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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 ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Haidilao International Holding Ltd. (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2023 (the “**Reporting Period**”), together with comparative audited figures for 2022. The results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group. 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 tables, charts or elsewhere between totals and sums of amounts listed therein are due to rounding.

#### KEY FINANCIAL HIGHLIGHTS

##### From continuing operations

	For the year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue	41,453,348	31,038,634
Revenue from restaurant operation	39,612,779	29,087,006
Profit before tax	5,833,072	2,117,641
Profit for the year	4,495,399	1,637,306
Profit attributable to owners of the Company	4,499,080	1,638,466
Basic earnings per share (RMB)	0.83	0.30

#### KEY BUSINESS HIGHLIGHTS

##### From continuing operations

	As of and for the year ended December 31,	
	2023	2022
Number of Haidilao restaurants	1,374	1,371
Average table turnover rate (times/day)	3.8	3.0
Average spending per guest (RMB)	99.1	104.9

## 2023 PERFORMANCE REVIEW

### Financial and Business Review

For the year ended December 31, 2023, the overall revenue of the Group amounted to RMB41,453.3 million, representing a year-on-year increase of 33.6%. The profit for the year amounted to RMB4,495.4 million, recording a significant increase as compared to the profit of RMB1,637.3 million for the previous year.<sup>(1)</sup>

In light of the Group's operations in 2023, the Board will recommend the distribution of a final cash dividend of HK\$0.824 (equivalent to RMB0.748) per share for the year ended December 31, 2023 at the forthcoming annual general meeting (the "AGM") of the Company (amounting to a total dividend of approximately RMB4,050.4 million).

Due to the recovery of the overall environment for consumption and a relative increase in the dine-out frequency of consumers, the table turnover rate of Haidilao restaurants increased significantly. The overall table turnover rate of our Haidilao restaurants was 3.8 times per day and the same store table turnover rate was 3.9 times per day in 2023, as compared to the overall table turnover rate and the same store table turnover rate of 3.0 and 3.1 times per day in 2022, respectively. Our Haidilao restaurants served more than 397.0 million customers throughout the year, representing an increase of 43.7% as compared to the previous year.

In 2023, our primary goal was to improve the profitability and operational efficiency of the restaurants in operation. Meanwhile, we slowed down the pace of our restaurant network expansion. As of December 31, 2023, the Group operated a total of 1,374 Haidilao restaurants<sup>(2)</sup>, among which 1,351 were located in mainland China and 23 in Hong Kong, Macau and Taiwan regions; we opened 9 new Haidilao restaurants, resumed the operations of 26 Haidilao restaurants that were previously suspended, and closed 32 Haidilao restaurants throughout the year. We remained committed to prioritizing customers, creating products based on customer needs and providing customers with diversified dining experience. In 2023, we set up the Innovation and Entrepreneurship Office at our headquarters to adjust the strategic planning of our entrepreneurial brands. In addition to Haidilao restaurants, the Group also owns brands such as "HAILAO HUOGUO (嗨撈火鍋)", "Brother Miao Dry Pot (苗師兄香鍋)", "Five Grains Three Meals (五穀三餐)", "YEAH QING BBQ (焰請烤肉舖子)", "Madam Zhu's Kitchen (漢舍)" etc., running diverse business operations such as hot pot, fast food, barbecue and Chinese cuisine.

#### Notes:

<sup>(1)</sup> In December 2022, Super Hi International Holding Ltd. ("**Super Hi**") was spun-off and listed separately on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Spin-off**") by way of introduction through a distribution in specie to the Company's shareholders (the "**Shareholders**"). Super Hi and its subsidiaries (the "**Super Hi Group**") are principally engaged in the operation of restaurant business outside mainland China, Hong Kong, Macau, and Taiwan regions. Upon completion of the Spin-off, the business of Super Hi Group was classified as discontinued operations of the Group, while the remaining business of the Group was classified as continuing operations of the Group. The financial and business results under this section do not include those of the Super Hi Group.

<sup>(2)</sup> Including Haidilao restaurants that were temporarily closed or being renovated.

Over the past year, closely following our management philosophy of “aligned interests and disciplined management”, we have achieved significant improvements in both restaurant service quality and operating results. From the perspective of “aligned interests”, we emphasized the high autonomy of employees by full motivation and delegation powers to employees, and thereby further enhanced the enthusiasm of employees. We implemented the compensation model of “low basic salary + high bonus” for key management personnel, pursuant to which their compensation depends directly on the operating profit and management level of the restaurants. For other employees, we continued to adopt the piece wages system and advocated the concept of more rewards through more work, and encouraged them to upskill themselves, and the ace employees of the restaurants enjoyed the profit-sharing bonus of the restaurants, so as to arouse their enthusiasm. Under these effective incentive systems, our employees were able to promptly and accurately identify and respond to the needs of customers, thus setting good examples of service innovation. Based on the above-mentioned, we opened up channels of learning and sharing within the Company and encouraged healthy competition among regions and restaurants, so that excellent service innovation cases would soon be popularized to all Haidilao restaurants. Since May 2023, certain restaurants have begun to carry out activities of inbound marketing through concerts. They prepared bottled mineral water, light sticks, LED light boards printed with the restaurant name and other materials for showing support, and arranged for the transportation of customers by buses after the end of concerts. In November 2023, Haidilao employees interacted with customers by entertaining them with “Kemusan (科目三)” dance performances, which was widely admired by customers. Some videos recording interactions between our dancing employees and customers soon went viral on social media, receiving more than 60.0 million likes and more than 5.0 billion views in Douyin (抖音) platform, making it a global-phenomenal propagation. All of the above cases were planned and organized by front-line restaurants on their own initiative, and people can witness hospitality, innovative spirit and geniality in our Haidilao staff. These activities not only increased the brand exposure and brought great traffic value to the Company in the Internet era, but also made Haidilao’s concept of “Putting Customers First” and bringing happiness to customers deeply rooted among the people.

Hewing to the philosophy of “disciplined management”, the Company set top-down strategic directions for company-wide implementation and controlled operational risks effectively. The Company currently adopts regional management system for Haidilao restaurants. For Haidilao restaurants in mainland China and Hong Kong, Macau and Taiwan regions, there are 19 geographical subregions as at the end of 2023. Each regional manager is responsible for the operations of restaurants and providing guidance for new restaurants and low-performing restaurants and other matters in the region under his or her administration, and reports to the senior management of the Group. Meanwhile, we stressed that functional departments should empower restaurants to operate more efficiently, supervise and urge various functional departments such as product, food safety, human resources, finance, information technology, and brand marketing to maintain close communication with front-line restaurants based on their respective expertise, and strive to help restaurants identify and solve problems in a faster and better manner. We constantly optimized restaurant evaluation system and made full use of technological means to improve assessment efficiency and realize management purpose. We have complete and advanced systems for financial management, supply chain management and providing feedback on restaurant operation data to empower restaurant operation and management. In addition, we updated Company’s A-class policies based on the business development in a timely manner, and a total of 16 updates were conducted during the year. We organized studies and examinations on the policies targeted at restaurant managers and cadre throughout the year, so as to ensure that the staff at key management positions were equipped with sufficient knowledge of the policies. Benefiting from the clear and strict policies, as well as the emphasis on implementation results, we have achieved systematic management, process-oriented operation, data-based assessment and follow-up supervision, and the Group as a whole has achieved a high degree of unity, concentric, and flexible response to market changes.

Haidilao has strengthened its market position in the intense competition in the industry by improving the service quality and innovating the marketing methods, etc. By summarizing ten dishes that were the most popular among the consumers for years, we launched “Top 10 Signatures”, anticipating for deeper impression of customers on Haidilao’s specialties. In terms of promotion campaigns, we, in conjunction with “320 Birthday Carnival” in various forms of “birthday party, talk show and concert” by live-streaming, provided an immersive experience of live-streaming, and eventually achieved the GMV of over 100 million views for live-streaming on Douyin, becoming the first official main-meal brand with live-streaming GMV over 100 million on Douyin platform. From July to September 2023, Haidilao jointly held the event of midnight snack stalls during summer vacation with a famous IP to effectively increase the table turnover rate at night. In April and November 2023, we conducted two extensive promotion campaigns for the nationwide launch of new products, such as the warming up for customer tasting party at the early stage, setting up stalls for taking photos in shopping malls and marketplaces, so as to present the characteristics of “delicious, interesting and charming” of the new products more intuitively.

For product and form innovation, 29 national new products were launched and 13 national dishes were upgraded in 2023. We had over 300 newly developed or optimized local dishes which include more than 30 featured soup bases, such as Sichuan Clear Oil Spicy Pot (四川清油麻辣鍋), Colorful Potatoes (七彩土豆), Platter for All Cuts of Beef (一次吃全牛肉拼盤), and other local dishes with high order rates. We have also been proactively exploring the consumers’ diversified and personalized needs, and seeking the form innovation of Haidilao restaurants. We have launched Haidilao’s “beef workshop”, “seafood workshop” and “mutton workshop” to offer a more regional featured dining experience. Meanwhile, Haidilao’s first camping hot pot restaurant in China was formally opened in Shanghai in September, which served customers with Haidilao hot pot packages in the scenario of camping with the suburban scenery. As a brand deeply loved by college students, Haidilao launched the first innovative campus hot pot pilot restaurant in Xi’an in October, to cater for the desires of college customers to enjoy Haidilao hot pot anywhere and anytime. These efforts enriched the dining scenarios of Haidilao hot pot, expanded the options for consumers and further consolidated and reinforced the leading position of Haidilao in the catering industry.

Besides excellent restaurant services, we continuously explored various means to expand access to customers. In 2023, on the basis of the traditional hot pot delivery services, the Company conducted in-depth user analysis on the home delivery business, and developed two business lines of “Haidilao Delivery for Banquet” and “Haidilao Hot Pot dishes for dinner”, which were designed for providing customized feast services and quality fast food for one person only, respectively. With a realization of hierarchical operation on users, we made customers enjoy Haidilao hot pot anywhere and anytime possible. In addition, Haidilao Delivery is actively trying to innovate service scenarios such as restaurants in ski resorts and amusement parks.

For our membership program, as of the end of 2023, the number of members of Haidilao has exceeded 150 million. We fully obtained and listened to the recommendations from members in relation to the restaurant and the Company, and encouraged members to participate in service improvement. As the restrictions for dining in a restaurant had been lifted, we resumed the “mysterious guest” review system to strictly select enthusiastic and loyal members as the irregular inspectors for restaurant services. Throughout the year of 2023, we invited a total of approximately 40,000 consumers to evaluate the restaurants nationwide. The inspection reports from mysterious guests after the inspection were publicized internally. The ratings in such reports were included in the quarterly rating system for restaurants. We also built more communication channels to exchange ideas between the senior management of the Group and our members. The solidarity meeting of restaurant managers was open to the public for the first time in 2023, which invited more than 600 senior members to communicate with the senior management face to face, thereby realizing a timely understanding of and response to the feedbacks of customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

Following the completion of the Spin-off, Super Hi was no longer a subsidiary of the Group and the financial results under this section does not include those of the Super Hi Group.

### Revenue

The revenue of the Group increased by 33.6% from RMB31,038.6 million for the year ended December 31, 2022 to RMB41,453.3 million in 2023.

### Revenue by Segment

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

	<b>For the year ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<i>(RMB'000 except percentages)</i>			
Haidilao restaurant operation	<b>39,266,603</b>	<b>94.7%</b>	28,942,639	93.3%
Delivery business	<b>1,041,475</b>	<b>2.5%</b>	1,280,100	4.1%
Sales of condiment products and food ingredients	<b>788,651</b>	<b>1.9%</b>	662,164	2.1%
Other restaurant operation	<b>346,176</b>	<b>0.9%</b>	144,367	0.5%
Others	<b>10,443</b>	<b>0.0%</b>	9,364	0.0%
<b>Total revenue</b>	<b><u>41,453,348</u></b>	<b><u>100.0%</u></b>	<b><u>31,038,634</u></b>	<b><u>100.0%</u></b>

The revenue of our Group is mainly generated from Haidilao restaurant operation, which accounted for 94.7% of our total revenue in 2023. The revenue of Haidilao restaurant operation increased by 35.7% from RMB28,942.6 million in 2022 to RMB39,266.6 million in 2023, mainly due to the increase in customer flow and the improved operating performance of our Haidilao restaurants as a result of the lifting of the COVID-19 pandemic control measures and the recovery of the economy. Haidilao restaurants' average table turnover rate in 2023 was 3.8 times per day. The average spending per guest decreased from RMB104.9 in 2022 to RMB99.1 in 2023, primarily due to the increase in price concessions.

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

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Average spending per guest<sup>(1)</sup> (RMB)</b>		
Tier 1 cities <sup>(2)</sup>	<b>105.7</b>	114.2
Tier 2 cities <sup>(3)</sup>	<b>98.3</b>	104.3
Tier 3 cities and below <sup>(4)</sup>	<b>92.8</b>	97.9
<i>Mainland China restaurants</i>	<b>97.3</b>	103.2
Hong Kong, Macau and Taiwan regions	<b>202.8</b>	197.4
<b>Overall</b>	<b>99.1</b>	104.9
<b>Table turnover rate<sup>(5)</sup> (times/day)</b>		
Tier 1 cities <sup>(2)</sup>	<b>3.8</b>	3.0
Tier 2 cities <sup>(3)</sup>	<b>3.9</b>	3.0
Tier 3 cities and below <sup>(4)</sup>	<b>3.6</b>	2.9
<i>Mainland China restaurants</i>	<b>3.8</b>	2.9
Hong Kong, Macau and Taiwan regions	<b>4.2</b>	3.5
<b>Overall</b>	<b>3.8</b>	3.0
Newly-opened restaurants <sup>(6)</sup>	<b>3.7</b>	2.3
Other restaurants	<b>3.8</b>	3.0
<b>Overall</b>	<b>3.8</b>	3.0

*Notes:*

- <sup>(1)</sup> Calculated by dividing gross revenue generated from restaurant operation for the period by total guests served for the period.
- <sup>(2)</sup> Beijing, Shanghai, Guangzhou and Shenzhen.
- <sup>(3)</sup> All municipalities and provincial capitals excluding tier 1 cities, plus Qingdao, Xiamen, Ningbo, Dalian, Zhuhai, Suzhou and Wuxi.
- <sup>(4)</sup> All the cities and regions excluding tier 1 cities and tier 2 cities.
- <sup>(5)</sup> 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.
- <sup>(6)</sup> We define our newly-opened restaurants as those that commenced operations during the period.



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

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Number of same stores<sup>(1)</sup></b>		
Tier 1 cities	<b>130</b>	
Tier 2 cities	<b>346</b>	
Tier 3 cities and below	<b>455</b>	
Hong Kong, Macau and Taiwan regions	<b>19</b>	
<b>Overall</b>	<b>950</b>	
<b>Same store sales<sup>(2)</sup> (in thousands of RMB)</b>		
Tier 1 cities	<b>4,422,588</b>	3,317,457
Tier 2 cities	<b>10,649,277</b>	8,365,679
Tier 3 cities and below	<b>13,094,689</b>	10,363,970
Hong Kong, Macau and Taiwan regions	<b>1,159,425</b>	921,030
<b>Overall</b>	<b>29,325,979</b>	22,968,136
<b>Average same store sales per day<sup>(3)</sup> (in thousands of RMB)</b>		
Tier 1 cities	<b>93.5</b>	78.5
Tier 2 cities	<b>84.7</b>	70.4
Tier 3 cities and below	<b>79.1</b>	66.0
Hong Kong, Macau and Taiwan regions	<b>168.1</b>	134.4
<b>Overall</b>	<b>84.9</b>	70.7
<b>Average same store table turnover rate<sup>(4)</sup> (times/day)</b>		
Tier 1 cities	<b>4.1</b>	3.2
Tier 2 cities	<b>4.0</b>	3.1
Tier 3 cities and below	<b>3.8</b>	2.9
Hong Kong, Macau and Taiwan regions	<b>4.2</b>	3.5
<b>Overall</b>	<b>3.9</b>	3.0

*Notes:*

- (1) Includes restaurants that had commenced operations prior to the beginning of the periods under comparison, remained open as of December 31, 2023 and opened for more than 300 days in both 2022 and 2023.
- (2) The gross revenue from restaurant operation at our same stores for the period indicated.
- (3) Calculated by dividing the gross revenue from restaurant operation at our same stores for the period by the total operation days at our same stores for the period.
- (4) Calculated by dividing the total tables served at our same stores for the period by the total operation days for the period and average table count during the period. The average table count included the table count in the areas that were not opened due to the COVID-19 pandemic prevention and control.

## Revenue from Haidilao Restaurant Operation by Geographic Region

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

	As of and for the year ended December 31,					
	2023			2022		
	Number of restaurants	Gross Revenue/ Revenue (RMB'000)		Number of restaurants	Gross Revenue/ Revenue (RMB'000)	
<b>Mainland China</b>						
Tier 1 cities	232	7,195,389	18.3%	234	5,153,936	17.8%
Tier 2 cities	538	15,610,835	39.7%	538	11,338,523	39.1%
Tier 3 cities and below	581	15,160,451	38.5%	577	11,465,959	39.5%
Subtotal	1,351	37,966,675	96.5%	1,349	27,958,418	96.4%
Hong Kong, Macau and Taiwan regions	23	1,369,938	3.5%	22	1,032,421	3.6%
<b>Total restaurants/gross revenue generated from restaurant operation</b>	<b>1,374</b>	<b>39,336,613</b>	<b>100%</b>	<b>1,371</b>	<b>28,990,839</b>	<b>100%</b>
Net of: Customer loyalty program		(70,010)			(48,200)	
Total restaurants/revenue generated from restaurant operation	1,374	39,266,603		1,371	28,942,639	

## Raw Materials and Consumables Used

Our raw materials and consumables used increased by 31.3% from RMB12,906.4 million in 2022 to RMB16,946.2 million in 2023, primarily due to the improvement of operational results. As a percentage of revenue, our raw materials and consumables used decreased from 41.6% in 2022 to 40.9% in 2023, mainly due to the decrease in the price of raw materials and consumables.



## **Staff Costs**

Our staff costs increased by 27.3% from RMB10,239.8 million in 2022 to RMB13,039.8 million in 2023, mainly due to an increase in the number of staff as a result of the improvement of operational results. As a percentage of revenue, our staff costs decreased from 33.0% in 2022 to 31.5% in 2023, mainly due to an increase in table turnover rate, the improved human resource efficiency and the optimized staff structure.

## **Rentals and Related Expenses**

Our rentals and related expenses increased by 31.9% from RMB274.3 million in 2022 to RMB361.9 million in 2023, primarily due to the increase in the variable lease payments as a result of growth of revenue and the decrease of COVID-19-related rentals and property management concessions. As a percentage of revenue, our rentals and related expenses remained relatively stable at 0.9% in 2022 and 2023.

## **Utilities Expenses**

Our utilities expenses increased by 31.1% from RMB1,048.0 million in 2022 to RMB1,374.3 million in 2023, primarily due to an increase in utilities consumption as a result of the improvement of operational results. As a percentage of revenue, utilities expenses remained relatively stable at 3.4% and 3.3% in 2022 and 2023, respectively.

## **Travelling and Communication Expenses**

Our travelling and communication expenses increased by 41.3% from RMB144.6 million in 2022 to RMB204.3 million in 2023, primarily due to an increase in the travel frequency of staff as a result of the lifting of COVID-19 pandemic control measures and the improvement of operational results. As a percentage of revenue, our travelling and communication expenses remained relatively stable at 0.5% in 2022 and 2023.

## **Depreciation and Amortization**

Our depreciation and amortization decreased by 11.3% from RMB3,321.2 million in 2022 to RMB2,945.4 million in 2023 primarily because depreciation and amortization for the property, plant and equipment of certain restaurants had already been fully charged previously. As a percentage of revenue, depreciation and amortization decreased from 10.7% in 2022 to 7.1% in 2023, primarily due to the increase in revenue and the decrease in depreciation and amortization for the Reporting Period.

## **Other Expenses**

Our other expenses increased by 18.4% from RMB1,361.2 million in 2022 to RMB1,611.0 million in 2023, primarily due to (i) a RMB99.5 million increase in business development expenses as a result of increased marketing activities; (ii) a RMB85.1 million increase in daily maintenance expenses; and (iii) a RMB62.9 million increase in storage expenses. As a percentage of revenue, our other expenses decreased from 4.4% in 2022 to 3.9% in 2023, primarily due to the faster growth rate of revenue than other expenses for the Reporting Period.

## Share of Results of Associates and a Joint Venture

Our share of profit in relation to (i) our associate Fuhai (Shanghai) Food Technology Co., Ltd. (馥海(上海)食品科技有限公司), in which we held a 40% equity interest, (ii) our joint venture Ying Hai Holdings Pte. Ltd., in which we held a 51% equity interest, and (iii) other associates invested by Beijing Youdingyou Catering Co., Ltd. (北京優鼎優餐飲管理有限公司), decreased from RMB65.4 million in 2022 to RMB45.9 million in 2023.

## Other Gains and Losses

Our other gains and losses decreased by 20.7% from a gain of RMB286.9 million in 2022 to a gain of RMB227.5 million in 2023, primarily due to a decrease of RMB328.0 million in the gain recognized on repurchase of the notes due 2026 issued by the Company in 2021 (the “**2026 Senior Notes**”) from the open market and by tender offer; and offset by a decrease of RMB185.7 million in the net impairment loss.

## Finance Costs

Our finance costs decreased by 25.8% from RMB473.9 million in 2022 to RMB351.4 million in 2023, primarily due to (i) the decrease in interests on bank borrowings during the Reporting Period; and (ii) the decrease in interests on bonds as a result of the Company’s redemption of a portion of the 2026 Senior Notes at the end of 2022 and in 2023.

## Income Tax Expense

Our income tax expense increased by 178.5% from RMB480.3 million in 2022 to RMB1,337.7 million in 2023, primarily due to the increase in our profit for the Reporting Period.

## Profit for the Year

As a result of the foregoing, we recorded profit of RMB4,495.4 million in 2023, as compared to the profit of RMB1,637.3 million recorded in 2022.

## Capital Liquidity and Financial Resources

For the year ended December 31, 2023, we primarily funded our operations, expansion and capital expenditures through cash generated from our operations, bank borrowings and other borrowing. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs while supporting ongoing business expansion.

## Cash and Cash Equivalents

Our principal uses of cash are primarily for procuring food ingredients and consumables, paying staff costs, renovating and decorating our restaurants and other business activities. Our cash and cash equivalents increased from RMB6,300.8 million as of December 31, 2022 to RMB6,475.5 million as of December 31, 2023, mainly due to the increase in net cash from operating activities during the Reporting Period, partially offset by the investment in financial products and repayment of borrowings. In addition, as of December 31, 2023, the Group held time deposits with original maturity over three months of RMB2,854.5 million, and the total amount of bank balances and cash was RMB9,330.0 million.

## Right-of-use Assets

Under International Financial Reporting Standards 16 Leases (“IFRS 16”), we recognize right-of-use assets with respect to our property and land 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 December 31, 2023, we recognized right-of-use assets of RMB3,461.3 million.

## Inventories

Our inventories mainly represented our food ingredients, condiment products, beverage and other materials used in our restaurant operation. Our inventories decreased from RMB1,141.8 million as of December 31, 2022 to RMB1,074.6 million as of December 31, 2023, primarily due to the increased inventories at the end of 2022 in preparation for the 2023 Chinese New Year, and the slow consumption as a result of the impact of pandemic. The inventory turnover days decreased from 35.2 days<sup>(1)</sup> for the year ended December 31, 2022 to 23.9 days for the year ended December 31, 2023, mainly due to the faster consumption of our raw materials and consumables during the Reporting Period as a result of the improvement of operational results.

## Trade Receivables

The majority of our trade receivables were in connection with bills settled through payment platforms such as Alipay or WeChat Pay. Receivables from these payment platforms were normally settled within a short period of time. Our trade receivables increased from RMB306.9 million as of December 31, 2022 to RMB412.0 million as of December 31, 2023. The turnover days of trade receivables decreased from 3.7 days<sup>(2)</sup> for the year ended December 31, 2022 to 3.2 days for the year ended December 31, 2023.

## Trade Payables

Trade payables mainly represent the balances of our independent third-party suppliers of food ingredients and consumables. Our trade payables increased from RMB1,321.0 million as of December 31, 2022 to RMB1,859.4 million as of December 31, 2023, primarily due to the increase in procurement as a result of improvement in operating results. The turnover days of trade payables decreased from 43.8 days<sup>(3)</sup> for the year ended December 31, 2022 to 34.3 days for the year ended December 31, 2023.

### Notes:

- <sup>(1)</sup> Calculated based on the inventories from continuing operations as of December 31, 2021 and 2022.
- <sup>(2)</sup> Calculated based on the trade receivables from continuing operations as of December 31, 2021 and 2022.
- <sup>(3)</sup> Calculated based on the trade payables from continuing operations as of December 31, 2021 and 2022.

## **Bank Borrowings**

As of December 31, 2023, we had bank borrowings of RMB618.9 million. In 2023, the Group obtained new bank borrowings amounting to RMB1,054.5 million and repaid bank borrowings amounting to RMB3,005.3 million.

## **Other Borrowing**

As of December 31, 2023, we had other borrowing of RMB17.0 million which was secured by certain fixed assets of the Group.

## **Contingent Liabilities**

As of December 31, 2023, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

## **Charge of Assets**

As of December 31, 2023, the Group charged fixed assets with a net book value of RMB119.1 million as securities for other borrowing.

As of December 31, 2023, the Group charged bank deposits of RMB13.5 million to secure legal proceedings and rental payments.

## **Debt-to-equity Ratio**

As of December 31, 2023, the Group's debt-to-equity ratio was 23.9%.

*Note: Equals long-term bonds, bank borrowings and other borrowing divided by total equity as of the same date and multiplied by 100%.*

## **Foreign Exchange Risk and Hedging**

The Group mainly operates in mainland China with most of the transaction denominated and settled in RMB. However, the Group has certain business operations outside mainland China and monetary assets and monetary liabilities 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 December 31, 2023, the Group had a total of 153,747 employees. For the year ended December 31, 2023, the Group has incurred a total staff costs (including salaries, wages, allowance and benefits) of RMB13,039.8 million.

## **Material Acquisitions and Disposals**

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

## **No Material Changes**

Saved as disclosed in this announcement, during the Reporting Period, there were no material changes affecting the Group's performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## **Future Plans for Material Investments or Capital Assets**

As at December 31, 2023, the Group has no specific plans for any material investments or acquisition of capital assets.

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

## **FUTURE PROSPECT**

Going forward, our development initiatives mainly include:

- continuing to enhance the Haidilao dining experience by constantly improving our service capabilities and offering more value-added services to our customers;
- continuing to explore a diversified business strategy, such as start-up brands sourcing in the catering industry and the exploration of restaurant franchise models, etc.; and
- strategically pursuing acquisitions of high-profile assets to further diversify our catering business patterns and customer base.

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

	Notes	For the year ended December 31,	
		2023 RMB'000	2022 RMB'000
<b>Continuing operations</b>			
Revenue	3	41,453,348	31,038,634
Other income	4	940,781	496,040
Raw materials and consumables used		(16,946,214)	(12,906,421)
Staff costs		(13,039,844)	(10,239,759)
Rentals and related expenses		(361,903)	(274,329)
Utilities expenses		(1,374,307)	(1,048,000)
Depreciation and amortization		(2,945,399)	(3,321,162)
Travelling and communication expenses		(204,302)	(144,622)
Other expenses		(1,611,015)	(1,361,228)
Share of results of associates		53,372	73,808
Share of result of a joint venture		(7,509)	(8,384)
Other gains and losses	5	227,494	286,943
Finance costs	6	(351,430)	(473,879)
<b>Profit before tax</b>		<b>5,833,072</b>	<b>2,117,641</b>
Income tax expense	7	(1,337,673)	(480,335)
<b>Profit for the year from continuing operations</b>	8	<b>4,495,399</b>	<b>1,637,306</b>
<b>Discontinued operations:</b>			
Loss for the year from discontinued operations		–	(264,090)
<b>Profit for the year</b>		<b>4,495,399</b>	<b>1,373,216</b>
<b>Other comprehensive income (expense)</b>			
<b><i>Item that will not be reclassified to profit or loss:</i></b>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income		102,609	–
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
Exchange differences arising on translation of foreign operations		(38,930)	(231,070)
Share of other comprehensive income of associates, net of related income tax		75	–
Reclassification of cumulative translation reserve upon disposal of foreign operations		–	41,449
		(38,855)	(189,621)
Other comprehensive income (expense) for the year		63,754	(189,621)
<b>Total comprehensive income for the year</b>		<b>4,559,153</b>	<b>1,183,595</b>



	<i>Notes</i>	<b>For the year ended December 31,</b>	
		<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
Profit (loss) for the year attributable to owners of the Company:			
– from continuing operations		<b>4,499,080</b>	1,638,466
– from discontinued operations		–	(263,989)
		<u>                    </u>	<u>                    </u>
Profit for the year attributable to owners of the Company		<b>4,499,080</b>	1,374,477
		<u>                    </u>	<u>                    </u>
Loss for the year attributable to non-controlling interests:			
– from continuing operations		<b>(3,681)</b>	(1,160)
– from discontinued operations		–	(101)
		<u>                    </u>	<u>                    </u>
Loss for the year attributable to non-controlling interests		<b>(3,681)</b>	(1,261)
		<u>                    </u>	<u>                    </u>
		<b>4,495,399</b>	1,373,216
		<u>                    </u>	<u>                    </u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		<b>4,562,834</b>	1,184,856
Non-controlling interests		<b>(3,681)</b>	(1,261)
		<u>                    </u>	<u>                    </u>
		<b>4,559,153</b>	1,183,595
		<u>                    </u>	<u>                    </u>
Total comprehensive income (expense) attributable to owners of the Company			
– from continuing operations		<b>4,562,834</b>	1,517,650
– from discontinued operations		–	(332,794)
		<u>                    </u>	<u>                    </u>
		<b>4,562,834</b>	1,184,856
		<u>                    </u>	<u>                    </u>

## **EARNINGS PER SHARE**

From continuing and discontinued operations

Basic (RMB)	<i>10</i>	<b>0.83</b>	0.25
Diluted (RMB)	<i>10</i>	<b>0.83</b>	0.25

From continuing operations

Basic (RMB)	<i>10</i>	<b>0.83</b>	0.30
Diluted (RMB)	<i>10</i>	<b>0.83</b>	0.30

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at December 31,</b>	
		<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>3,921,154</b>	5,644,772
Right-of-use assets	<i>11</i>	<b>3,461,284</b>	3,865,678
Goodwill		<b>84,845</b>	84,845
Other intangible assets		<b>73,690</b>	104,624
Interests in associates		<b>295,184</b>	241,737
Interest in a joint venture		<b>8,336</b>	15,519
Deferred tax assets		<b>617,029</b>	601,355
Other financial assets		<b>947,489</b>	147,147
Financial assets at fair value through profit or loss		<b>13,433</b>	13,209
Financial assets at fair value through other comprehensive income		<b>149,853</b>	–
Rental deposits		<b>195,539</b>	208,619
Pledged bank deposits		<b>2,123</b>	–
Securities deposits for other borrowing		<b>–</b>	5,060
		<b><u>9,769,959</u></b>	<b><u>10,932,565</u></b>
<b>Current Assets</b>			
Inventories		<b>1,074,627</b>	1,141,813
Trade and other receivables and prepayments	<i>12</i>	<b>2,028,657</b>	1,956,632
Amounts due from related parties		<b>397,632</b>	341,395
Other financial assets		<b>1,255,082</b>	10,310
Financial assets at fair value through profit or loss		<b>778,745</b>	408,458
Rental deposits		<b>25,848</b>	24,698
Security deposits for other borrowing		<b>5,060</b>	–
Pledged bank deposits		<b>11,373</b>	2,081
Bank balances and cash		<b>9,330,015</b>	6,621,203
		<b><u>14,907,039</u></b>	<b><u>10,506,590</u></b>

		<b>As at December 31,</b>	
	<i>Notes</i>	<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Current Liabilities</b>			
Trade payables	<i>13</i>	<b>1,859,438</b>	1,321,000
Other payables	<i>14</i>	<b>2,134,231</b>	1,476,535
Amounts due to related parties		<b>360,721</b>	230,940
Long term bonds		<b>44,266</b>	42,365
Dividend payable		<b>3,805</b>	3,805
Tax payable		<b>379,016</b>	58,353
Lease liabilities		<b>933,093</b>	897,917
Bank borrowings		<b>618,898</b>	2,340,746
Other borrowing		<b>17,014</b>	22,758
Contract liabilities		<b>859,066</b>	793,541
Provisions		<b>32,264</b>	44,130
		<u><b>7,241,812</b></u>	<u>7,232,090</u>
<b>Net Current Assets</b>		<u><b>7,665,227</b></u>	<u>3,274,500</u>
<b>Total Assets less Current Liabilities</b>		<u><b>17,435,186</b></u>	<u>14,207,065</u>
<b>Non-current Liabilities</b>			
Long term bonds		<b>2,076,067</b>	2,045,942
Deferred tax liabilities		<b>210,282</b>	157,929
Lease liabilities		<b>3,614,744</b>	4,295,684
Bank borrowings		–	215,496
Other borrowing		–	16,952
Provisions		<b>17,153</b>	18,970
		<u><b>5,918,246</b></u>	<u>6,750,973</u>
<b>Net Assets</b>		<u><b>11,516,940</b></u>	<u>7,456,092</u>
<b>Capital and Reserves</b>			
Share capital	<i>15</i>	<b>183</b>	183
Reserves		<b>11,526,447</b>	7,443,004
Equity attributable to owners of the Company		<b>11,526,630</b>	7,443,187
Non-controlling interests		<b>(9,690)</b>	12,905
<b>Total Equity</b>		<u><b>11,516,940</b></u>	<u>7,456,092</u>

## NOTES:

### 1. GENERAL INFORMATION

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

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

The Company is an investment holding company. Its subsidiaries are engaged in restaurants operation, delivery business, sales of condiment products and food ingredients and others mainly located in mainland China and Hong Kong, Macau and Taiwan regions.

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

#### *New and amendments to IFRSs that are mandatorily effective for the current year*

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

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

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 disclose the related deferred tax assets of RMB1,668,785,000 and deferred tax liabilities of RMB1,443,423,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

## **2.2 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

### **Amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2024.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2025.

The Directors anticipate that the application of the above amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

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

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Continuing operations</b>		
<b>Types of services or goods:</b>		
Restaurant operation	39,612,779	29,087,006
Delivery business	1,041,475	1,280,100
Sales of condiment products and food ingredients	788,651	662,164
Others	10,443	9,364
	<u>41,453,348</u>	<u>31,038,634</u>
<b>Timing of revenue recognition:</b>		
At a point in time	<u>41,453,348</u>	<u>31,038,634</u>

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

No revenue from individual customer contributing over 10% of total revenue of the Group during the year ended December 31, 2023 (2022: Nil).

The following table set forth the breakdown of the Group's revenue during the years ended December 31, 2023 and 2022, and the breakdown of the Group's non-current assets as at December 31, 2023 and 2022 based on location of operation:

	<b>Revenue</b>		<b>Non-current assets (Note)</b>	
	<b>For the year ended December 31,</b>		<b>As at December 31,</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Mainland China	39,980,748	29,867,674	7,113,534	9,240,470
Outside mainland China	1,472,600	1,170,960	730,959	716,705
	<u>41,453,348</u>	<u>31,038,634</u>	<u>7,844,493</u>	<u>9,957,175</u>

*Note:*

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



#### 4. OTHER INCOME

	For the year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Continuing operations</b>		
Interest income on:		
– bank deposits	264,794	99,873
– rental deposits	9,245	15,146
– financial assets at FVTPL or FVTOCI	439	42
– other financial assets	52,411	620
	<u>326,889</u>	<u>115,681</u>
Government grants ( <i>Note i</i> )	56,360	87,860
Additional tax deduction ( <i>Note ii</i> )	427,470	209,572
Others	130,062	82,927
	<u>940,781</u>	<u>496,040</u>

*Notes:*

- i. The amounts represent the subsidies received from the local governments for the Group's business development. There were no unfulfilled conditions or contingencies relating to these government grants in the years that the relevant other income was recognized.
- ii. The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which become effective from April 1, 2019 onwards.

#### 5. OTHER GAINS AND LOSSES

	For the year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Continuing operations</b>		
Net impairment loss reversed (recognized) in respect of		
– property, plant and equipment	4,174	(109,441)
– right-of-use assets	7,942	(64,166)
	<u>12,116</u>	<u>(173,607)</u>
Expected credit loss on rental deposits	(4,978)	(18,939)
Gain on disposal of property, plant and equipment, other intangible assets and termination of leases, net	43,620	46,839
Net foreign exchange gain	84,633	112,901
Net gain (loss) arising on financial assets at FVTPL	52,365	(28,594)
Gain arising from redemption of long term bonds	788	328,776
Others	38,950	19,567
	<u>227,494</u>	<u>286,943</u>

## 6. FINANCE COSTS

	For the year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Continuing operations</b>		
Interests on lease liabilities	244,697	273,047
Interests on bank borrowings	56,147	115,507
Interests on long term bonds	48,623	82,270
Interests on other borrowing	1,275	2,374
Interests charge on provisions	688	681
	<u>351,430</u>	<u>473,879</u>

## 7. INCOME TAX EXPENSE

	For the year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Continuing operations</b>		
Current tax:		
– current year		
– PRC Enterprise Income Tax (“EIT”)	1,070,036	362,113
– Withholding tax	179,965	26,455
– other jurisdictions	59,358	26,784
	<u>1,309,359</u>	<u>415,352</u>
– (over) under provision in prior years		
– PRC EIT	(8,349)	8,464
– other jurisdictions	–	2
	<u>(8,349)</u>	<u>8,466</u>
	<u>1,301,010</u>	<u>423,818</u>
Deferred tax	36,663	56,517
	<u>1,337,673</u>	<u>480,335</u>

Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% for both years.

Under the EIT Law, withholding tax is also imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. As at December 31, 2023, deferred tax liability RMB190,000,000 (2022: RMB96,000,000) was recognized in respect of the undistributed earnings expected to be distributed in the foreseeable future with the tax rate of 5%.

Taxation arising in other jurisdictions from the continuing operations is calculated at the rates prevailing in the relevant jurisdictions at 8.25% to 25% (2022: 8.25% to 30%) on the estimated assessable profits for the year.

No provision for taxation in Hong Kong has been made as no taxable profit derived from Hong Kong in 2023 and 2022.

The income tax expense for the years ended December 31, 2023 and 2022 can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Continuing operations</b>		
Profit before tax	<b>5,833,072</b>	2,117,641
Tax at 25%	<b>1,458,268</b>	529,410
Tax effect of expenses not deductible for tax purposes	<b>88,114</b>	96,827
Tax effect of income not taxable for tax purposes	<b>(13,475)</b>	(18,641)
Tax effect of tax losses not recognized	<b>34,941</b>	141,161
Tax effect of deductible temporary differences not recognized	<b>7,809</b>	77,955
Utilization of tax losses previously not recognized	<b>(316,066)</b>	(190,109)
Tax effect of deductible temporary differences previously not recognized	<b>(130,529)</b>	(126,047)
Withholding tax	<b>273,965</b>	122,455
(Over) under provision of current tax in respect of prior years	<b>(8,349)</b>	8,466
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(57,005)</b>	(155,036)
Others	<b>–</b>	(6,106)
Income tax expense for the year on continuing operations	<b>1,337,673</b>	480,335

## 8. PROFIT FOR THE YEAR

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

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	2,178,211	2,515,308
Depreciation of right-of-use assets	730,634	761,481
Amortization of other intangible assets	36,554	44,373
	<u>2,945,399</u>	<u>3,321,162</u>
Total depreciation and amortization		
	<u>2,945,399</u>	<u>3,321,162</u>
Cost of inventories recognized as an expense	<u>16,946,214</u>	<u>12,906,421</u>
Property and equipment rentals		
– office premises and equipment (short-term leases)	4,370	5,366
– restaurants		
– Covid-19-related rent concessions	–	(10,518)
– variable lease payments	100,209	60,792
	<u>100,209</u>	<u>50,274</u>
Other rental related expenses	<u>257,324</u>	<u>218,689</u>
Total rentals and related expenses	<u>361,903</u>	<u>274,329</u>
Directors' emoluments	98,291	42,979
Other staff cost:		
Salaries and other allowances	10,822,859	7,910,450
Employee welfare	982,806	1,027,471
Retirement benefit scheme contributions	1,134,930	1,258,859
Equity-settled share-based expense	958	–
	<u>13,039,844</u>	<u>10,239,759</u>
Total staff costs		
	<u>13,039,844</u>	<u>10,239,759</u>
Auditor's remuneration	<u>7,380</u>	<u>7,380</u>

## 9. DIVIDENDS

	For the year ended December 31,	
	2023 RMB'000	2022 RMB'000
Distribution in specie ( <i>Note i</i> )	–	1,656,229
Dividends for ordinary shareholders of the Company recognized as distribution during the year ( <i>Note ii</i> )	<u>553,798</u>	<u>–</u>
Total	<u><u>553,798</u></u>	<u><u>1,656,229</u></u>

### Notes:

- i. On December 30, 2022, in connection with the listing of Super Hi, the Company's then wholly-owned subsidiary, on the Main Board of The Stock Exchange of Hong Kong Limited, all the Super Hi shares to which the Company entitled immediately before the completion of the distribution was distributed to the then existing shareholders of the Company. The distribution in specie by the Company was recognized at the carrying amount of the net assets of Super Hi and its subsidiaries attributable to the owners of the Company as the Directors considered that Super Hi was ultimately controlled by the Controlling Shareholders before and after the distribution.
- ii. On March 30, 2023, a final dividend of Hong Kong Dollar (“HK\$”) 0.116 (equivalent to RMB0.102) per share with a total amount of HK\$628,488,926 (equivalent to RMB553,798,000) was declared to Shareholders for the year ended December 31, 2022 by the Company out of share premium. The dividend was paid in July 2023.

Subsequent to the end of the Reporting Period, a final dividend in respect of the year ended December 31, 2023 of HK\$0.824 (equivalent to RMB0.748) per share, amounting to approximately HK\$4,461,960,000 (equivalent to RMB4,050,420,000) has been proposed by the Directors and is subject to approval by the Shareholders at the forthcoming AGM, which will be held on June 5, 2024.

## 10. EARNINGS PER SHARE

### From continuing and discontinued operations

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

	For the year ended December 31,	
	2023 RMB'000	2022 RMB'000
Earnings for the purpose of basic earnings per share	<u><u>4,499,080</u></u>	<u><u>1,374,477</u></u>
	For the year ended December 31,	
	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of calculating earnings per share	<u><u>5,415,000</u></u>	<u><u>5,415,000</u></u>

No diluted earnings per share for the years ended December 31, 2023 and 2022 were calculated as there were no potential ordinary shares in issue for the years ended December 31, 2023 and 2022.

### For continuing operations

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

	For the year ended December 31,	
	2023 RMB'000	2022 RMB'000
Profit for the year attributable to the owners of the Company	4,499,080	1,374,477
Less:		
Loss for the year from discontinued operations	<u>          –</u>	<u>     (263,989)</u>
Earnings for the purpose of basic earnings per share from continuing operations	<u>4,499,080</u>	<u>1,638,466</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

### From discontinued operations

Both basic and diluted loss per share for the discontinued operations is RMB0.05 per share for the year ended December 31, 2022, based on the loss for the period from the discontinued operations of approximately RMB263,989,000 and the denominators set out above for both basic and diluted earnings per share.

## 11. RIGHT-OF-USE ASSETS

	Leased properties RMB'000	Leasehold lands RMB'000	Total RMB'000
<b>At December 31, 2023</b>			
Carrying amount	3,252,420	208,864	3,461,284
<b>At December 31, 2022</b>			
Carrying amount	3,865,678	–	3,865,678
<b>For the year ended December 31, 2023</b>			
Depreciation charge	729,046	1,588	730,634
Net impairment reversal	<u>     7,942</u>	<u>          –</u>	<u>     7,942</u>
<b>For the year ended December 31, 2022</b>			
Depreciation charge from continuing operations	761,481	–	761,481
Depreciation charge from discontinued operations	237,190	–	237,190
Net impairment loss recognized in profit or loss from continuing operations	64,166	–	64,166
Net impairment loss recognized in profit or loss from discontinued operations	<u>      705</u>	<u>          –</u>	<u>      705</u>



	For the year ended December 31,	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Expense relating to short-term leases	4,370	7,286
Variable lease payments not included in the measurement of lease liabilities	100,209	71,819
Total cash outflow for leases ( <i>Note</i> )	1,155,367	1,146,658
Additions to right-of-use assets of leased properties	347,833	742,882
Additions to right-of-use assets of leasehold lands	210,452	–
Acquired on acquisition of a subsidiary	–	35,269
Decrease due to lease modification	96,035	82,221
Decrease due to lease termination	143,952	228,325
Distribution in specie	–	1,401,858
	<u>          </u>	<u>          </u>

*Note:*

The amount includes payments of principal and interest portion of lease liabilities, variable lease payments and short-term leases, which could be presented in financing or operating cash flows, respectively.

For the years ended December 31, 2023 and 2022, the Group leases various buildings or lands for its operations. For the year ended December 31, 2023, lease contracts are entered into for fixed terms of 12 months to 40 years (2022: 12 months to 15 years), but may have termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

**Variable lease payments**

Leases of restaurants, office premises and lands are either with only fixed lease payments or contain variable lease payment that are based on 1% to 12% of sales with minimum annual lease payments that are fixed over the lease term for the year ended December 31, 2023 (2022: 2% to 5%). The payment terms are common in restaurants in the areas where the Group operates. The amounts of fixed and variable lease payments paid to relevant lessors for the years are as follows:

For the year ended December 31, 2023

	Number of leases	Fixed payments <i>RMB'000</i>	Variable payments <i>RMB'000</i>	Total payments <i>RMB'000</i>
Office premises and equipment without variable lease payments	19	21,059	–	21,059
Restaurants without variable lease payments	1,042	514,144	–	514,144
Restaurants with variable lease payments	557	347,982	100,209	448,191
Lands without variable lease payments	2	171,973	–	171,973
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	1,620	1,055,158	100,209	1,155,367
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

For the year ended December 31, 2022

	Number of leases	Fixed payments <i>RMB'000</i>	Variable payments <i>RMB'000</i>	Total payments <i>RMB'000</i>
Office premises and equipment without variable lease payments	26	33,006	–	33,006
Restaurants without variable lease payments	1,355	587,360	–	587,360
Restaurants with variable lease payments	602	454,473	71,819	526,292
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,983	1,074,839	71,819	1,146,658
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

### **Termination options**

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

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

For the years ended December 31, 2023 and 2022, the Group decided to discontinue the operations of certain restaurants before the expiry of original lease terms of those restaurants. As a result, the Group is reasonably certain to exercise the termination option stipulated in the lease agreements for the relevant restaurants, and lease liabilities and right-of-use assets have been adjusted accordingly.

### **Restrictions or covenants on leases**

Lease liabilities of RMB4,547,837,000 are recognized with related right-of-use assets of RMB3,307,986,000 as at December 31, 2023 (2022: lease liabilities of RMB5,193,601,000 are recognized with related right-of-use assets of RMB3,865,678,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

### **Leases committed**

As at December 31, 2023 and 2022, the Group has not entered into new leases that have yet to commence.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Trade receivables ( <i>Note</i> )	<u>411,995</u>	<u>306,856</u>
Other receivables and prepayments:		
Input value-added tax recoverable	567,114	595,003
Prepayment to suppliers	507,097	530,874
Prepaid operating expenses	334,670	318,164
Loans to employees	39,469	22,483
Interest receivable	–	1,906
Others	<u>168,312</u>	<u>181,346</u>
Subtotal	<u>1,616,662</u>	<u>1,649,776</u>
Total trade and other receivables and prepayments	<u><u>2,028,657</u></u>	<u><u>1,956,632</u></u>

### *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.

## 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 December 31,	
	2023	2022
	RMB'000	RMB'000
Within 60 days	1,784,199	1,204,254
61 to 180 days	49,292	74,499
More than 181 days	<u>25,947</u>	<u>42,247</u>
	<u><u>1,859,438</u></u>	<u><u>1,321,000</u></u>

#### 14. OTHER PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Staff cost payable	1,749,831	1,154,981
Other taxes payables	205,765	177,325
Renovation fee payables	83,905	86,447
Deposits from suppliers	25,761	12,846
Others	68,969	44,936
	<u>2,134,231</u>	<u>1,476,535</u>

#### 15. SHARE CAPITAL

	Par value	Number of	Nominal	Shown in the
	USD	shares	amount	consolidated
			USD'000	financial
				statements
				RMB'000
<b>Authorized:</b>				
At beginning and end of 2022 and 2023	0.000005	<u>10,000,000,000</u>	<u>50</u>	
<b>Issued:</b>				
At beginning and end of 2022 and 2023 (Note)	0.000005	<u>5,574,000,000</u>	<u>29</u>	<u>183</u>

*Note:*

As at December 31, 2023 and 2022, the share capital issued included 159,000,000 ordinary shares issued to the share award scheme trust which was established by the Company to hold the shares for the benefit of the participants of the share award scheme. As the share award scheme trust acts solely a warehouse for the Company's shares, the shares held by the share award scheme trust were presented as treasury shares in the consolidated financial statements of the Group.

## **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 C1 to the Listing Rules. During the year ended December 31, 2023, the Company has complied with the code provisions in the Corporate Governance Code.

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

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended December 31, 2023.

Our employees, who are likely to be in possession of inside information of our Group, have also been subject to the Model Code for the securities transactions. No incident of non-compliance of the Model Code by our employees was noted by the Group during year ended December 31, 2023.

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

With respect to the US\$600 million 2.150 per cent 2026 Senior Notes, the Company made an on-market repurchase of the 2026 Senior Notes in the principal amount of US\$1,000,000.00 for a consideration of US\$888,700.00 in April 2023. Upon cancellation of such repurchased 2026 Senior Notes, a total of US\$296,980,000.00 principal amount of the 2026 Senior Notes will remain outstanding.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Reporting Period.

### **Audit Committee**

The Audit Committee consists of three independent non-executive Directors, namely Mr. Qi Daqing (being chairman of the Audit Committee), Mr. Hee Theng Fong and Dr. Chua Sin Bin with terms of reference in compliance with the Listing Rules.

The Audit Committee has reviewed the Group’s annual results for the year ended December 31, 2023, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended December 31, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year as approved by the Board on March 26, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## Use of Proceeds from the Global Offering

The Company’s shares were listed on the Stock Exchange on September 26, 2018 (the “**Global Offering**”). The net proceeds from the Global Offering amounted to approximately HK\$7,299.3 million. For the year ended December 31, 2023, the net proceeds have been applied in the manner as set out in the section headed “Future Plans and Use of Proceeds” of the prospectus of our Company dated September 12, 2018. As of December 31, 2023, the Company cumulatively used HK\$6,900.8 million, accounting for approximately 94.5% of the proceeds from the Global Offering. The company expects to utilize the balance of net proceeds of approximately HK\$398.5 million by the end of 2025<sup>Note</sup>.

	Percentage %	Net Proceeds HK\$ million	Utilized amount during the Reporting Period HK\$ million	As of December 31, 2023 Utilized amount HK\$ million	Unutilized amount HK\$ million
For expansion plan	60.0	4,379.5	–	4,379.5	–
For development and implementation of new technology	20.0	1,459.9	343.2	1,061.4	398.5
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	–
<b>Total</b>	<b>100.0</b>	<b>7,299.3</b>	<b>343.2</b>	<b>6,900.8</b>	<b>398.5</b>

### Note:

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



## Use of Proceeds from the Placing

The placing of existing shares and top-up subscription of new shares pursuant to the share placing and subscription agreement dated November 12, 2021 was completed on November 22, 2021 (the “2021 Placing”).

The net proceeds raised from the 2021 Placing were approximately HK\$2,337.0 million. As of December 31, 2023, the net proceeds had been applied in the manner as set out in the announcements dated November 12, 2021 and November 22, 2021. As of December 31, 2023, the Company cumulatively used HK\$1,294.5 million, accounting for approximately 55.4% of the proceeds from the 2021 placing in accordance with the intended uses, details of which are set forth as follows:

	Percentage %	Net Proceeds HK\$ million	Utilized amount during the Reporting Period HK\$ million	As of December 31, 2023	
				Utilized amount HK\$ million	Unutilized amount HK\$ million
For supply chain management and product development	30.0	701.1	593.4	593.4	107.7
For payment of credit facilities	30.0	701.1	701.1	701.1	–
For working capital and general corporate purposes	40.0	934.8	–	–	934.8
<b>Total</b>	<b>100.0</b>	<b>2,337.0</b>	<b>1,294.5</b>	<b>1,294.5</b>	<b>1,042.5</b>

The Company expects to utilize the balance of net proceeds of approximately HK\$1,042.5 million by end of 2026. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company and remains subject to change based on current and future development of market conditions and actual business needs. For further details of the 2021 Placing, please refer to the announcements of the Company dated November 12, 2021 and November 22, 2021.

## Events after the Reporting Period

The Group has embarked the franchise model to further support the expansion of restaurant network and has set up a franchise department to formulate the details of the franchise model and the business cooperation process. Please refer to the announcement of the Company dated March 4, 2024 for details.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2023 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK\$0.824 (equivalent to RMB0.748) per share for the year ended December 31, 2023, subject to the approval of the Shareholders at the AGM of this year to be held on Wednesday, June 5, 2024. The final dividend will be distributed in HK\$ and is calculated based on the average benchmark exchange rate of RMB against HK\$ announced by the People's Bank of China in the five working days prior to but excluding the date of the Board meeting held on Tuesday, March 26, 2024. The recommended dividends will be paid to the Shareholders whose names appear on the register of members of the Company at the close of business on Monday, June 17, 2024. Subject to the Shareholders' approval at the AGM, the final dividend is expected to be paid to the Shareholders on or before Friday, July 5, 2024.

## **CLOSURE OF REGISTER OF MEMBERS FOR AGM**

The register of members of the Company will be closed from Friday, May 31, 2024 to Wednesday, June 5, 2024, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Wednesday, June 5, 2024. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, May 30, 2024.

## **CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND**

The register of members of the Company will also be closed from Wednesday, June 12, 2024 to Monday, June 17, 2024, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. The Shareholders whose names appear on the register of members of the Company at the close of business on Monday, June 17, 2024, will be entitled to the final dividend. In order to be eligible to be entitled to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, June 11, 2024.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.haidilao.com](http://www.haidilao.com)).

The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

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

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

Hong Kong, March 26, 2024

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Yong as the Chairman and Executive Director, Mr. Zhou Zhaocheng as the Vice Chairman and Executive Director; Ms. June Yang Lijuan, Mr. Li Peng, Ms. Song Qing and Ms. Gao Jie 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.*