, our development initiatives mainly include:

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the six months ended June 30, | |
|--|--------------|--|---|
| | <i>Notes</i> | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) |
| Revenue | 3 | 16,764,134 | 20,094,369 |
| Other income | 4 | 208,327 | 194,534 |
| Raw materials and consumables used | | (7,043,479) | (8,502,381) |
| Staff costs | | (5,903,160) | (7,161,739) |
| Property rentals and related expenses | | (205,951) | (198,550) |
| Utilities expenses | | (560,319) | (693,069) |
| Depreciation and amortization | | (1,914,674) | (2,169,144) |
| Travelling and communication expenses | | (96,301) | (118,693) |
| Other expenses | | (811,137) | (801,006) |
| Share of profits of associates | | 33,196 | 44,394 |
| Share of loss of a joint venture | | (6,559) | (4,831) |
| Other gains and losses | 5 | (338,646) | (85,446) |
| Finance costs | 6 | (236,525) | (303,517) |
| (Loss) profit before tax | | (111,094) | 294,921 |
| Income tax expense | 7 | (156,171) | (198,413) |
| (Loss) profit for the period | 8 | (267,265) | 96,508 |
| Other comprehensive (expense) income | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference arising on translation of foreign operations | | (2,387) | 5,022 |
| Total comprehensive (expense) income for the period | | (269,652) | 101,530 |
| (Loss) profit for the period attributable to: | | | |
| Owners of the Company | | (266,258) | 94,529 |
| Non-controlling interests | | (1,007) | 1,979 |
| | | (267,265) | 96,508 |
| Total comprehensive (expense) income attributable to: | | | |
| Owners of the Company | | (268,645) | 99,551 |
| Non-controlling interests | | (1,007) | 1,979 |
| | | (269,652) | 101,530 |
| (LOSS) EARNINGS PER SHARE | | | |
| Basic (RMB) | 10 | (0.05) | 0.02 |
| Diluted (RMB) | 10 | (0.05) | 0.02 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at June 30, 2022 | As at December 31, 2021 |
|---|--------------|--------------------------------------|------------------------------------|
| | <i>Notes</i> | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Non-current Assets | | | |
| Property, plant and equipment | <i>11</i> | 7,998,553 | 9,315,090 |
| Right-of-use assets | <i>11</i> | 5,302,840 | 5,819,320 |
| Goodwill | | 84,845 | 84,845 |
| Other intangible assets | | 126,828 | 132,433 |
| Interests in associates | | 361,125 | 327,929 |
| Interest in a joint venture | | 17,344 | 22,937 |
| Financial assets at fair value through profit or loss | | 12,729 | 12,092 |
| Deferred tax assets | | 535,548 | 526,296 |
| Other financial assets | | – | 3,188 |
| Rental deposits | | 327,882 | 366,795 |
| Security deposits for other borrowing | | 5,060 | 5,060 |
| | | 14,772,754 | 16,615,985 |
| Current Assets | | | |
| Inventories | | 1,156,338 | 1,456,237 |
| Trade and other receivables and prepayments | <i>12</i> | 2,627,775 | 3,135,462 |
| Amounts due from related parties | | 339,317 | 287,100 |
| Financial assets at fair value through profit or loss | | 946,001 | 672,895 |
| Other financial assets | | 24,196 | 27,056 |
| Rental deposits | | 30,171 | – |
| Pledged bank deposits | | 19,926 | 21,717 |
| Bank balances and cash | | 6,368,114 | 5,805,035 |
| | | 11,511,838 | 11,405,502 |

| | | As at June 30, 2022 | As at December 31, 2021 |
|--|--------------|-------------------------------|-------------------------------|
| | <i>Notes</i> | <i>RMB'000</i> (Unaudited) | <i>RMB'000</i> (Audited) |
| Current Liabilities | | | |
| Trade payables | <i>13</i> | 2,113,693 | 1,944,156 |
| Other payables | <i>14</i> | 1,384,136 | 1,752,832 |
| Amounts due to related parties | | 106,489 | 385,564 |
| Long term bonds | | 45,848 | 47,533 |
| Dividend payable | <i>9</i> | 3,805 | 3,805 |
| Tax payable | | 21,523 | 103,308 |
| Lease liabilities | | 1,146,320 | 1,202,499 |
| Bank borrowings | | 2,706,811 | 3,560,283 |
| Other borrowing | | 22,795 | 22,847 |
| Contract liabilities | | 792,688 | 744,647 |
| Provision | | 163,547 | 118,395 |
| | | <u>8,507,655</u> | <u>9,885,869</u> |
| Net Current Assets | | <u>3,004,183</u> | <u>1,519,633</u> |
| Total Assets less Current Liabilities | | <u>17,776,937</u> | <u>18,135,618</u> |
| Non-current Liabilities | | | |
| Long term bonds | | 4,002,858 | 3,796,228 |
| Deferred tax liabilities | | 16,827 | 31,349 |
| Lease liabilities | | 5,781,244 | 6,044,559 |
| Bank borrowings | | 224,828 | 221,158 |
| Other borrowing | | 28,253 | 39,554 |
| Provision | | 63,954 | 74,145 |
| | | <u>10,117,964</u> | <u>10,206,993</u> |
| Net Assets | | <u>7,658,973</u> | <u>7,928,625</u> |
| Capital and Reserves | | | |
| Share capital | | 183 | 183 |
| Reserves | | 7,645,732 | 7,914,377 |
| Equity attributable to owners of the Company | | 7,645,915 | 7,914,560 |
| Non-controlling interests | | 13,058 | 14,065 |
| Total Equity | | <u>7,658,973</u> | <u>7,928,625</u> |

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 address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 in Cayman Islands, and the address of the principal place of business is 7th Floor, No. 1 Building, No. 398 Yard, Zhongdong Road, Dongxiaokou Town, Changping District in Beijing, the People's Republic of China ("PRC"). The ultimate controlling parties are Mr. Zhang Yong and his spouse, namely Ms. Shu Ping (collectively the "Controlling Shareholders").

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

The Company is an investment holding company. Its subsidiaries are engaged in restaurants operation, delivery business, sales of condiment products and food ingredients and others located in 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"). These condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries in mainland China.

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

2. PRINCIPAL ACCOUNTING POLICIES

Application of amendments to IFRSs

During the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Group's Condensed Consolidated Financial Statements:

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

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Condensed Consolidated Financial Statements.

3. REVENUE AND SEGMENT INFORMATION

During the six months ended June 30, 2022 and 2021, the Group's revenue which represents the amount received and receivable from the restaurant operation, delivery business, sales of condiment products and food ingredients and others, net of discounts and sales related taxes, are as follows:

| | For the six months ended June 30, | |
|--|--|--------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Restaurant operation | 15,924,895 | 19,510,164 |
| Delivery business | 475,583 | 345,655 |
| Sales of condiment products and food ingredients | 350,986 | 210,275 |
| Others | 12,670 | 28,275 |
| | <hr/> | <hr/> |
| Total | 16,764,134 | 20,094,369 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

No revenue from individual customer contributes over 10% of total revenue of the Group during the six months ended June 30, 2022 (six months ended June 30, 2021: Nil).

The following table set forth the breakdown of the Group's revenue during the six months ended June 30, 2022 and 2021, and the breakdown of the Group's non-current assets as at June 30, 2022 and December 31, 2021 based on location of operation:

| | Revenue | | Non-current assets (Note) | |
|------------------------|---------------------------|--------------------|----------------------------------|---------------------|
| | For the six months | | As at | |
| | ended June 30, | | June 30, | December 31, |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Mainland China | 14,684,545 | 18,774,066 | 10,675,224 | 12,276,902 |
| Outside mainland China | 2,079,589 | 1,320,303 | 3,216,311 | 3,425,652 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | 16,764,134 | 20,094,369 | 13,891,535 | 15,702,554 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Note:

Non-current assets presented above excluded financial assets at fair value through profit or loss ("FVTPL"), other financial assets, rental deposits, security deposits for other borrowing and deferred tax assets.

4. OTHER INCOME

| | For the six months ended June 30, | |
|---|--|----------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Interest income on: | | |
| – bank deposits | 18,141 | 8,154 |
| – rental deposits | 5,371 | 8,478 |
| – financial assets at fair value through other comprehensive income | – | 739 |
| – other financial assets | 267 | 711 |
| | <u>23,779</u> | <u>18,082</u> |
| Government grants (<i>Note i</i>) | 75,932 | 85,057 |
| Additional tax deduction (<i>Note ii</i>) | 65,221 | 37,678 |
| Others | 43,395 | 53,717 |
| | <u>208,327</u> | <u>194,534</u> |

Notes:

- i. The amount represented the subsidies received from the PRC government and other governments where the overseas operations located in, for the Group's business development. During the current interim period, the Group recognized government grants of RMB28,851,000 (six months ended June 30, 2021: RMB43,551,000) in respect of Covid-19-related subsidies. There were no unfulfilled conditions in the periods in which they were recognized.
- ii. The amount represented the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which came into effect from April 1, 2019 onwards.

5. OTHER GAINS AND LOSSES

| | For the six months ended June 30, | |
|---|--|-----------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Impairment loss recognized in respect of: | | |
| – property, plant and equipment (<i>Note</i>) | (165,693) | (33,416) |
| – right-of-use assets (<i>Note</i>) | (55,426) | (24,129) |
| – investment in associates | – | (21,478) |
| Loss on disposal of property, plant and equipment (<i>Note</i>) | (65,241) | (4,850) |
| Loss on termination of leases, net (<i>Note</i>) | (21,365) | – |
| Net foreign exchange loss | (48,543) | (85,096) |
| Net gain arising on financial assets at FVTPL | 13,433 | 68,277 |
| Others | 4,189 | 15,246 |
| | <u>(338,646)</u> | <u>(85,446)</u> |

Note:

Due to the decline in restaurant operating results of the Group as well as the management's strategic decision to close certain restaurants, both permanently and temporarily, the Group incurred significant amounts of net loss arising on disposal of property, plant and equipment, termination of leases and impairment loss on various assets during the current interim period, which amounted to RMB307,725,000 in aggregate.

6. FINANCE COSTS

| | For the six months ended June 30, | |
|--|-----------------------------------|--------------------------------|
| | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) |
| Interests on lease liabilities | 151,704 | 197,902 |
| Interests on bank borrowings | 37,478 | 65,742 |
| Interests on long term bonds | 44,701 | 36,874 |
| Interests on other borrowing | 1,328 | 1,861 |
| Interests charge on unwinding of discounts | 1,314 | 1,138 |
| | <u>236,525</u> | <u>303,517</u> |

7. INCOME TAX EXPENSE

| | For the six months ended June 30, | |
|--|-----------------------------------|--------------------------------|
| | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) |
| Current tax: | | |
| – current period | | |
| – PRC Enterprise Income Tax (“EIT”) | 123,487 | 317,566 |
| – other jurisdictions | 59,865 | 9,256 |
| | <u>183,352</u> | <u>326,822</u> |
| – (over) under provision in prior period | <u>(3,344)</u> | <u>634</u> |
| | <u>180,008</u> | <u>327,456</u> |
| Deferred tax | <u>(23,837)</u> | <u>(129,043)</u> |
| | <u>156,171</u> | <u>198,413</u> |

Under the Law of the EIT, withholding tax is imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. No deferred tax liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

8. (LOSS) PROFIT FOR THE PERIOD

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

| | For the six months ended June 30, | |
|--|-----------------------------------|------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Depreciation of property, plant and equipment | 1,420,057 | 1,593,093 |
| Depreciation of right-of-use assets | 474,146 | 558,672 |
| Amortization of other intangible assets | 20,471 | 17,379 |
| | <u>1,914,674</u> | <u>2,169,144</u> |
| Covid-19-related rent concessions | (16,635) | (11,059) |
| Property rentals | | |
| – office premises (short-term leases) | 446 | 810 |
| – restaurants (variable lease payments) (Note) | 34,184 | 27,167 |
| | <u>34,630</u> | <u>27,977</u> |
| Other rental related expenses | 187,956 | 181,632 |
| | <u>205,951</u> | <u>198,550</u> |
| Directors' emoluments | 12,765 | 13,602 |
| Other staff costs: | | |
| Salaries and other allowance | 4,572,962 | 5,686,622 |
| Employee welfare | 590,766 | 801,253 |
| Retirement benefit contribution | 726,667 | 660,262 |
| | <u>5,903,160</u> | <u>7,161,739</u> |

Note:

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

9. DIVIDENDS

| | For the six months ended June 30, | |
|---|-----------------------------------|---------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Dividends recognized as distributions during the period | <u>–</u> | <u>92,781</u> |

On March 23, 2021, a final dividend of Hong Kong Dollar (“HKD”) 0.021 (equivalent to RMB0.018) per share with a total amount of HKD110,788,933 (equivalent to RMB92,781,300) was proposed to shareholders for the year ended December 31, 2020 by the Company out of share premium.

The Group estimates the recoverable amount of the several cash generating units (“CGUs”) of restaurants to which the asset belongs when it is not possible to estimate the recoverable amount individually. The recoverable amounts of CGUs have been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods with a before-tax discount rate ranging from 6.3% to 26.5% as at June 30, 2022 (June 30, 2021: 6.8% to 28.1%), which varies for restaurants operating in different countries/regions. Other key assumptions for the value in use calculations are related to the estimation of cash inflows/outflows which included revenue compound growth rate and average percentage of costs and operating expenses of revenue for the forecast period, which are based on the CGUs’ past performance and the management’s expectations for the market development.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | As at June 30, 2022 RMB’000 (Unaudited) | As at December 31, 2021 RMB’000 (Audited) |
|---|---|---|
| Trade receivables | <u>245,730</u> | <u>367,668</u> |
| Other receivables and prepayments: | | |
| Loans to employees (<i>Note</i>) | 16,340 | 16,879 |
| Prepayment to suppliers | 848,577 | 887,339 |
| Prepaid operating expenses | 383,647 | 740,303 |
| Input value-added tax recoverable | 866,215 | 868,192 |
| Interest receivable | 125 | 4,897 |
| Others | <u>267,141</u> | <u>250,184</u> |
| Subtotal | <u>2,382,045</u> | <u>2,767,794</u> |
| Total trade and other receivables and prepayments | <u><u>2,627,775</u></u> | <u><u>3,135,462</u></u> |

Note:

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

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

13. TRADE PAYABLES

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

| | As at June 30, 2022 <i>RMB'000</i> (Unaudited) | As at December 31, 2021 <i>RMB'000</i> (Audited) |
|--------------------|--|--|
| Within 60 days | 2,113,254 | 1,871,703 |
| 61 to 180 days | 439 | 46,803 |
| More than 181 days | — | 25,650 |
| | <u>2,113,693</u> | <u>1,944,156</u> |

14. OTHER PAYABLES

| | As at June 30, 2022 <i>RMB'000</i> (Unaudited) | As at December 31, 2021 <i>RMB'000</i> (Audited) |
|-------------------------|--|--|
| Staff cost payable | 1,092,316 | 1,249,141 |
| Other taxes payables | 217,225 | 175,857 |
| Deposits from suppliers | 12,301 | 11,792 |
| Renovation fee payables | 1,495 | 223,645 |
| Interest payable | 524 | 1,279 |
| Others | 60,275 | 91,118 |
| | <u>1,384,136</u> | <u>1,752,832</u> |

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company had adopted and applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. During the six months ended June 30, 2022, the Company has complied with the mandatory code provisions in the Corporate Governance Code.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”). Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2022.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company’s employees was noted by the Company during the six months ended June 30, 2022.

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, 2022.

Audit Committee

The audit committee of the Board (the “**Audit Committee**”) has three members, namely, the independent non-executive Directors Mr. Qi Daqing, Mr. Hee Theng Fong and Dr. Chua Sin Bin, with terms of reference in compliance with the Listing Rules. The Audit Committee has considered and reviewed the Group’s interim results for the six months ended June 30, 2022, the accounting principles and practices adopted by the Company and the Group. The Audit Committee considers that the interim financial results for the six months ended June 30, 2022 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 Global Offering amounted to approximately HK\$7,299.3 million. For the six months ended June 30, 2022, the net proceeds have been applied in the manner as set out in the section headed “Future Plans and Use of Proceeds” of the prospectus of our Company dated September 12, 2018 (the “**Prospectus**”). As of June 30, 2022, the Company cumulatively used HK\$6,466.5 million, accounting for approximately 88.6% of the proceeds from the Global Offering. The company expects to utilize the balance of net proceeds of approximately HK\$832.8 million within the upcoming three to five years.

| | | As of June 30, 2022 | | |
|--|-------------------|----------------------------|----------------------------|------------------------------|
| | Percentage | Net Proceeds | Utilized amount | Unutilized amount |
| | <i>%</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> |
| For expansion plan | 60.0 | 4,379.5 | 4,379.5 | – |
| For development and implementation of new technology | 20.0 | 1,459.9 | 627.1 | 832.8 |
| For the repayment of loan facility and credit facility | 15.0 | 1,094.9 | 1,094.9 | – |
| For working capital and general corporate purposes | 5.0 | 365.0 | 365.0 | – |
| Total | 100.0 | 7,299.3 | 6,466.5 | 832.8 |

Use of Proceeds from the Placing

The placing of existing shares and top-up subscription of new shares pursuant to the share placing and subscription agreement dated November 12, 2021 was completed on November 22, 2021 (the “**2021 Placing**”). The net proceeds raised from the 2021 Placing were approximately HK\$2,337.01 million. As of June 30, 2022, the Company has not utilized any proceeds from the 2021 Placing.

The Company intends to use the net proceeds from the subscription for the following purposes as previously disclosed in the Company’s announcements relating to the 2021 Placing: (i) an amount of approximately HK\$701.10 million, representing approximately 30.0% of the net proceeds for enhancing supply chain management and product development; (ii) an amount of approximately HK\$701.10 million, representing approximately 30.0% of the net proceeds for the repayment of credit facilities; and (iii) an amount of approximately HK\$934.80 million, representing approximately 40.0% of the net proceeds for working capital and general corporate purpose of the Group. To the extent that the net proceeds are not immediately required for the above purposes, we may hold such funds in short-term deposits or purchase short-term wealth management products so long as it is deemed to be in the best interests of the Company.

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes within the upcoming three to five years. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

Events after the End of the June 30, 2022

Save as disclosed in the paragraph headed “Proposed Spin-off and Separate Listing of the Shares of Super Hi” above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2022 and up to the date of this announcement.

Interim Dividends

The Board does not recommend the payment of interim dividends for the six months ended June 30, 2022 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, 2022 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 by September 2022.

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 30, 2022

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. Zhou Zhaocheng, Ms. Gao Jie, Ms. Yang Lijuan, Mr. Li Peng, Ms. Yang Hua, Ms. Liu Linyi, Mr. Li Yu, Ms. Song Qing and Mr. Yang Li as Executive Directors, and Dr. Chua Sin Bin, Mr. Hee Theng Fong, Mr. Qi Daqing, Dr. Ma Weihua and Mr. Wu Xiaoguang as Independent Non-executive Directors.