

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SUPER HI INTERNATIONAL HOLDING LTD.

特海国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9658)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the “**Board**”) of directors (the “**Directors**”) of SUPER HI INTERNATIONAL HOLDING LTD. (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2023 (the “**Reporting Period**”), together with comparative audited figures for the same period of 2022. The results have been reviewed by the audit committee of the Board (the “**Audit Committee**”) and audited by the Company’s independent auditor, Deloitte & Touche LLP.

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

KEY FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2023 (US\$'000)	2022 (US\$'000)
Revenue	686,362	558,225
Revenue from Haidilao restaurant operation	661,162	545,612
Profit (loss) before tax	33,107	(32,230)
Profit (loss) for the year	25,257	(41,263)
Profit (loss) for the year attributable to owners of the Company	25,653	(41,248)
Profit (loss) per share (Basic and diluted) (US\$)	0.05	(0.07)

BUSINESS HIGHLIGHTS OF HAIDILAO RESTAURANTS

	As of/For the year ended December 31,	
	2023	2022
Number of restaurants	115	111
Total guest visits (million)	26.7	21.7
Table turnover rate (times/day)	3.5	3.3
Average spending per guest (US\$)	24.8	25.2
Average daily revenue per restaurant (US\$'000)	16.3	15.4
Restaurant level operating margin (%)	9.0	4.1

2023 PERFORMANCE REVIEW

Financial and Business Review

For the year ended December 31, 2023, our Group recorded revenue of US\$686.4 million, representing an increase of 23.0% as compared to US\$558.2 million for the year ended December 31, 2022; net profit of US\$25.3 million, representing a year-on-year increase of 161.3%, and the operating profit margin at the restaurant level of 9.0%, representing a year-on-year improvement of 4.9 percentage points.

During the Reporting Period, the overall average table turnover rate of Haidilao restaurants we operated was 3.5 times per day, and the average same-store turnover rate was 3.6 times per day, both representing an increase of 0.2 and 0.3 time per day as compared to the overall average table turnover rate and average same-store turnover rate of 3.3 and 3.3 times per day for 2022, respectively. Specifically, our average table turnover rate was 3.3 times per day in the first half of 2023 and 3.8 times per day in the second half of 2023, representing a significant increase.

The increase in the table turnover rate was mainly attributable to (i) the visible recovery of the overall service industry as compared to 2022, despite the multiple pressures on the international market in 2023; (ii) our great efforts in improving customer satisfaction and store management level; and (iii) our launch of more diversified and flexible marketing activities in response to off-season and off-peak periods and specific consumer groups to better match the needs of consumers.

As of December 31, 2023, we operated a total of 115 Haidilao hot pot restaurants in international markets, with 70 located in Southeast Asia, 17 in East Asia, 18 in North America, and 10 in other regions. At the beginning of 2023, we re-evaluated the quality and prospects of contracted projects, proactively ceased the advancement of unsatisfying projects, and totally opened 5 new Haidilao hot pot restaurants throughout the year, at the same time entering the United Arab Emirates market for the first time. In 2023, one restaurant was closed due to the change of property nature. In totality of the above, a net increase of four Haidilao hot pot restaurants was recorded as compared to the end of 2022.

We also took the initiative to explore different business forms to meet the needs of a broader consumer base. As of December 31, 2023, in addition to Haidilao hot pot restaurants, we also had several other branded restaurants for the purpose of exploring business forms, including but not limited to fast food and halal hot pot.

MANAGEMENT REVIEW

In 2023, we took “customer satisfaction” and “restaurants operating efficiency” as key indicators to measure our management performance and continued to implement the “Low Basic Salary + High Bonus” compensation structure, effectively motivating the management personnel at all levels.

Furthermore, we made adjustments to our management structure to be better compatible with the operation and management of global restaurants. On one hand, the previous management structure of “Headquarters – Regional Managers – Restaurant Managers” has been adjusted to the current management structure of “Headquarters – Senior Regional Managers – Country Heads – Restaurant Managers”. On the other hand, certain responsibilities and authorities of the headquarters have been delegated to the offices at regional and country levels. These adjustments to the management structure improved the efficiency of our day-to-day operations.

CUSTOMER EXPERIENCE

In 2023, we served a total of over 26.7 million customers and launched new products nearly 900 times around the world, endeavoring to offer satisfactory experiences to consumers of all the countries where we operate.

In terms of products, we have been executing the “standardization + localization” strategy. In other words, we constantly enrich local tastes and dish offerings on top of the flavor of Chinese-style hot pot. In 2023, we launched and promoted new products of the year for the restaurants in Southeast Asia, Europe and Northern America, respectively, and successfully debuted soup base and dishes that were popular with customers such as “Mala Milk Broth (麻辣牛奶鍋)”, “Coconut Chicken Broth (椰子雞火鍋)”, “8-Second Bean Curd Skin (8秒勁道油豆皮)”, “Shrimp Paste Wrapped in Bamboo Fungus (竹蓀蝦滑)”, and “Handmade Beef Tendon Balls (手工現做牛筋丸)”. In addition, we also introduced special product items in sync with the seasons or festivals of each market. For example, we dropped new drinks of “Sakura Pudding (櫻花水晶凍)” and “Sakura Sparkling (粉紅泡泡)” during the Japanese Cherry Blossom Festival in March 2023; and we launched “Beefy Christmas Tree (肉肉聖誕塔)” and “Creamy Strawberry Coconut (草莓奶蓋椰椰)” in Europe and Northern America in December 2023.

In terms of services, we constantly provide food with joy to customers and aim to provide customers with more extensive and pleasant dining experiences through excellent basic services, as well as other forms of services, such as traditional Chinese face-changing performances, birthday celebrations, manicure services, impromptu dances and amusement park services, etc. In addition, we also launched children’s packages to create child-friendly restaurants and better meet the needs of customers.

We also actively carried out membership system construction and online operations. As of the end of the Reporting Period, we had over 4.3 million members, and actively operated online social media in 12 countries where we interact with customers online.

FUTURE PROSPECT

Looking forward to the future, we will remain oriented to “customer satisfaction” and “employee effort” and adopt the following initiatives to develop our main business:

- continuing to enhance the dining experience of customers by constantly optimizing services, products, localization, membership rights and other aspects;
- continuing to improve the operating performance of restaurants and expand revenue sources;
- constantly upholding the “bottom-up” approach to opening restaurants and identifying senior regional managers and country heads as the persons in charge for developing new markets and opening new restaurants, thus continuously expanding the restaurant network with equal emphasis on quality and quantity;
- proactively developing additional brands and business models through incubation, exploration and strategic acquisitions, among others, to enrich our business and customer base; and
- continuing to improve the capabilities of the headquarters to empower restaurants, including but not limited to supply chain optimization, brand building and digital support.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

We generate revenue from (i) Haidilao restaurant operations, (ii) delivery business and (iii) others.

The Group's revenue amounted to US\$686.4 million in 2023, representing an increase of 23.0% from US\$558.2 million in 2022, primarily driven by an increase of US\$115.6 million in revenue from Haidilao restaurant operations.

Haidilao Restaurant Operation

The Group's revenue from Haidilao restaurant operations amounted to US\$661.2 million in 2023, representing an increase of 21.2% from US\$545.6 million in 2022. This increase was mainly due to (i) the overall continued recovery of the service industry in the international market; (ii) the improved operating performance of Haidilao restaurants, coupled with the increase in table turnover rates and customer flow as a result of our great efforts; and (iii) the continued expansion of our business in 2023.

Restaurant Network

As of December 31, 2023, we had expanded our restaurant network to 115 restaurants in 12 countries in Asia, North America, Europe and Oceania. The following table summarizes the number of Haidilao restaurants and the breakdown of revenue from Haidilao restaurant operation by geographic region as of the dates indicated or for the periods indicated:

	As of/For the year ended December 31,									
	2023					2022				
	Number of restaurants		Revenue		Average revenue per restaurant ⁽²⁾	Number of restaurants		Revenue		Average revenue per restaurant ⁽²⁾
	<i>(US\$'000, except number of restaurants and percentages)</i>									
Southeast Asia	70	60.9%	368,457	55.7%	5,264	68	61.3%	325,553	59.7%	4,788
East Asia	17	14.8%	79,134	12.0%	4,655	17	15.3%	57,137	10.5%	3,361
North America	18	15.7%	134,129	20.3%	7,452	18	16.2%	113,374	20.8%	6,299
Others ⁽¹⁾	10	8.6%	79,442	12.0%	7,944	8	7.2%	49,548	9.0%	6,194
Total	115	100.0%	661,162	100.0%	5,749	111	100.0%	545,612	100.0%	4,915

Notes:

- (1) Includes Australia, the United Kingdom and United Arab Emirates.
- (2) Calculated by dividing revenue generated from Haidilao restaurant operation in the region by the number of Haidilao restaurants as of periods end. As such, average revenue per restaurant has not taken into consideration of the different operating days for each restaurant.

Restaurant Performance

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

	For the year ended December 31,	
	2023	2022
Total guest visits (<i>million</i>)		
Southeast Asia	18.8	16.1
East Asia	2.9	2.2
North America	3.0	2.2
Others ⁽¹⁾	2.0	1.2
Overall	26.7	21.7
	<hr/> <hr/>	<hr/> <hr/>
Table turnover rate⁽²⁾ (<i>times/day</i>)		
Southeast Asia	3.5	3.4
East Asia	3.6	3.0
North America	3.7	3.1
Others ⁽¹⁾	3.8	3.1
Overall	3.5	3.3
	<hr/> <hr/>	<hr/> <hr/>
Average spending per guest⁽³⁾ (<i>US\$</i>)		
Southeast Asia	19.5	20.2
East Asia	27.8	26.6
North America	45.3	52.0
Others ⁽¹⁾	40.2	40.3
Overall	24.8	25.2
	<hr/> <hr/>	<hr/> <hr/>
Average daily revenue per restaurant⁽⁴⁾ (<i>US\$'000</i>)		
Southeast Asia	15.0	15.1
East Asia	12.9	11.0
North America	20.4	18.4
Others ⁽¹⁾	23.6	20.5
Overall	16.3	15.4
	<hr/> <hr/>	<hr/> <hr/>
Restaurant level operating margin⁽⁵⁾ (%)	9.0	4.1
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (1) Includes Australia, the United Kingdom and United Arab Emirates.
- (2) Calculated by dividing the total number of tables served for the periods by the product of total Haidilao restaurant operation days for the periods and the average table count during the periods.
- (3) Calculated by dividing gross revenue of Haidilao restaurant operation for the periods by total guests served for the periods.

- (4) Calculated by dividing the revenue of Haidilao restaurant operation for the periods by the total Haidilao 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. The cost of restaurant level raw materials and consumables used included the cost of food ingredients and consumables associated with central kitchens that are used within our Haidilao restaurants as well as those procured directly from suppliers.

Same Store Sales

The following table sets forth details of our same store sales of Haidilao restaurants by geographic region as of the dates indicated or for the periods indicated:

	As of/For the year ended	
	December 31,	
	2023	2022
Number of same stores⁽²⁾		
Southeast Asia	51	
East Asia	13	
North America	16	
Others ⁽¹⁾	5	
Overall	85	
Same store sales⁽³⁾ (US\$'000)		
Southeast Asia	299,667	291,834
East Asia	73,209	56,072
North America	118,449	105,956
Others ⁽¹⁾	45,224	39,441
Overall	536,549	493,303
Average same store sales per day⁽⁴⁾ (US\$'000)		
Southeast Asia	16.2	15.8
East Asia	15.5	11.9
North America	20.3	18.2
Others ⁽¹⁾	25.1	21.6
Overall	17.4	16.0
Average same store table turnover rate⁽⁵⁾ (times/day)		
Southeast Asia	3.6	3.4
East Asia	4.0	3.2
North America	3.6	3.0
Others ⁽¹⁾	3.6	3.1
Overall	3.6	3.3

Notes:

- (1) Includes Australia and the United Kingdom.
- (2) Includes restaurants that 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.
- (3) Refers to the gross revenue of Haidilao restaurant operation at the same stores for the periods indicated.
- (4) Calculated by dividing the gross revenue of Haidilao restaurant operation at the same stores for the periods by the total Haidilao restaurant operation days at the same stores for the periods.
- (5) Calculated by dividing the total tables served for the periods by the product of total Haidilao restaurant operation days for the periods and average table count at the same stores during the periods.

Delivery Business

The Group's revenue from delivery business amounted to US\$9.8 million in 2023, representing an increase of 48.5% from US\$6.6 million in 2022. This increase was mainly due to (i) the growth of our brand influence; and (ii) our continuous efforts in promoting our food delivery services by collaborating with local food delivery platforms.

Others

Others mainly consisted of revenue from sales of hot pot condiment products and food under Haidilao brand and secondary brands to local guests and retailers.

The Group's revenue from others amounted to US\$15.4 million in 2023, representing an increase of 156.7% from US\$6.0 million in 2022. This increase was mainly due to the growing popularity of the above 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\$6.7 million in both 2022 and 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, representing logistics and transportation fees.

The Group's raw materials and consumables used amounted to US\$234.7 million in 2023, representing an increase of 19.4% from US\$196.6 million in 2022. This increase was mainly due to the increase in food ingredient costs resulting from the revenue growth. As a percentage of revenue, our raw materials and consumables used decreased from 35.2% in 2022 to 34.2% in 2023, primarily attributable to (i) enlargement of business scale driven by revenue increase; (ii) the optimization of our procurement costs; and (iii) the enhancement of our restaurant management strategies, including those in establishing localized supply chains based on restaurants needs.

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 cost amounted to US\$226.0 million in 2023, representing an increase of 19.6% from US\$188.9 million in 2022. This increase was mainly 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 wages for the employees. As a percentage of revenue, the Group's staff costs decreased from 33.8% in 2022 to 32.9% in 2023, primarily due to enlargement of business scale driven by revenue increase.

Rentals and Related Expenses

Rentals and related expenses mainly consisted of property management fees and lease payments for short-term leases we entered into in relation to our offices and warehouses.

The Group's rentals and related expenses amounted to US\$17.2 million in 2023, representing an increase of 32.3% from US\$13.0 million in 2022. This increase was mainly due to (i) increased property management fees resulting from the opening of new restaurants in 2023; and (ii) the increase in variable lease payments in line with the increase in revenue from relevant restaurants.

Utilities Expenses

Utilities expenses primarily consisted of expenses on electricity, gas and water.

The Group's utilities expenses amounted to US\$26.1 million in 2023, representing an increase of 32.5% from US\$19.7 million in 2022. This increase was mainly due to the increase in the number of restaurants, a higher table turnover rate as well as heightened electricity costs in certain countries or regions. As a percentage of revenue, the utilities expenses remained relatively stable at 3.5% and 3.8% in 2022 and 2023, respectively.

Depreciation and Amortization

Depreciation and amortization consisted of depreciation charges for the property, plant and equipment, which primarily include leasehold improvements, leasehold land and building, machinery, transportation equipment, furniture and fixtures and renovation in progress and right-of-use assets.

The Group's depreciation and amortization amounted to US\$78.6 million in 2023, representing an increase of 7.7% from US\$73.0 million in 2022. This increase was mainly due to (i) an increase in depreciation of property, plant and equipment of US\$5.4 million; and (ii) an increase in depreciation of right-of-use assets of US\$0.1 million, as we continue to expand our restaurant network. As a percentage of revenue, depreciation and amortization decreased from 13.1% in 2022 to 11.5% in 2023, primarily due to the increase in our revenue in 2023.

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 amounted to US\$5.8 million in 2023, representing an increase of 20.8% from US\$4.8 million in 2022. This increase was mainly due to the increase of business travels in line with our business expansion. As a percentage of revenue, our traveling and communication expenses remained relatively stable at 0.9% and 0.8% in 2022 and 2023, respectively.

Other Expenses

Other expenses comprised of (i) administrative expenses; (ii) outsourcing service fees; (iii) bank charges; (iv) consulting service expenses; and (v) others, which mainly consisted of daily maintenance expenses, storage expenses and business development expenses.

The Group's other expenses amounted to US\$62.7 million in 2023, representing an increase of 13.0% from US\$55.5 million in 2022. This increase was mainly due to (i) an increase in outsourcing service fee of US\$6.8 million, resulting from the expansion of our restaurant network and the increase in table turnover rate; and (ii) an increase in bank charges of US\$2.2 million mainly arising from credit card transaction fees incurred during our restaurant operations.

Other Gains (Losses) – Net

Other gains (losses), net primarily consisted of (i) net impairment loss or reversal of impairment recognized in respect of property, plant and equipment and right-of-use assets, representing provisions we recorded in light of the continued impact of COVID-19 on our restaurant operations; (ii) impairment loss recognized in respect of goodwill and other intangible asset of acquired brands, mainly arising from the business performance of Hao Noodle & Tea Holdings Inc. in 2023; (iii) loss or gain on disposal of property, plant and equipment and provision for early termination of leases, which was in relation to the capital expenditures we invested for restaurants as originally planned but later decided not to open as a result from our dynamic evaluation of our expansion plan and the temporary closure of certain restaurants; (iv) loss or gain on modification and termination of leases, arising from reversals of right of use assets and lease liabilities in relation to the termination of leases for restaurants we decided to suspend the opening of; (v) net foreign exchange losses, which fluctuated from year-to-year based on exchange rate movements. The fluctuation of net foreign exchange during the years ended December 31, 2022 and 2023 was mainly due to the fluctuations in the US dollar exchange rate to various currencies; (vi) net gain or loss arising on financial assets at fair value through profit or loss ("FVTPL"); and (vii) others.

The Group recorded other gains, net of US\$1.2 million in 2023, as compared to other losses, net of US\$26.8 million in 2022. This change was mainly due to (i) a decrease in net foreign exchange losses of US\$16.9 million; and (ii) a net reversal of impairment loss in respect of property, plant and equipment and right-of-use assets of US\$7.6 million recorded in 2023 as we continue to recover and grow our business following the pandemic, as compared net impairment loss of US\$7.8 million recorded in 2022; partially offset by a decrease in gain on lease termination of US\$3.0 million.

Finance Costs

Finance costs represented (i) interests on lease liabilities; (ii) interests on loans from related parties, mainly Haidilao International Holding Ltd. (“**Haidilao International**”) to support the business expansion; (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 amounted to US\$8.4 million in 2023, representing a decrease of 32.8% from US\$12.5 million in 2022. This decrease was mainly due to the settlement of loans with Haidilao International by way of capitalization in June 2022.

Income Tax Expenses

The Group recorded income tax expenses of US\$9.0 million and US\$7.9 million in 2022 and 2023, respectively. The taxation of the Group was calculated at the rates prevailing in relevant jurisdictions, which ranged from 9% to 33% on the estimated assessable profits during the year ended December 31, 2023.

Profit (Loss) for the Year

As a result of the foregoing, the Group recorded net profit of US\$25.3 million in 2023. In 2022, the Group recorded net loss of US\$41.3 million. This change was 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 net 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, the hot pot condiment products for sale and food products with Haidilao brand and sub-brand.

The Group’s inventories amounted to US\$29.8 million as of December 31, 2023, representing an increase of 14.6% from US\$26.0 million as of December 31, 2022. This increase primarily reflected the inventories we kept for the new restaurants we opened in 2023 and the higher inventory level we had for our existing restaurants as we recorded higher guest visits and table turnover rates in 2023.

The turnover days of inventory in 2022 and 2023 was 39.1 days and 42.8 days, respectively. The annual inventory turnover days equals the average of the beginning and ending inventories for that year divided by raw materials and consumables used for that year and multiplied by 360 days. The increase in the inventory turnover days from 2022 to 2023 was primarily because we strategically maintained higher inventory levels in response to the higher guest traffic and table turnover rates recorded at our restaurants.

Trade and Other Receivables and Prepayments

Trade and other receivables and prepayments primarily consisted of (i) trade receivables from credit card networks, food delivery platforms and payment platforms; (ii) prepayment to suppliers; (iii) input value-added tax to be deducted; and (iv) others.

The Group's trade and other receivables and prepayments amounted to US\$31.3 million as of December 31, 2023, representing an increase of 9.1% from US\$28.7 million as of December 31, 2022. This increase was mainly due to an increase of US\$9.0 million in trade receivables, resulting from the increase in operating revenue in 2023.

The turnover days of trade receivables in 2022 and 2023 was 5.1 days and 7.3 days, respectively. Trade receivables turnover days for each year equals the average of the beginning and ending balances of trade receivables for that year divided by the revenue for the year and multiplied by 360 days. The increase in trade receivables turnover days from 2022 to 2023 was primarily in line with the increase in our trade receivables.

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 amounted to US\$34.4 million as of December 31, 2023, representing an increase of 6.5% from US\$32.3 million as of December 31, 2022. This increase was mainly because we purchased more raw materials to support our restaurant operations.

The trade payable turnover days in 2022 and 2023 was 53.9 days and 51.1 days, respectively. Trade payable turnover days for each year equals the average of the beginning and ending balances of trade payable for that year divided by raw materials and consumables for the year and multiplied by 360 days. The decrease in trade payables turnover days from 2022 to 2023 was primarily because we strengthened control over the settlement of our trade payables.

Liquidity and Capital Resources

Our principal source of liquidity has been cash generated from our operations. The primary uses of cash of the Group are to fund its operations, expansion and capital expenditures. 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 maximize shareholders' value through the optimization of debt and equity balances. The Group's overall strategy remains unchanged during the year ended December 31, 2023. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions.

Bank Borrowings

As of December 31, 2023, all of the bank borrowings of the Group had been fully repaid.

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 amounted to US\$152.9 million as of December 31, 2023, representing an increase of 62.8% from US\$93.9 million as of December 31, 2022. This increase was mainly due to our business growth and improved operating performance of Haidilao restaurants.

Capital Expenditure

Capital expenditure represented additions to (i) leasehold land and building; (ii) freehold land; (iii) leasehold improvements; (iv) machinery; (v) transportation equipment; (vi) furniture and fixture; and (vii) renovation in progress.

The Group's capital expenditure amounted to US\$31.2 million in 2023, which was mainly for the Group's restaurants opened in 2023 and those still in the process of renovation and preparation.

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

Charge of Assets

As of December 31, 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. Throughout the year ended December 31, 2023 and up to the date of this announcement, the Group does not have any concrete committed plans for material investments and capital assets for disclosure.

Financial Ratios

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

	As of December 31,	
	2023	2022
Current ratio ⁽¹⁾	1.7	1.3
Gearing ratio ⁽²⁾	<u>0.4</u>	<u>0.4</u>

Notes:

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

- (2) Equals the total borrowings (including bank borrowings, lease liabilities and non-trade amounts due to related parties, which have been capitalized in 2023) 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 risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its currency risk by closely monitoring the movement of the foreign currency rates and considers hedging significant foreign currency exposure should the need arises.

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

Contingent Liabilities

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

Material Investment, Acquisitions and Disposals

During the year ended December 31, 2023, the Company did not have any material investment, acquisitions or disposals of subsidiaries, associates and joint ventures for disclosure.

Employees and Remuneration Policy

As of December 31, 2023, the Group had a total of 12,891 employees. During the year ended December 31, 2023, the Group had incurred staff costs (including salaries and other allowance, welfare and retirement benefit scheme contributions) of US\$226.0 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 its employees, including medical schemes, pension contribution schemes and 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
	Notes	2023 US\$'000	2022 US\$'000
Revenue	4	686,362	558,225
Other income	5	6,695	6,701
Raw materials and consumables used		(234,715)	(196,646)
Staff costs	10	(226,033)	(188,927)
Rentals and related expenses	10	(17,161)	(13,006)
Utilities expenses		(26,054)	(19,743)
Depreciation and amortization	10	(78,557)	(72,952)
Travelling and communication expenses		(5,756)	(4,776)
Listing expenses		(1,745)	(6,310)
Other expenses	6	(62,682)	(55,510)
Other gains (losses) – net	7	1,177	(26,793)
Finance costs	8	(8,424)	(12,493)
Profit (Loss) before tax		<u>33,107</u>	<u>(32,230)</u>
Income tax expense	9	(7,850)	(9,033)
Profit (Loss) for the year	10	<u><u>25,257</u></u>	<u><u>(41,263)</u></u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>4,627</u>	<u>8,385</u>
Total comprehensive income (expense) for the year		<u><u>29,884</u></u>	<u><u>(32,878)</u></u>
Profit (Loss) for the year attributable to:			
Owners of the Company		25,653	(41,248)
Non-controlling interests		<u>(396)</u>	<u>(15)</u>
		<u><u>25,257</u></u>	<u><u>(41,263)</u></u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		30,280	(32,863)
Non-controlling interests		<u>(396)</u>	<u>(15)</u>
		<u><u>29,884</u></u>	<u><u>(32,878)</u></u>
Earnings (Loss) per share			
Basic and diluted (US\$)	11	<u><u>0.05</u></u>	<u><u>(0.07)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		For the year ended	
		December 31,	
	Notes	2023	2022
		US\$'000	US\$'000
Non-current Assets			
Property, plant and equipment		168,724	197,444
Right-of-use assets	12	167,641	201,283
Goodwill		–	1,122
Intangible assets		402	1,937
Deferred tax assets		1,995	1,019
Other receivables	14	1,961	1,955
Prepayment		295	426
Rental and other deposits		16,903	17,530
		<u>357,921</u>	<u>422,716</u>
Current Assets			
Inventories	13	29,762	25,984
Trade and other receivables and prepayments	14	29,324	26,771
Financial assets at fair value through profit or loss		–	14
Rental and other deposits		3,882	3,076
Pledged bank deposits		3,086	3,673
Bank balances and cash		152,908	93,878
		<u>218,962</u>	<u>153,396</u>
Current Liabilities			
Trade payables	15	34,375	32,313
Other payables	16	34,887	31,663
Amounts due to related parties		842	776
Tax payables		9,556	7,877
Lease liabilities		38,998	40,016
Bank borrowings		–	75
Contract liabilities		8,306	3,787
Provisions		1,607	723
		<u>128,571</u>	<u>117,230</u>
Net Current Assets		<u>90,391</u>	<u>36,166</u>

		For the year ended	
		December 31,	
	<i>Notes</i>	2023	2022
		US\$'000	US\$'000
Non-current Liabilities			
Deferred tax liabilities		1,347	3,611
Lease liabilities		163,947	201,687
Bank borrowings		–	521
Contract liabilities		3,098	430
Provisions		7,799	10,596
		<u>176,191</u>	<u>216,845</u>
Net Assets		<u>272,121</u>	<u>242,037</u>
Capital and Reserves			
Share capital of the Company	<i>17</i>	3	3
Share premium	<i>17</i>	494,480	494,480
Shares held under share award scheme	<i>17</i>	*	*
Reserves		<u>(224,397)</u>	<u>(254,677)</u>
Equity attributable to owners of the Company		270,086	239,806
Non-controlling interests		<u>2,035</u>	<u>2,231</u>
Total Equity		<u><u>272,121</u></u>	<u><u>242,037</u></u>

* Less than US\$1,000

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 head office and principal place of business in Singapore is at 1 Paya Lebar Link #09-04 PLQ 1 Paya Lebar Quarter Singapore 408533 and the registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 in Cayman Islands.

The shares of the Company have been listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 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 markets 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**” or “**US\$**”), which is also the presentation currency of the consolidated financial statements.

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

Prior to the Group’s reorganization, the business of the Group was carried out by certain then subsidiaries of Haidilao International. To rationalize the structure of the Group in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange, the companies and business now comprising the Group underwent a group reorganization. Please refer to the listing document of the Company dated December 19, 2022 for details.

The annual results set out in this announcement do not constitute the Group’s financial statements for the year ended December 31, 2023 but are abstracted from those financial statements.

3. ADOPTION OF NEW AND REVISED STANDARDS

Adoption of new and revised Standards – On January 1, 2022, the Group adopted all the new and revised International Financial Reporting Standards (“**IFRS Accounting Standards**”) pronouncements that are relevant to its operations. The adoption of these new/revised IFRS Accounting Standards pronouncements does not result in changes to the Group’s accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years, except as below:

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*

The Group has adopted the amendments to IAS 1 *Presentation of Financial Statements* for the first time in the financial year ended December 31, 2023. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. 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 supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. 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.

The Group has applied materiality guidance in IFRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term ‘significant accounting policies’ used throughout the financial statements has been replaced with ‘material accounting policies information’.

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

On January 1, 2023, the Group adopted Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. Prior to this adoption, the Group assessed the temporary difference relating to assets and liabilities arising from a single transaction on a net basis. Upon the application of the amendments, the Group separately assessed the temporary difference relating to assets and liabilities arising from a single transaction. In accordance with the transition requirements:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions and provision for restoration at the beginning of 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 provision for restoration and the corresponding amounts recognized as part of the cost of the related asset.

The adoption of the Amendments to IAS 12 did not result in any changes in the presentation of deferred tax assets and liabilities on the consolidated statements of financial position. However, as a result of the above adoption, deferred tax assets amounting to USD51,952,000 and deferred tax liabilities amounting to USD52,948,000 as of January 1, 2022 are disclosed on a gross basis in the notes of the consolidated financial statements. Prior to the adoption of the standard, such deferred tax balances were presented on a net basis as deferred tax liabilities of USD996,000 as at January 1, 2022 respectively. The adoption of the amendment of IAS 12 had no impact on retained earnings or the consolidated statement of income for any of the periods presented as the resulting deferred tax consequences qualify for offsetting under IAS 12.

New and revised IFRS Accounting Standards in issue but not yet effective

At December 31, 2023, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

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

- 1 Effective for annual periods beginning on or after January 1, 2024, with early application permitted.
- 2 Effective for annual periods beginning on or after January 1, 2025, with early application permitted.
- 3 Effective date is deferred indefinitely.

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

4. REVENUE

During the years ended December 31, 2023 and 2022, the Group's revenue which represents the amount received and receivable, net of discounts and sales related taxes, from Haidilao restaurant operation, delivery business and others, which is generated from sales of hot pot condiment products and food under secondary brands to local guests and retailers, are as follows:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Types of services or goods		
Haidilao restaurant operation	661,162	545,612
Delivery business	9,807	6,572
Others	15,393	6,041
	<hr/>	<hr/>
Total	686,362	558,225
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At a point in time	686,362	558,225
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER INCOME

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Interest income on:		
– bank deposits	1,370	355
– rental deposits	476	437
– loans to related parties	–	225
– other financial assets	–	41
	<hr/>	<hr/>
	1,846	1,058
Government grants (<i>Note</i>)	3,164	4,998
Others	1,685	645
	<hr/>	<hr/>
	6,695	6,701
	<hr/> <hr/>	<hr/> <hr/>

Note: The amounts mainly represent the subsidies received from the local governments for the Group's business development. The Group recognized government grants of USD1,995,000 (2022: USD2,594,000) in respect of Covid-19-related subsidies, of which USD1,993,000 (2022: USD510,000) 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 as other income.

6. OTHER EXPENSES

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Administrative expenses (<i>Note</i>)	19,505	23,921
Consulting services expenses	8,615	7,754
Bank charges	10,893	8,705
Daily maintenance expenses	5,756	4,959
Outsourcing service fee	12,714	5,931
Business development expenses	2,747	1,501
Storage expenses	2,452	2,739
	<u>62,682</u>	<u>55,510</u>

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.

7. OTHER GAINS (LOSSES) – NET

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Net reversal of impairment (impairment loss) recognized in respect of		
– property, plant and equipment	3,728	(7,721)
– right-of-use assets (<i>Note 12</i>)	3,916	(106)
– goodwill	(1,122)	–
– other intangible assets	(1,600)	–
	<u>4,922</u>	<u>(7,827)</u>
Loss on disposal of property, plant and equipment and provision for early termination of leases	(2,388)	(6,890)
Gain on lease termination	2,161	5,146
Loss on lease modification	(366)	–
Net foreign exchange loss	(4,988)	(21,889)
Net gain arising on financial assets at fair value through profit or loss (“FVTPL”)	1,552	195
Others	284	4,472
	<u>1,177</u>	<u>(26,793)</u>

8. FINANCE COSTS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Interests on loans from related parties	–	3,880
Interests on lease liabilities	8,088	8,277
Interests on bank borrowings	–	51
Interests charge on unwinding of provisions	336	285
	<u>8,424</u>	<u>12,493</u>

9. INCOME TAX EXPENSE

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Current tax:		
– current year	10,020	6,941
– over provision of tax in prior years	(893)	(386)
Withholding tax	1,906	1,318
Deferred tax	(3,183)	1,160
	<u>7,850</u>	<u>9,033</u>

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

The taxation of the Group is calculated at the rates prevailing in the relevant jurisdictions at 9% to 33% on the estimated assessable profits.

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Profit (Loss) before tax	<u>33,107</u>	<u>(32,230)</u>
Tax at 17% (<i>Note</i>)	5,628	(5,479)
Tax effect of expenses not deductible for tax purposes	4,438	6,848
Tax effect of income not taxable for tax purposes	(197)	(1,104)
Tax effect of tax losses not recognized	4,029	10,783
Tax effect of deductible temporary differences not recognized and utilization of temporary differences not recognized previously	(270)	(296)
Utilization of tax losses previously not recognized	(5,376)	(1,822)
Tax exemption and rebates	(899)	(320)
Withholding tax	1,906	1,318
Over provision of tax in prior years	(893)	(386)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(481)	(540)
Others	(35)	31
Income tax expense for the year	<u>7,850</u>	<u>9,033</u>

Note: 17% represents the domestic tax rate of Singapore, the largest region where the Group's business was located for the year.

10. PROFIT (LOSS) FOR THE YEAR

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Depreciation of property, plant and equipment	42,742	37,346
Depreciation of right-of-use assets	35,709	35,560
Amortization of other intangible assets	106	46
	<u>78,557</u>	<u>72,952</u>
Total depreciation and amortization	<u>78,557</u>	<u>72,952</u>
Property and equipment rentals:		
– Office premises and equipment (short-term leases)	448	288
– Restaurants		
– Covid-19-related rent concessions (<i>Note 12</i>)	–	(1,006)
– Variable lease payments (<i>Note 12</i>)	3,420	1,653
	<u>3,868</u>	<u>935</u>
Subtotal	<u>3,868</u>	<u>935</u>
Other rental related expenses	13,293	12,071
	<u>13,293</u>	<u>12,071</u>
Total rentals and related expenses	<u>17,161</u>	<u>13,006</u>
Directors' emoluments	2,155	1,045
Other staff cost:		
Salaries and other allowances	205,633	173,557
Employee welfare	7,240	3,442
Retirement benefit contributions	11,005	10,883
	<u>226,033</u>	<u>188,927</u>
Total staff costs	<u>226,033</u>	<u>188,927</u>
Auditor's remuneration	453	601
	<u>453</u>	<u>601</u>

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

11. EARNINGS (LOSS) PER SHARE

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Profit (Loss) for the year attributable to the owners of the Company for the purpose of calculating loss per share	<u>25,653</u>	<u>(41,248)</u>
	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of calculating (loss) earnings per share (<i>Note</i>)	<u><u>557,400</u></u>	<u><u>557,400</u></u>

Note: The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been determined on the basis of the shares issued to Newpai Ltd. in 2022 which has been adjusted retrospectively to the beginning of the period reported.

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

12. RIGHT-OF-USE ASSETS

	Leased properties <i>US\$'000</i>	
At December 31, 2022		
Carrying amount		201,283
At December 31, 2023		
Carrying amount		167,641
For the year ended December 31, 2022		
Depreciation charge		35,560
Impairment loss recognized in profit or loss		<u>106</u>
For the year ended December 31, 2023		
Depreciation charge		35,709
Reversal of impairment loss recognized in profit or loss		<u>(3,916)</u>
	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Expense relating to short-term leases	448	288
Variable lease payments not included in the measurement of lease liabilities	3,420	1,653
Total cash outflow for leases (<i>Note</i>)	47,293	38,053
Additions to right-of-use assets	23,420	60,133
Acquisition of a subsidiary	–	5,064
Derecognition of right-of-use assets arising from lease termination	24,076	20,888
Remeasurement of provision for restoration	–	1,091
Decrease due to the modification of leases	<u>1,310</u>	<u>–</u>

Note: During the year, the Group leases various premises for its operations. Lease contracts are entered into for fixed terms of 12 months to 20 years, but may have termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Variable lease payments

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 0.25% to 8.0% (2022: 0.8% to 8.0%) of sales with minimum annual lease payments that are fixed over the lease term for the year ended December 31, 2023. The payment terms are common in restaurants in the countries and areas where the Group operates. The amounts of fixed and variable lease payments paid to relevant lessors for the year after offsetting Covid-19-related rent concessions are as follows:

For the year ended December 31, 2023

	Number of leases	Fixed payments <i>US\$'000</i>	Variable payments <i>US\$'000</i>	Total payments <i>US\$'000</i>
Office premises without variable lease payments	4	352	–	352
Leases without variable lease payments	172	21,135	–	21,135
Leases with variable lease payments	84	22,386	3,420	25,806
	<hr/>	<hr/>	<hr/>	<hr/>
Total	260	43,873	3,420	47,293
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the year ended December 31, 2022

	Number of leases	Fixed payments <i>US\$'000</i>	Variable payments <i>US\$'000</i>	Total payments <i>US\$'000</i>
Office premises without variable lease payments	3	187	–	187
Leases without variable lease payments	143	18,918	–	18,918
Leases with variable lease payments	85	17,295	1,653	18,948
	<hr/>	<hr/>	<hr/>	<hr/>
Total	231	36,400	1,653	38,053
	<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.

During the year, the Group decided to discontinue the operations of certain restaurants before the expiry of original lease terms of those restaurants. As a result, the Group is reasonably certain to exercise the termination option stipulated in the lease agreements for the relevant restaurants, and lease liabilities and right-of-use assets have been adjusted to reflect the shorter lease term. Any differences will be recognized in profit and loss as provision for early termination.

Restrictions or covenants on leases

Lease liabilities of USD202,945,000 (2022: USD241,703,000) are recognized with related right-of-use assets of USD167,641,000 (2022: USD201,283,000) as at year end. The lease agreements do not impose any covenants other than the security deposits that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at year end, the Group has entered into new leases for several restaurants that have yet to commence, with average non-cancellable period ranging from 2 to 15 years, the total future undiscounted cash flows over the non-cancellable period amounted to USD3,946,000 (2022: USD5,131,000).

Rent concessions

During the year ended December 31, 2022, certain lessors of restaurants provided rent concessions to the Group through rent reductions ranging from 10% to 100% 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 USD1,006,000 were recognized as negative variable lease payments for the year ended December 31, 2022. There was no Covid-19 related rent concession received during the year ended December 31, 2023.

13. INVENTORIES

	As at December 31,	
	2023	2022
	US\$'000	US\$'000
Condiment products	5,692	6,999
Food ingredients	16,983	10,254
Beverage	1,025	1,197
Other materials	6,062	7,534
	<u>29,762</u>	<u>25,984</u>

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2023	2022
	US\$'000	US\$'000
Trade receivables (<i>Note i</i>)	18,430	9,470
<i>Other receivables and prepayments:</i>		
Prepayment to suppliers	9,802	14,872
Input value-added tax to be deducted	–	488
Others (<i>Note ii</i>)	3,053	3,896
	12,855	19,256
Total	31,285	28,726
Current	29,324	26,771
Non-current (<i>Note ii</i>)	1,961	1,955
	31,285	28,726
	31,285	28,726

As at January 1, 2022, trade receivables from contracts with customers amounted to USD30,253,000.

Notes:

- (i) 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 each reporting period.
- (ii) Included in others are mainly long-term loans to non-controlling interest holders amounted to USD1,961,000 (2022: USD1,955,000). The loans are unsecured, interest-free and repayable in 5 years.

15. TRADE PAYABLES

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

	As at December 31,	
	2023	2022
	US\$'000	US\$'000
Within 60 days	34,375	32,313
	34,375	32,313

16. OTHER PAYABLES

	As at December 31,	
	2023	2022
	US\$'000	US\$'000
Staff cost payable	20,262	15,852
Other taxes payables	9,372	5,728
Renovation fee payables	1,472	3,457
Listing expenses payables	1,334	2,761
Others	2,447	3,865
	34,887	31,663
	34,887	31,663

17. SHARE CAPITAL OF THE COMPANY/COMBINED CAPITAL OF SUBSIDIARIES

Share Capital of the Company

	Number of shares	Shown in the consolidated financial statements <i>US\$'000</i>
Ordinary shares at par value of US\$0.000005 each		
Authorized:		
At May 6, 2022 (date of incorporation), and December 31, 2022 and 2023	10,000,000,000	—
Issued and fully paid:		
At May 6, 2022 (date of incorporation)	1	—
Issue of shares	557,399,998**	3
Loan Capitalization	1	*
Issue of ordinary shares to share award scheme trusts	61,933,000	*
At December 31, 2022 and 2023	619,333,000	3

* Less than US\$1,000.

** The issuance of shares included 1 share issued in June 2022 for cash injection and 557,399,997 shares issued in December 2022 (*Note*).

Note:

On May 6, 2022, the Company was incorporated in the Cayman Islands as an exempted company with 10,000,000,000 shares with a par value of US\$0.000005 each. Upon incorporation, one share was allotted and issued to an independent third-party subscriber and such share was then transferred to Newpai Ltd.

On June 1, 2022, one share of the Company was allotted and issued to Newpai Ltd. for loan capitalization with the amount of USD471,336,000 and another one share of the Company was allotted and issued to Newpai Ltd. for cash injection with the amount of USD23,144,000. The new shares allotted and issued rank pari passu in all respects with the existing shares.

On December 12, 2022, 557,399,997 shares was allotted and issued to Newpai Ltd. for cash at par value of US\$0.000005 each.

On December 12, 2022, in order to implement the share award scheme, 61,933,000 shares were allotted and issued to the companies (“**ESOP Platforms**”) which are wholly-owned and managed by the trustee appointed by the Company to manage and administer the share award scheme. These shares have been fully paid at par value of US\$0.000005 each with payment made out of the share premium of the Company. As the ESOP Platforms act solely as a deposit for the Company’s shares, the shares held under share award scheme were presented as treasury shares in the consolidated financial statements of the Group.

18. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended December 31, 2023 and 2022, nor has any dividend been proposed since its incorporation.

19. SEGMENT INFORMATION

No individual customer contributes to over 10% of total revenue of the Group during the year ended December 31, 2023 and 2022.

The Group operates mainly in Southeast Asia, North America and others.

The Group's revenue from external customers by geographic area, based on location of operation, is detailed as below:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Singapore	158,887	143,183
United States of America	103,524	89,834
Malaysia	81,163	60,323
Vietnam	77,951	75,375
Others*	264,837	189,510
	<hr/>	<hr/>
Total	686,362	558,225
	<hr/> <hr/>	<hr/> <hr/>

* All other individual countries accounted for less than 10% of total revenue.

The Group's non-current assets presented below by geographic area excluded other financial assets, other receivables, deposits, prepayment and deferred tax assets:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Singapore	60,589	76,081
United States of America	63,924	74,789
Australia	46,668	46,779
Others^	165,586	204,137
	<hr/>	<hr/>
Total	336,767	401,786
	<hr/> <hr/>	<hr/> <hr/>

^ All other individual countries accounted for less than 10% of total non-current assets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of the CG code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 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, on March 30, 2023, Mr. ZHOU Zhaocheng resigned and Mr. LI Yu was appointed as the chief executive officer of the Company while Mr. ZHOU Zhaocheng remained as the chairman of the Board. With effect from December 13, 2023, Mr. ZHOU Zhaocheng resigned as the chairman of the Board and Ms. SHU Ping has been appointed to succeed him as the chairlady of the Board. Following such changes, the Company has been in compliance with code provision C.2.1 of the CG Code as the roles of chairman of the board and chief executive officer are separated and not performed by the same individual.

The Company regularly reviews its compliance with CG Code and save as disclosed above, the Company has complied with all the applicable principles and code provisions as set out in the CG Code during the Reporting Period.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ dealings in securities of the Company. Specific inquiries have been made to all 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 about the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance with the Model Code by the 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 purchased, redeemed or sold any of the Company’s listed securities 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 auditor of the Company, considered and 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 Deloitte & Touche LLP

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 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte & Touche LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Auditing and Assurance Standards Board and consequently no opinion or assurance conclusion has been expressed by Deloitte & Touche LLP on the preliminary announcement.

Events after the Year ended December 31, 2023

The Group had no material events for disclosure subsequent to December 31, 2023 and up to the date of this announcement.

Final Dividend

The Board does not recommend any payment of a final dividend for the year ended December 31, 2023.

Annual General Meeting

The annual general meeting (the "AGM") will be held on Wednesday, June 12, 2024. A notice convening the AGM will be published and dispatched (if requested) to the shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members for AGM

The register of members of the Company will be closed from Thursday, June 6, 2024 to Wednesday, June 12, 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, June 5, 2024.

Publication of Annual Results Announcement and Annual Report

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

The annual report of the Company for the year ended December 31, 2023 containing all the information as required by the Listing Rules will be published on the same website and dispatched (if requested) to the shareholders of the Company.

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.
Ms. SHU Ping
Chairlady

Singapore, March 26, 2024

As at the date of this announcement, the Board comprises Ms. SHU Ping as the chairlady and non-executive Director; 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.