SUPER HI INTERNATIONAL HOLDING LTD.
特海国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9658)

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

The board (the "**Board**") of directors (the "**Directors**") of SUPER HI INTERNATIONAL HOLDING LTD. (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended June 30, 2023 (the "**Reporting Period**"), together with comparative figures for the same period of 2022. The interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

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

KEY FINANCIAL HIGHLIGHTS

	For the six months ended June 30,	
	2023	2022
	(US$'000)	*(US$'000)*
Revenue	**323,931**	245,839
Revenue from restaurant operation	**312,718**	239,757
Profit (loss) before tax	**7,320**	(51,705)
Profit (loss) for the period	**3,394**	(55,723)
Loss per share (Basic and diluted) *(US$)*	**0.01**	(0.10)

KEY BUSINESS HIGHLIGHTS

	As of or for the six months ended June 30,	
	2023	2022
Number of restaurants	**115**	103
Total guest visit *(million)*	**12.3**	9.3
Average table turnover rate *(times/day)*	**3.3**	3.0
Average spending per guest *(US$)*	**25.5**	25.8
Average daily revenue per restaurant *(US$'000)*	**15.6**	14.2
Restaurant level operating margin *(%)*	**8.3**	1.5

2023 INTERIM PERFORMANCE REVIEW

Following the lifting of the COVID-19 pandemic prevention control measures across various operating countries of the Group in the first half of 2023, the consumer market continues to recover, and the restaurant outlets have resumed normal operations. Credits to the active contributions and continuous progress of the staff of the Company, during the Reporting Period, the business of the Company continued to expand, and the brand influence of Haidilao restaurants further rose. The Group recorded total revenue of US$323.9 million for the six months ended June 30, 2023, representing a 31.8% increase from US$245.8 million for the same period in 2022, showing a strong growth momentum.

The Company continually optimizes the operational efficiency of the restaurants, regularly reviews various indicators of restaurant operations, continuously strengthens staff training to improve the quality of dishes and services, and enhances customer satisfaction. In the first half of 2023, the overall table turnover rate of Haidilao restaurants was 3.3 times per day, and the same-store table turnover rate reached 3.4 times per day, with a total of 12.3 million customer visits. During the Reporting Period, the Company achieved profitability, recording a net profit of US$3.4 million for the six months ended June 30, 2023, an increase of 106.1% as compared to the net loss of US$55.7 million for the same period of 2022.

During the Reporting Period, the restaurant management ability and operational efficiency in various operating countries have significantly improved, with an operating profit margin at the restaurant level of 8.3%, representing an increase of 6.8% compared to the same period last year and a sequential increase of 2.2% from the second half of last year. This was primarily because (i) the COVID-19 pandemic prevention control measures were lifted in the operating countries in the first half of 2023; and (ii) that under the "low base, high bonus" salary structure, restaurant managers, regional managers, and various functional departments of the group, highly value the store operating efficiency level, and make active efforts in both revenue generation and cost-saving. On the one hand, the Company enhances customer satisfaction and expands the customer base by improving services and products, reasonably adjusting dish prices, and conducting appropriate marketing activities. On the other hand, it continuously diagnoses and improves store management loopholes, controls costs and expenses reasonably, improves labor efficiency, and actively seeks more favorable external business cooperation conditions to optimize cost structure.

During the Reporting Period, the Company opened four new Haidilao restaurants (including one in the newly added country, United Arab Emirates and one each in Singapore, Thailand and Australia). As of June 30, 2023, the Company operated 115 Haidilao restaurants globally (except in Greater China), with 70 located in Southeast Asia, 17 in East Asia, 18 in North America, and 10 in other regions.

The Board believes that localization strategies and continuous innovation are key drivers of business growth. During the Reporting Period, the Company launched over 300 new products worldwide, covering categories such as soup base, dishes, snacks, and beverages, providing diverse products and experiences suitable for the local tastes and habits of customers in different regions. In conjunction with the introduction of new products, the Company periodically organized marketing events. For instance, the Company orchestrated a themed marketing campaign titled "Little Hi's Delicious Adventure (小嗨的美味奇遇)" in Singapore, Malaysia and Thailand, launching 10 new products, which was widely popular among customers. Notably, during the campaign, three of the new products, "Spicy Milk Hot Pot with a Pre-drink Soup (先喝一碗湯的麻辣牛奶火鍋)", "Brown Sugar Bursting Glutinous Rice Cake (黑糖爆漿糍粑)", and "Waterfall Shredded Potatoes (瀑布土豆絲)" saw impressive engagement. The click-through rates for these three new products exceeded 10% in the each of the aforementioned countries.

FUTURE PROSPECT

Looking forward to the future, the Company will continue to adhere to a localized development strategy, and further enhance restaurant operating efficiency with "customer satisfaction" and "employee effort" as the core missions:

- continuing to enhance the Haidilao dining experience by further improving the service capabilities, products and environments, and offering more value-added services to the customers;

- continuing to expand the restaurant network, including continuously growing the presence in the countries where the Group has business operations, as well as entering new markets whenever opportunities arise, such as the Philippines, Cambodia and various European countries. To this end, the Company has optimized a series of management structures, business processes, and rewarding systems for new store contracts, decoration, and preparations. Each regional manager is responsible for promoting the development of each market and reports directly to the chief executive officer of the Company;

- continuing to enhance the internal management and constantly improving the quality of the management and operations of the restaurants in different regions by optimizing the business process standards, training, setting reasonable key performance indicators, continuous tracking and supervision and data evaluation; and

- developing additional brands and businesses through incubation, exploration and strategic acquisitions, among others, to further enrich the business and customer base.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group generates revenue from (i) restaurant operation; (ii) delivery business; and (iii) others, consisting primarily of sales of hot pot condiment products to local guests and food ingredients to retailers. The revenue of the Group increased by 31.8% from US$245.8 million for the six months ended June 30, 2022 to US$323.9 million for the six months ended June 30, 2023, primarily driven by an increase of US$72.9 million in revenue from restaurant operation.

Restaurant Operation

The Group's revenue from restaurant operation increased by 30.4% from US$239.8 million for the six months ended June 30, 2022 to US$312.7 million for the six months ended June 30, 2023, primarily due to (i) the improved operating performance of Haidilao restaurants, coupled with the increase in customer flow as a result of the lifting of the COVID-19 pandemic prevention control measures; and (ii) the continuous expansion of the Company's business in the first half of 2023 and the growth of the Company's brand influence.

The Group had gradually expanded its restaurant network to 115 restaurants in 12 countries in Asia, North America, Europe, Oceania and Middle East as of June 30, 2023. The following table summarizes the number of Haidilao restaurants and the breakdown of revenue from restaurant operation by geographic region for the periods indicated:

	For the six months ended June 30,									
	2023					2022				
	Number of restaurants		**Revenue**		**Average revenue per restaurant[(2)]**	Number of restaurants		Revenue		Average revenue per restaurant[(2)]
	(US$'000, except number of restaurants and percentages)									
Southeast Asia	**70**	**60.9%**	**180,230**	**57.6%**	**2,575**	61	59.2%	146,329	61.0%	2,399
East Asia	**17**	**14.8%**	**35,815**	**11.5%**	**2,107**	17	16.5%	25,218	10.5%	1,483
North America	**18**	**15.7%**	**62,038**	**19.8%**	**3,447**	17	16.5%	47,197	19.7%	2,776
Others[(1)]	**10**	**8.6%**	**34,635**	**11.1%**	**3,464**	8	7.8%	21,013	8.8%	2,627
Total	**115**	**100%**	**312,718**	**100%**	**2,719**	103	100%	239,757	100%	2,328

Notes:

(1) Others include Australia, the United Kingdom and United Arab Emirates.

(2) Average revenue per restaurant is calculated by dividing revenue generated from restaurant operation in the region by the number of restaurants as of periods end. As such, average revenue per restaurant has not taken into consideration of the different operating days for each restaurant.

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

	For the six months ended June 30, 2023	2022
Average spending per guest[1] (US$)		
Southeast Asia	**20.3**	21.0
East Asia	**28.6**	27.5
North America	**49.1**	51.7
Others[6]	**40.6**	41.5
Overall	**25.5**	25.8
Average table turnover rate[2] (times/day)		
Southeast Asia	**3.3**	3.2
East Asia	**3.1**	2.6
North America	**3.2**	2.8
Others[6]	**3.5**	2.8
Overall	**3.3**	3.0
New and existing restaurants		
Newly-opened restaurants[3]	**4**	9
Other restaurants	**111**	94
Overall	**115**	103
Total guest visits (million)		
Southeast Asia	**8.9**	7.0
East Asia	**1.3**	0.9
North America	**1.3**	0.9
Others[6]	**0.8**	0.5
Overall	**12.3**	9.3
Average daily revenue per restaurant[4] (US$'000)		
Southeast Asia	**14.8**	14.5
East Asia	**11.8**	9.4
North America	**19.0**	16.0
Others[6]	**22.7**	18.6
Overall	**15.6**	14.2
Restaurant level operating margin[5] (%)		
Southeast Asia	**10.9**	9.6
East Asia	**5.7**	(13.7)
North America	**5.8**	(11.2)
Others[6]	**1.8**	(7.4)
Overall	**8.3**	1.5

Notes:

(1) Calculated by dividing gross revenue of restaurant operation for the periods by total guests served for the periods.

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

(3) Newly-opened restaurants refer to those that commenced operations during the periods.

(4) Calculated by dividing the revenue of restaurant operation for the periods by the total restaurant operation days of the periods in the same geographic region.

(5) Calculated by dividing restaurant level operating profit/loss by restaurant level revenue. Restaurant level operating profit/loss is calculated by deducting cost of restaurant level raw materials and consumables used, restaurant level staff costs, restaurant level property rentals and related expenses, restaurant level utilities expenses, restaurant level depreciation and amortization, restaurant travel and commute expenses and other restaurant level expenses from restaurant level revenue.

(6) Others include Australia, the United Kingdom and United Arab Emirates.

The following table sets forth details of the Group's same store sales of Haidilao restaurants for the periods indicated:

	For the six months ended June 30,	
	2023	2022
Number of same stores[1]		
Southeast Asia	**53**	
East Asia	**13**	
North America	**16**	
Others[6]	**5**	
Overall	**87**	
Same store sales[2] **(US$'000)**		
Southeast Asia	**149,845**	141,658
East Asia	**33,178**	23,772
North America	**54,480**	45,927
Others[6]	**21,153**	17,791
Overall	**258,656**	229,148
Average same store sales per day[3] **(US$'000)**		
Southeast Asia	**15.7**	15.0
East Asia	**14.3**	10.2
North America	**18.8**	15.9
Others[6]	**24.0**	19.7
Overall	**16.6**	14.7

	For the six months ended June 30,	
	2023	2022
Average spending per guest(4) (US$)		
Southeast Asia	**21.3**	21.5
East Asia	**28.8**	27.4
North America	**50.3**	51.7
Others(6)	**40.9**	41.5
Overall	**26.4**	26.1
Average same store table turnover rate(5) (times/day)		
Southeast Asia	**3.4**	3.2
East Asia	**3.5**	2.7
North America	**3.2**	2.8
Others(6)	**3.4**	2.8
Overall	**3.4**	3.1

Notes:

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

(2) The gross revenue of restaurant operation at the same stores for the periods indicated.

(3) Calculated by dividing the revenue generated from restaurant operation for the period by total guest visits for the period in the same geographic region.

(4) Calculated by dividing the gross revenue of restaurant operation at the same stores for the periods by the total restaurant operation days at the same stores for the periods.

(5) Calculated by dividing the total tables served at the same stores for the periods by the product of total restaurant operation days of the same stores for the periods and average table count at the same stores during the periods. The average table count included the tables count in the areas that was not opened due to the COVID-19 pandemic prevention and control.

(6) Others include Australia and the United Kingdom.

Delivery Business

Revenue from delivery business remained stable at US$4.2 million and US$4.3 million for the six months ended June 30, 2022 and June 30, 2023, respectively.

Others

Others mainly consisted of revenue from sales of hot pot condiment products to local guests and food ingredients to retailers, which increased significantly from US$1.9 million for the six months ended June 30, 2022 to US$6.9 million for the six months ended June 30, 2023, reflecting (i) the growing popularity of the hot pot condiment products and food ingredients; and (ii) the growth of our new business opportunities such as sales of noodles products.

Other Income

Other income primarily consisted of (i) government grants; and (ii) interest income from bank deposits and rental deposits. The Group's other income remained stable at US$5.5 million for each of the six months ended June 30, 2022 and June 30, 2023.

Raw Materials and Consumables Used

Raw materials and consumables used consisted of costs for (i) food ingredients used in the restaurants, including the soup base and menu items; (ii) consumables used in the restaurant operation, including disposable items, such as napkins, disposable tableware and table cloths; and (iii) others, including logistics and transportation fees. The Group's raw materials and consumables used increased by 26.1% from US$86.7 million for the six months ended June 30, 2022 to US$109.3 million for the corresponding period in 2023, primarily due to the increase in food ingredient costs resulting from the revenue growth. As a percentage of revenue, the Group's raw materials and consumables used decreased from 35.3% for the six months ended June 30, 2022 to 33.7% for the six months ended June 30, 2023, primarily attributable to (i) the increase in our revenue for the respective periods; (ii) the optimization of our procurement costs; and (iii) the enhancement of our restaurant management strategies.

Staff Costs

Staff costs consisted of (i) employee salaries and other allowance; (ii) employee welfare; and (iii) retirement benefit scheme contributions. The Group's staff costs increased by 19.0% from US$90.5 million for the six months ended June 30, 2022 to US$107.7 million for the corresponding period in 2023, primarily due to the increase in the number of employees in line with the expansion of restaurant network and the increase in guest visits and table turnover rate, as well as the increase in piece rate wages for the employees. As a percentage of revenue, the Group's staff costs decreased from 36.8% for the six months ended June 30, 2022 to 33.3% for the corresponding period in 2023, reflecting the Company's efforts in optimizing staff efficiency.

Rentals and Related Expenses

Rentals and related expenses mainly consisted of property management fees and lease payments for short-term leases. The Group's property rentals and related expenses increased by 12.5% from US$5.6 million for the six months ended June 30, 2022 to US$6.3 million for the corresponding period in 2023, primarily because the Group incurred more property management fees in the first half of 2023, which was in line with the expansion of the restaurant network during the Reporting Period.

Utilities Expenses

Utilities expenses primarily consisted of electricity, and to a lesser extent, gas and water bills. The Group's utilities expenses increased by 41.6% from US$8.9 million for the six months ended June 30, 2022 to US$12.6 million for the corresponding period in 2023, which was a result of the increase in the number of restaurants, a higher table turnover rate as well as heightened electricity costs in certain jurisdictions. As a percentage of revenue, the utilities expenses remained relatively stable at 3.6% and 3.9% for the six months ended June 30, 2022 and June 30, 2023, respectively.

Depreciation and Amortization

Depreciation and amortization consisted of depreciation charges for the property, plant and equipment, which primarily included leasehold improvements, leasehold land and building, freehold land, machinery, transportation equipment, furniture and fixtures and renovation in progress and right-of-use assets. The Group's depreciation and amortization increased by 25.5% from US$33.3 million for the six months ended June 30, 2022 to US$41.8 million for the corresponding period in 2023, primarily due to (i) a US$5.4 million increase in depreciation of property, plant and equipment; and (ii) a US$3.1 million increase in depreciation of right-of-use assets, as the Group continued to expand the restaurant network during the Reporting Period. As a percentage of revenue, depreciation and amortization remained relatively stable at 13.5% and 12.9% for the six months ended June 30, 2022 and June 30, 2023, respectively.

Travelling and Communication Expenses

Travelling and communication expenses mainly consisted of international and regional travel expenses of staff for new restaurants opening and restaurant operation inspection. The Group's travelling and communication expenses remained stable at US$2.4 million and US$2.3 million for the six months ended June 30, 2022 and June 30, 2023, respectively. As a percentage of revenue, the Group's travelling and communication expenses remained relatively stable at 1.0% and 0.7% for the six months ended June 30, 2022 and June 30, 2023, respectively.

Other Expenses

Other expenses comprised of (i) administrative expenses; (ii) consulting service expenses; (iii) bank charges; (iv) outsourcing service fees; and (v) others, which mainly consisted of daily maintenance expenses, storage expenses and business development expenses. The Group's other expenses increased by 21.9% from US$22.8 million for the six months ended June 30, 2022 to US$27.8 million for the corresponding period in 2023, primarily due to (i) an increase of US$1.8 million in the administrative expenses and an increase of US$1.5 million in outsourcing service fee resulting from the expansion of the restaurant network and the increase in table turnover rate; and (ii) an increase of US$1.2 million in bank charges.

Other Gains (Losses)

Other gains (losses) primarily consisted of (i) gains (losses) on disposal of property, plant and equipment and termination of leases, which represented reversals of right of use assets and lease liabilities in relation to the termination of leases for restaurants the Group decided to suspend the opening of; (ii) reversal of provision for early termination of leases, in relation to the capital expenditures the Group invested for restaurants originally planned but later decided not to open as a result of the dynamic evaluation of the expansion plan and the temporary closure of certain restaurants; (iii) net foreign exchange loss, which fluctuated from year-to-year based on exchange rate movements; (iv) net gain arising on financial assets at fair value through profit or loss; and (v) others. The Group's other losses decreased by 75.7% from US$41.2 million for the six months ended June 30, 2022 to US$10.0 million for the corresponding period in 2023, primarily attributable to (i) a decrease of US$9.2 million in loss on disposal of property, plant and equipment and termination of leases; (ii) a decrease of US$16.9 million in net foreign exchange loss; (iii) a decrease of US$6.9 million in impairment loss in respect of property, plant and equipment, right-of-use assets, goodwill and other intangible assets; and (iv) a decrease of US$3.2 million of gain on lease modification, which was partially offset by an increase of US$1.7 million in reversal of provision for early termination of leases.

Finance Costs

Finance costs represented (i) interests on lease liabilities; (ii) interests on loans from related parties, mainly Haidilao International Holding Ltd. to support the business expansion before the Listing of the Group; (iii) interests on bank borrowings; and (iv) interests charge on unwinding of discounts, primarily in relation to provisions for restoration of the premises the Group used for the restaurants. The Group's finance costs decreased by 48.8% from US$8.4 million for the six months ended June 30, 2022 to US$4.3 million for the corresponding period in 2023, primarily due to the settlement of loans with Haidilao International Holding Ltd..

Income Tax Expense

The Group recorded income tax expenses of US$4.0 million and US$3.9 million for the six months ended June 30, 2022 and June 30, 2023, respectively. The taxation of the Group was calculated at the rates prevailing in relevant jurisdictions, which ranged from 17% to 35% on the estimated assessable profits during the Reporting Period.

Profit (loss) for the Period

As a result of the foregoing, the Group recorded a net profit of US$3.4 million during the Reporting Period, representing a significant change as compared to the net loss of US$55.7 million for the corresponding period in 2022. The net profit is primarily due to (i) the increase in the average table turnover rate per restaurant; (ii) the optimized costs and expenses tied to the restaurant operation efficiency resulting from the improvement of internal management and operations; and (iii) the reduction of impairment loss on property, plant and equipment and right of use assets.

Inventories

Inventories mainly consisted of food ingredients and other materials used in the restaurant operation and the hot pot condiment products for sale. The Group's inventories decreased by 10.0% from US$26.0 million as of December 31, 2022 to US$23.4 million as of June 30, 2023, primarily because (i) we maintained a relatively higher inventory level near the year end in anticipation of the peak season of our business and (ii) we continued to optimize our inventory management.

Trade and Other Receivables and Prepayments

Trade and other receivables and prepayments primarily consisted of (i) trade receivables were from payment platforms; (ii) prepayment to suppliers; (iii) input value-added tax to be deducted; and (iv) others. There were no past due trade receivables at the end of the Reporting Period. The Group's trade and receivables and prepayments increased by 9.4% from US$28.7 million as of December 31, 2022 to US$31.4 million as of June 30, 2023, primarily due to an increase of US$2.1 million in trade receivables resulting from the increase in operating revenue for the six months ended June 30, 2023. The turnover days of trade receivables increased from 5.1 days for the year ended December 31, 2022 to 5.8 days for the six months ended June 30, 2023. Trade receivables turnover days for each period equals the average of the beginning and ending balances of trade receivables for that period divided by the revenue for the period and multiplied by 360 days or 180 days.

Trade Payables

Trade payables mainly consisted of the balances due to the Group's suppliers of food ingredients and consumables. The majority of trade payables had a credit term of 30 to 60 days. The Group's trade payables increased by 20.7% from US$32.3 million as of December 31, 2022 to US$39.0 million as of June 30, 2023, as the Group purchased more raw materials to support the restaurant operation during the Reporting Period. Trade payable turnover days increased from 53.9 days for the year ended December 31, 2022 to 58.8 days for the six months ended June 30, 2023. Trade payable turnover days for each period equals the average of the beginning and ending balances of trade payable for that period divided by raw materials and consumables for the period and multiplied by 360 days or 180 days. The increase in trade payable turnover days was in line with the increase in our trade payables to support our enhanced restaurant operation.

Liquidity and Capital Resources

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

Capital Structure

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

Bank Borrowings

As of June 30, 2023, the Group had guaranteed and unsecured bank borrowings of US$0.5 million.

Cash and Cash Equivalents

The principal uses of cash are for working capital to open new restaurants, procure food ingredients, consumables and equipment, and renovate and decorate the restaurants. The Group's cash and cash equivalents increased by 26.6% from US$93.9 million as of December 31, 2022 to US$118.9 million as of June 30, 2023, mainly due to enhancements in business operations.

Capital Expenditure

Capital expenditure amounted to US$14.0 million as of June 30, 2023, which was in line with the number of new restaurants opening during the Reporting Period.

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

Charge of Assets

As of June 30, 2023, the Group charged bank deposits of US$3.1 million to banks to secure rental payments to the lessors.

Future Plans for Material Investments

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

Financial Ratios

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

	As of June 30, 2023	December 31, 2022
Current ratio[(1)]	**1.5**	1.3
Gearing ratio[(2)]	**0.4**	0.4

Note:

(1) Equals current assets divided by current liabilities as of the same date.

(2) Equals total borrowings (including bank borrowings, lease liabilities and non-trade amounts due to related parties) divided by total assets as of the same date.

Foreign Exchange Risk and Hedging

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

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

Contingent Liabilities

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

Material Acquisitions and Disposals

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

Employees and Remuneration Policy

As of June 30, 2023, the Group had a total of 10,938 employees. During the Reporting Period, the Group had incurred staff costs (including salaries and other allowance, welfare and retirement benefit scheme contributions) of US$107.7 million.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months period ended June 30, 2023 USD'000 (Unaudited)	2022 USD'000 (Unaudited)
Revenue	5	**323,931**	245,839
Other income	6	**5,461**	5,487
Raw materials and consumables used		**(109,316)**	(86,661)
Staff costs		**(107,687)**	(90,461)
Rentals and related expenses		**(6,264)**	(5,611)
Utilities expenses		**(12,621)**	(8,858)
Depreciation and amortization		**(41,795)**	(33,330)
Travelling and communication expenses		**(2,307)**	(2,378)
Listing expenses		**–**	(3,337)
Other expenses	7	**(27,780)**	(22,750)
Other gains (losses) – net	8	**(9,962)**	(41,221)
Finance costs	9	**(4,340)**	(8,424)
Profit (loss) before tax		**7,320**	(51,705)
Income tax expense	10	**(3,926)**	(4,018)
Profit (loss) for the period	11	**3,394**	(55,723)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**11,566**	16,918
Total comprehensive income (expense) for the period		**14,960**	(38,805)
Profit (loss) for the period attributable to:			
Owners of the Company		**3,541**	(55,723)
Non-controlling interests		**(147)**	–
		3,394	(55,723)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**15,107**	(38,805)
Non-controlling interests		**(147)**	–
		14,960	(38,805)
Earnings (loss) per share			
Basic and diluted (USD)	12	**0.01**	(0.10)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at June 30, 2023** ***USD'000*** **(Unaudited)**	As at December 31, 2022 *USD'000* (Restated)
Non-current assets			
Property, plant and equipment	13	**187,683**	197,444
Right-of-use assets	13	**184,905**	201,283
Goodwill	14	**–**	1,122
Other intangible assets	14	**330**	1,937
Deferred tax assets	15	**47,126**	50,554
Other receivables	16	**1,958**	1,955
Prepayment for acquisition of non-current assets		**–**	426
Rental deposits		**21,291**	17,530
		443,293	472,251
Current assets			
Inventories		**23,412**	25,984
Trade and other receivables and prepayments	16	**29,413**	26,771
Financial assets at fair value through profit or loss		**–**	14
Rental deposits		**676**	3,076
Pledged bank deposits		**3,097**	3,673
Bank balances and cash		**118,936**	93,878
		175,534	153,396
Current liabilities			
Trade payables	17	**39,019**	32,313
Other payables	18	**28,070**	31,663
Amounts due to related parties		**138**	776
Tax payable		**8,986**	7,877
Lease liabilities		**36,902**	40,016
Bank borrowings	19	**69**	75
Contract liabilities	20	**4,911**	3,787
Provisions	21	**619**	723
		118,714	117,230
Net current assets		**56,820**	36,166

	Notes	**As at June 30, 2023** *USD'000* **(Unaudited)**	As at December 31, 2022 *USD'000* (Restated)
Non-current liabilities			
Deferred tax liabilities	15	**48,587**	53,146
Lease liabilities		**184,261**	201,687
Bank borrowings	19	**443**	521
Contract liabilities	20	**425**	430
Provisions	21	**9,200**	10,596
		242,916	266,380
Net assets		**257,197**	242,037
Capital and reserves			
Share capital		**3**	3
Shares held under share award scheme		*	*
Share premium		**494,480**	494,480
Reserves		**(239,570)**	(254,677)
Equity attributable to owners of the Company		**254,913**	239,806
Non-controlling interests		**2,284**	2,231
Total equity		**257,197**	242,037

* Less than USD1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 6, 2022 under the Companies Act. Cap 22 (as consolidated and revised) of the Cayman Islands. The principal place of business is at 80 Robinson Road, #02-00, Singapore 068898 and registered office at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 in Cayman Islands. The ultimate controlling parties are Mr. Zhang Yong and his spouse namely Ms. Shu Ping (collectively the "Controlling Shareholders").

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited with effect from December 30, 2022.

The Company is an investment holding company and its subsidiaries are principally engaged in the restaurants operation, delivery business, sales of condiment products and food ingredients located in overseas market outside Mainland China, Hong Kong, Macau and Taiwan.

Items included in the financial statements of each of the Group's entities are recorded using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United State Dollar ("USD"), which is also the presentation currency of the unaudited interim condensed consolidated financial statements.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the 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.

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

There are seasonal patterns for hot pot consumption. As such, the Group's business and financial performance are subject to seasonal fluctuations, such as local holidays, school vacations, weather conditions and fluctuations in food prices, among others. As a result, the results of operations may fluctuate from year-to-year/period-to-period and comparison of different periods may not be meaningful.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

Except as described below, the application of the amendments to IFRSs in the current six months period ended June 30, 2023 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 unaudited interim condensed consolidated financial statements.

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

Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the unaudited interim condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

Transition and summary of effects

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

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

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

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized the related deferred tax assets of USD51,952,000 and deferred tax liabilities of USD52,948,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

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

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

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements for the year ending December 31, 2023.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgements and key sources of estimation uncertainty made by management remain unchanged from the Group's annual financial statements for the year ended December 31, 2022.

5. REVENUE AND SEGMENT INFORMATION

During the six months period ended June 30, 2023, the Group's revenue which represents the amount received and receivable, net of discounts and sales related taxes, from the restaurant operation, delivery business and others, which is primarily generated from sales of hot pot condiment products to local guests and food ingredients to retailers, are as follows:

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Types of services or goods		
Restaurant operation	**312,718**	239,757
Delivery business	**4,328**	4,203
Others	**6,885**	1,879
Total	**323,931**	245,839
Timing of revenue recognition		
At point in time	**323,931**	245,839

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

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

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

	Revenue For the six months period ended June 30,		**Non-current assets *(Note)* As at**	
			June 30,	December 31,
	2023	2022	**2023**	2022
	USD'000	*USD'000*	***USD'000***	*USD'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Southeast Asia	**185,996**	167,222	**140,053**	157,437
East Asia	**36,579**	26,055	**42,137**	40,525
North America	**65,808**	30,058	**101,779**	101,632
Others	**35,548**	22,504	**88,949**	102,192
Total	**323,931**	245,839	**372,918**	401,786

Note:

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

6. OTHER INCOME

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Interest income on:		
– bank deposits	**854**	42
– rental deposits	**277**	278
– loans to related parties	**–**	224
– other financial assets	**–**	41
	1,131	585
Government grants *(Note)*	**2,656**	4,604
Others	**1,674**	298
	5,461	5,487

Note:

The amounts represent the subsidies received from the local governments for the Group's business development. The Group recognized government grants of USD1,530,000 (six months period ended June 30, 2022: USD2,104,000) in respect of Covid-19-related subsidies, of which USD1,528,000 (six months period ended June 30, 2022: USD851,000) are related to employment support scheme provided by the local government. There were no unfulfilled conditions for all the government grants in the years in which they were recognized.

7. OTHER EXPENSES

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Administrative expenses *(Note)*	**9,996**	8,158
Consulting services expenses	**3,711**	4,231
Bank charges	**5,095**	3,902
Daily maintenance expenses	**2,618**	1,970
Outsourcing service fee	**3,964**	2,536
Business development expenses	**951**	581
Storage expenses	**1,445**	1,372
	27,780	22,750

Note:

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

8. OTHER GAINS (LOSSES) – NET

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Impairment (loss) reversal recognized in respect of		
– property, plant and equipment	**(1,203)**	(6,773)
– right-of-use assets	**1,749**	(2,361)
– goodwill *(Note 14)*	**(1,122)**	–
– other intangible assets	**(1,600)**	–
	(2,176)	(9,134)
Gain (loss) on disposal of property, plant and equipment and termination of leases	**819**	(8,446)
(Loss) gain on lease modification	**(365)**	2,807
Reversal of provision for early termination of leases	**1,661**	–
Net gain (loss) arising on financial assets at FVTPL	**72**	(217)
Net foreign exchange loss	**(10,713)**	(27,565)
Others	**740**	1,334
Total	**(9,962)**	(41,221)

9. FINANCE COSTS

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Interests on loans from related parties	**–**	3,836
Interests on lease liabilities	**4,158**	4,341
Interests on bank borrowings	**–**	95
Interests charge on unwinding of discounts	**182**	152
	4,340	8,424

10. INCOME TAX EXPENSE

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Current tax:		
– current period	**4,239**	2,964
Withholding tax	**811**	764
Deferred tax *(Note 15)*	**(1,124)**	290
	3,926	4,018

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

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

11. PROFIT (LOSS) FOR THE PERIOD

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

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**23,080**	17,691
Depreciation of right-of-use assets	**18,694**	15,598
Amortization of other intangible assets	**21**	41
Total depreciation and amortization	**41,795**	33,330
Property and equipment rentals:		
– Office premises and equipment (short-term leases)	**203**	127
– Restaurants		
– Covid-19-related rent concessions *(Note 13)*	**–**	(935)
– Variable lease payments *(Note)*	**895**	1,055
Subtotal	**895**	120
Other rental related expenses	**5,166**	5,364
Total rentals and related expenses	**6,264**	5,611
Directors' emoluments	**900**	360
Other staff cost:		
Salaries and other allowance	**96,996**	82,755
Employee welfare	**3,457**	1,909
Retirement benefit contribution	**6,334**	5,437
Total staff costs	**107,687**	90,461

Notes:

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

12. EARNINGS (LOSS) PER SHARE

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

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to the owners of the Company for the purpose of calculating loss per share	**3,541**	(55,723)

	For the six months period ended June 30,	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating earnings (loss) per share	**557,400**	557,400

Note: The weighted average number of ordinary shares for the purpose of basic loss per share has been determined on the assumptions that the group reorganization and the issue of additional 557,399,997 ordinary shares of the Company to Newpai had been effected on January 1, 2022.

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

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

During the six months period ended June 30, 2023, the Group paid for new additions of USD13,993,000 (six months period ended June 30, 2022: USD29,129,000) and renovation fee payables carried forward from prior year of USD3,457,000 (six months period ended June 30, 2022: USD72,000).

During the six months period ended June 30, 2023, the Group disposed of certain plant and equipment with an aggregate carrying amount of USD414,000 (six months period ended June 30, 2022: USD1,631,000) for cash proceeds of USD192,000 (six months period ended June 30, 2022: USD1,248,000), resulting in a loss of USD222,000 (six months period ended June 30, 2022: USD383,000).

During the six months period ended June 30, 2023, the Group entered into several new lease agreements for the use of restaurant operation with lease terms ranged from 24 months to 11 years. The Group is required to make fixed-term payments with predetermined annual incremental rental adjustments. On lease commencement, the Group recognized right-of-use assets of USD10,479,000 (six months ended June 30, 2022: USD22,319,000) and lease liabilities of USD10,307,000 (six months ended June 30, 2022: USD22,319,000).

During the six months period ended June 30, 2023, certain leases were terminated by lessors, with right-of-use assets of USD9,418,000 (six months period ended June 30, 2022: USD7,316,000) and lease liabilities of USD10,459,000 (six months period ended June 30, 2022: USD15,359,000) derecognized, resulting in a gain of USD1,041,000 (six months period ended June 30, 2022: loss of USD8,043,000), which was recognized in other gains (losses).

During the six months period ended June 30, 2022, certain lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 10% to 100% of monthly rents over 0.5 to 6 months.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of USD935,000 were recognized as negative variable lease payments.

Impairment assessment

As at June 30, in view of the unfavorable future prospects of some restaurants, the management of the Group concluded there were indications for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets. The Group estimated the recoverable amounts of such restaurant (cash generating units ("CGUs")) to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amounts of CGUs have been determined based on value in use calculation. That calculation used discounted cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease periods which are between 1 to 5 years with pre-tax discount rates ranging from 9% to 42.3% (2022: 8.8% to 33.51%) per annum, which varies in restaurants operated in different countries. Cash flows beyond the 5-year period for those CGUs with remaining lease terms more than 5 years are extrapolated using a steady 0% to 3% growth rate (2022: 0% to 3%) per annum. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows included revenue growth rate and average percentage of costs and operating expenses of revenue for the forecast periods, which are based on the CGUs' past performance and the management's expectations for the market development. The revenue growth rates and discount rates have been assessed taking into consideration the higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's restaurant operations.

Based on the results of the assessments, the management of the Group determined that the recoverable amounts of certain CGUs are lower than the carrying amounts. The impairment loss has been allocated to each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. The reversal of impairment loss for the CGUs has been allocated to the each category of property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not increased above its recoverable amount (if determinable) and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. Based on the value in use calculation and the allocation, an impairment loss of USD1,203,000 (six months period ended June 30, 2022: USD6,773,000) has been recognized against the carrying amount of property, plant and equipment and reversal of impairment loss of USD1,749,000 (six months period ended June 30, 2022: impairment loss of USD2,361,000) has been recognized against the carrying amount of right-of-use assets.

14. GOODWILL AND OTHER INTANGIBLE ASSETS

During the six months period ended June 30, 2023, due to continuing weak performance of Hao Noodle & Tea Holdings Inc., the directors have determined to fully impair the goodwill of USD1,122,000 and other intangible assets of USD1,600,000.

15. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	As at June 30, 2023 *USD'000* **(Unaudited)**	As at December 31, 2022 *USD'000* (Restated)
Deferred tax assets	**47,126**	50,554
Deferred tax liabilities	**(48,587)**	(53,146)
	(1,461)	(2,592)

The followings are the major deferred tax assets and liabilities recognized and movements thereon during the year:

	Accelerated tax depreciation *USD'000*	**Right-of-use assets** *USD'000*	**Lease liabilities** *USD'000*	**Right-of-use assets/lease liabilities, net** *USD'000*	**Customer loyalty scheme** *USD'000*	**Tax losses** *USD'000*	**Total** *USD'000*
At January 1, 2022 (Audited)	(74)	–	–	(996)	62	25	(983)
Adjustments *(Note 3)*	–	(52,948)	51,952	996	–	–	–
At January 1, 2022 (Restated)	(74)	(52,948)	51,952	–	62	25	(983)
(Charge) credit to profit or loss *(Note 10)*	(458)	4,739	(4,605)	–	19	15	(290)
Exchange adjustments	(2)	2,221	(2,220)	–	–	–	(1)
At June 30, 2022 (Unaudited)	(534)	(45,988)	45,127	–	81	40	(1,274)
(Charge) credit to profit or loss	(1,375)	(4,829)	4,118	–	196	1,019	(871)
Acquisition of a subsidiary	(440)	–	–	–	–	–	(440)
Exchange adjustments	(11)	(161)	161	–	–	4	(7)
At December 31, 2022 (Restated)	(2,360)	(50,978)	49,406	–	277	1,063	(2,592)
(Charge) credit to profit or loss *(Note 10)*	440	3,435	(2,870)	–	–	119	1,124
Exchange adjustments	21	539	(526)	–	–	(27)	7
At June 30, 2023 (Unaudited)	**(1,899)**	**(47,004)**	**46,010**	**–**	**277**	**1,155**	**(1,461)**

Deferred tax assets have not been recognized in respect of the following items:

	As at June 30, 2023 *USD'000* (Unaudited)	As at December 31, 2022 *USD'000* (Audited)
Tax losses *(Note i)*	**171,730**	150,662
Other deductible temporary differences *(Note ii)*	**108,675**	106,962
	280,405	257,624

Notes:

i. Included in unrecognized tax losses are losses of USD71,159,000 that will expire in 2028 to 2038 (2022: USD79,669,000 that will expire in 2027 to 2037) and tax losses of USD100,571,000 (2022: USD70,993,000) may be carried forward indefinitely.

   No deferred tax asset has been recognized in relation to the above tax losses due to the unpredictability of future profit streams of those loss-making subsidiaries and it is not probable that taxable profit will be available against which the tax losses can be utilized.

ii. As at year end, the Group has other deductible temporary differences of USD108,675,000 (2022: USD106,962,000) mainly arising from temporary differences of impairment loss and leasing transactions. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2023 *USD'000* (Unaudited)	As at December 31, 2022 *USD'000* (Audited)
Trade receivables *(Note)*	**11,577**	9,470
Other receivables and prepayments:		
Prepayment to suppliers	**13,300**	14,872
Input value-added tax to be deducted	**1,751**	488
Others	**4,743**	3,896
	19,794	19,256
Total	**31,371**	28,726
Current	**29,413**	26,771
Non-current	**1,958**	1,955
	31,371	28,726

Note:

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

17. TRADE PAYABLES

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

	As at June 30, 2023	As at December 31, 2022
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Within 60 days	**39,019**	32,313

18. OTHER PAYABLES

	As at June 30, 2023	As at December 31, 2022
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Staff cost payable	**15,443**	15,852
Other taxes payables	**10,599**	5,728
Renovation fee payables *(Note 13)*	**–**	3,457
Listing expenses payables	**38**	2,761
Others	**1,990**	3,865
	28,070	31,663

19. BANK BORROWINGS

	As at June 30, 2023	As at December 31, 2022
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Guaranteed and unsecured	**512**	596

The carrying amounts of the above bank borrowings are repayable:

	As at June 30, 2023	As at December 31, 2022
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Within one year	**69**	75
Within a period of more than one year but not exceeding two years	**69**	75
Within a period of more than two years but not exceeding five years	**374**	446
	512	596
Less: Amounts due within one year shown under current liabilities	**(69)**	(75)
Amounts due for settlement after one year shown under non-current liabilities	**443**	521

The exposure of the Group's bank borrowings are as follows:

	As at June 30, 2023 *USD'000* **(Unaudited)**	As at December 31, 2022 *USD'000* (Audited)
Fixed-rate borrowings *(Note)*	**512**	596

Note:

As at June 30, 2023, fixed-rate borrowings of JPY74,146,000 (equivalent to approximately USD512,000) (2022: JPY79,150,000 (equivalent to approximately USD596,000)) carry interest at 2% per annum with interest free in the first three years, as the support was provided by the local government for the relief of Covid-19 pandemic. The borrowings were guaranteed by 張航 (Zhang Hang), the then legal representative of Haidilao Japan Co., Ltd., which is a subsidiary of the Company.

20. CONTRACT LIABILITIES

	As at June 30, 2023 *USD'000* **(Unaudited)**	As at December 31, 2022 *USD'000* (Audited)
Customer loyalty scheme	**4,944**	3,867
Prepaid cards and issued vouchers	**392**	350
	5,336	4,217
Current	**4,911**	3,787
Non-current	**425**	430
	5,336	4,217

Notes:

i. The customer loyalty points have a valid period between 2 years to 5 years since the award credits were granted to customers and can be redeemed anytime within the valid period at customers' discretion. The amounts disclosed above represented the Group's expectation on the timing of redemption made by customers.

ii. The Group issued prepaid cards and vouchers which have no expiration and can be utilized in the future consumption in restaurants at customers' direction. The amounts disclosed above represented the Group's expectation on the timing of utilization made by customers.

21. PROVISIONS

	As at June 30, 2023 ***USD'000*** **(Unaudited)**	As at December 31, 2022 *USD'000* (Audited)
Provision for restoration *(Note i)*	**9,819**	9,695
Provision for early termination of leases *(Note ii)*	**–**	1,624
	9,819	11,319
Less: Amounts expected to be paid within one year	**619**	723
Amounts shown under non-current liabilities	**9,200**	10,596

Notes:

i. The provision is related to costs expected to be incurred to restore the leasehold properties according to lease agreements.

ii. The provision is related to the compensation for closure of certain restaurants that were expected to be paid to lessors based on the negotiations between the parties.

22. CAPITAL COMMITMENTS

At the end of reporting period, the Group had the following capital commitments:

	As at June 30, 2023 ***USD'000*** **(Unaudited)**	As at December 31, 2022 *USD'000* (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**7,982**	9,529

23. RELATED PARTY DISCLOSURES

(A) Related party transactions

During the six months period ended June 30, 2023 and 2022, the Group has entered into the following transactions with related parties:

Purchase of goods/services from related parties

		For the six months period ended June 30,	
		2023	2022
		USD'000	*USD'000*
Relationship	**Nature of transaction**	**(Unaudited)**	(Unaudited)
Related companies controlled by the Controlling Shareholders	Purchase of condiment products and instant hot pot products	**6,626**	6,417
Related companies controlled by the Controlling Shareholders	Interest expenses	**–**	3,836
Related companies controlled by the Controlling Shareholders	Office expenses charges	**–**	224

Income from related parties

		For the six months period ended June 30,	
		2023	2022
		USD'000	*USD'000*
Relationship	**Nature of transaction**	**(Unaudited)**	(Unaudited)
Related companies controlled by the Controlling Shareholders	Interest income	**–**	224

The Group is licensed by Sichuan Haidilao Catering Co., Ltd., a company controlled by the Controlling Shareholders, to use the trademark on an exclusive and royalty-free basis for a perpetual term.

The Group owns the proprietary rights to the formulas of Haidilao Customized Products (the "Condiments Formulae") and licenses the Condiments Formulae to Yihai International Holding Ltd. and its subsidiaries (companies controlled by the Controlling Shareholders) and its contracted manufacturers to use for production on a royalty-free basis.

(B) Remuneration of key management personnel of the Group

	For the six months period ended June 30,	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**453**	869
Performance related bonuses	**649**	–
Retirement benefit scheme contribution	**31**	7
	1,133	876

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from January 1, 2023 to March 30, 2023, the Company did not have a separate chairman and chief executive officer and Mr. ZHOU Zhaocheng performed these two roles. Due to work adjustment and further optimization of duty allocation, on March 30, 2023, Mr. ZHOU resigned and Mr. LI Yu was appointed as the chief executive officer of the Company while Mr. ZHOU currently remains as the chairman of the Board. Following such change, the Company separates the roles of chairman of the board and chief executive officer and thus the Company has complied with code provision C.2.1 of the Corporate Governance Code.

Save as disclosed above, the Company has complied with all the applicable principles and code provisions as set out in the Corporate Governance Code during the Reporting Period.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific inquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

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 Reporting Period.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

Audit Committee

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

The Audit Committee has, together with the management and the auditor of the Company, reviewed the Group's interim results for the six months ended June 30, 2023, the accounting principles and practices adopted by the Company and the Group. The Audit Committee considers that the interim financial results for the six months ended June 30, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Events after the Reporting Period

The Group had no material events for disclosure subsequent to June 30, 2023 and up to the date of this announcement.

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2023.

Publication of Interim Results Announcement and Interim Report

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

The 2023 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company as and when appropriate.

APPRECIATION

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

By order of the Board
SUPER HI INTERNATIONAL HOLDING LTD.
ZHOU Zhaocheng
Chairman

Singapore, August 29, 2023

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