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# LH GROUP

叙福樓集團

LH GROUP LIMITED

叙福樓集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 1978)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

### FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2024	2023
	HK\$ million	HK\$ million
Revenue	1,056.0	1,276.8
(Loss)/profit attributable to the shareholders of the Company	(32.1)	88.1
(Loss)/earnings per share Basic and diluted (HK cents)	(4.01)	11.01

### RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of LH Group Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”, “**our**” or “**us**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	<b>1,055,992</b>	1,276,771
Other income and gain	5	<b>4,268</b>	4,650
Cost of food and beverages		<b>(319,700)</b>	(391,325)
Staff costs		<b>(377,865)</b>	(380,290)
Depreciation and amortisation		<b>(32,841)</b>	(37,538)
Depreciation of right-of-use assets, property rental and related expenses	6	<b>(176,581)</b>	(192,936)
Fuel and utility expenses		<b>(29,983)</b>	(30,451)
Advertising and marketing expenses		<b>(8,657)</b>	(7,645)
Other operating expenses		<b>(108,342)</b>	(124,730)
Provision for impairment of property, plant and equipment		<b>(14,159)</b>	(5,011)
Provision for impairment of right-of-use assets		<b>(22,087)</b>	(6,281)
Provision for impairment of intangible assets		<b>(628)</b>	(734)
Finance income	7	<b>5,372</b>	10,708
Finance costs	7	<b>(13,239)</b>	(10,746)
(Loss)/profit before taxation	8	<b>(38,450)</b>	104,442
Income tax credit/(expense)	9	<b>6,388</b>	(16,377)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to the shareholders of the Company		<b><u>(32,062)</u></b>	<b><u>88,065</u></b>
(Loss)/earnings per share			
Basic and diluted	10	<b><u>HK(4.01) cents</u></b>	<b><u>HK11.01 cents</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>142,331</b>	96,753
Right-of-use assets		<b>292,852</b>	239,197
Investment properties		<b>11,696</b>	12,215
Intangible assets		<b>1,676</b>	2,570
Rental and utilities deposits	12	<b>55,216</b>	50,242
Prepayments for purchase of property, plant and equipment	12	<b>9,421</b>	471
Deferred income tax assets		<b>46,717</b>	32,998
		<b>559,909</b>	434,446
<b>CURRENT ASSETS</b>			
Inventories		<b>19,421</b>	19,981
Trade receivables	12	<b>6,344</b>	10,174
Prepayments, deposits and other receivables	12	<b>47,321</b>	41,988
Tax recoverable		<b>8,201</b>	340
Short term bank deposits		—	105,065
Cash and cash equivalents		<b>144,810</b>	147,657
		<b>226,097</b>	325,205
<b>Total assets</b>		<b>786,006</b>	759,651
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	14	<b>80,000</b>	80,000
Share premium		<b>122,781</b>	122,781
Reserves		<b>30,084</b>	94,626
<b>Total equity</b>		<b>232,865</b>	297,407

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

		<b>2024</b>	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Provision for reinstatement costs	13	<b>17,970</b>	17,067
Lease liabilities		<b>209,573</b>	146,115
Deferred income tax liabilities		<b>6,390</b>	5,334
		<u><b>233,933</b></u>	<u>168,516</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>54,826</b>	45,479
Other payables and accruals	13	<b>115,898</b>	90,044
Contract liabilities	13	<b>30,335</b>	36,541
Tax payable		<b>3,238</b>	12,596
Lease liabilities		<b>114,911</b>	109,068
		<u><b>319,208</b></u>	<u>293,728</u>
<b>Total liabilities</b>		<u><b>553,141</b></u>	<u>462,244</u>
<b>Total equity and liabilities</b>		<u><b>786,006</b></u>	<u><b>759,651</b></u>

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 June 2017 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares have been listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 30 May 2018 (the “**Listing Date**”). The address of the Company’s registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged as full-service restaurants operator serving Asian (in particular Japanese) and Cantonese cuisine in Hong Kong.

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared under the historical cost convention.

The Group’s current liabilities exceeded its current assets by HK\$93,111,000 as at 31 December 2024 and the Group incurred a loss for the year ended 31 December 2024 of HK\$32,062,000. The Group was in a net current assets position of HK\$52,135,000 by taking out lease liabilities of HK\$114,911,000 (2023: HK\$109,068,000) and contract liabilities of HK\$30,335,000 (2023: HK\$36,541,000) included in the current liabilities. As at 31 December 2024, the Group had cash and cash equivalents of HK\$144,810,000 (2023: HK\$147,657,000) and no external borrowings. The Directors of the Company have reviewed the Group’s cash flow projections, which cover a period of not less than twelve months from 31 December 2024. The Directors are of the opinion that, taking into account the anticipated cash flows generated from the Group’s operations as well as the possible changes in its operating performance, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. We have not identified any material uncertainties related to the Group’s ability to continue going concern. Accordingly, these consolidated financial information have been prepared on a going concern basis.

The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements.

### 3. ACCOUNTING POLICIES

#### (a) New interpretation and amended standards adopted by the Group

The Group has applied the following new interpretation and amended standards for its annual reporting period commencing 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements

The new interpretation and amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (b) New standards, amendments to standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statement	1 January 2027
Hong Kong Interpretation 5	Presentation and Disclosure of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new standards, amendments to standards and interpretation have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These new standards, amendments to standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 4. REVENUE AND SEGMENT INFORMATION

##### (a) Revenue

Revenue represents amounts received and receivable from the operation of restaurants and sales of food ingredients and others in Hong Kong, net of discount. An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
<b>Recognised at a point in time:</b>		
Restaurant operations	1,049,503	1,269,483
Sale of food ingredients and others	6,489	7,288
	<u>1,055,992</u>	<u>1,276,771</u>

##### (b) Segment information

The Directors, who are the chief operating decision-maker of the Group, have reviewed the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the Directors that are used to make strategic decisions.

The Group is principally engaged in the operation of restaurant chains and sales of food ingredients in Hong Kong. Management reviews the operating results of the business by major cuisine and sale of food ingredients which the Group operates to make decisions about resources to be allocated.

The Group has the following reporting segments:

- |   |   |
|---|---|
| (a) Self-owned brands                   | Operation of restaurants under the self-owned brands including “ <i>Mou Mou Club</i> ”, “ <i>Peace Cuisine</i> ”, “ <i>Wing Wah Allday</i> ”, “ <i>Pot Master</i> ”, “ <i>#HAP Taiwanese Hotpot</i> ”, “ <i>Shabu Days</i> ”, “ <i>So “Meen”</i> ”, “ <i>KAMO</i> ” and “ <i>Twins Liangpi x KABU</i> ” |
| (b) Franchised brands                   | Operation of restaurants under the franchised “ <i>Gyu-Kaku</i> ”, “ <i>Gyu-Kaku J</i> ”, “ <i>On-Yasai</i> ”, “ <i>Gyu-Kaku Jinan-Bou</i> ”, “ <i>The Matcha Tokyo</i> ” and “ <i>Hikiniku To Come</i> ” brands  |
| (c) Sale of food ingredients and others | Sale of food ingredients to related parties and external third parties and other business   |

Segment revenue and segment (loss)/profit were the measures reported to the Directors for the purpose of resources allocation and performance assessment. Segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax, was measured consistently with the Group’s (loss)/profit before tax except that unallocated finance costs and income and unallocated costs were excluded from this measurement.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade receivables, prepayments, deposits and other receivables. They exclude property, plant and equipment, prepayments, deposits and other receivables and cash and cash equivalents for general use, investment properties, deferred income tax assets and tax recoverable.

Segment liabilities consist primarily of trade payables, contract liabilities, lease liabilities and other payables and accruals. They exclude other payables and accruals for general use, tax payables and deferred income tax liabilities.

All operating entities of the Group are domiciled in Hong Kong. All revenue of the Group are derived in Hong Kong. As at 31 December 2024 and 2023, all non-current assets of the Group are located in Hong Kong.

An analysis of the Group's revenue, (loss)/profit before taxation, depreciation and amortisation, depreciation of right-of-use assets and provision for impairment for the years ended 31 December 2024 and 2023 and segment assets and liabilities as at 31 December 2024 and 2023 are as follows:

	For the year ended 31 December 2024			
	Self-owned brands <i>HK\$'000</i>	Franchised brands <i>HK\$'000</i>	Sale of food ingredients and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>				
Revenue	271,263	778,240	95,936	1,145,439
Inter-segment revenue	—	—	(89,447)	(89,447)
External revenue	<u>271,263</u>	<u>778,240</u>	<u>6,489</u>	<u>1,055,992</u>
<b>Segment (loss)/profit</b>	<u>(6,867)</u>	<u>39,263</u>	<u>(2,688)</u>	<u>29,708</u>
Depreciation and amortisation	<u>(6,018)</u>	<u>(23,157)</u>	<u>(1,372)</u>	<u>(30,547)</u>
Depreciation of right-of-use assets	<u>(25,180)</u>	<u>(85,880)</u>	<u>—</u>	<u>(111,060)</u>
Provision for impairment	<u>(14,528)</u>	<u>(22,346)</u>	<u>—</u>	<u>(36,874)</u>
<b>Segment profit</b>				29,708
Unallocated depreciation and amortisation				(2,294)
Unallocated depreciation of right- of-use assets				(4,230)
Unallocated costs				(66,455)
Unallocated finance income				5,087
Unallocated finance costs				(266)
<b>Loss before taxation</b>				<u>(38,450)</u>
<b>Segment assets</b>	<u>179,962</u>	<u>342,389</u>	<u>59,560</u>	<u>581,911</u>
<b>Segment liabilities</b>	<u>(145,678)</u>	<u>(314,655)</u>	<u>(13,495)</u>	<u>(473,828)</u>

For the year ended 31 December 2023

	Self-owned brands <i>HK\$'000</i>	Franchised brands <i>HK\$'000</i>	Sale of food ingredients and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>				
Revenue	341,423	928,060	113,436	1,382,919
Inter-segment revenue	—	—	(106,148)	(106,148)
External revenue	<u>341,423</u>	<u>928,060</u>	<u>7,288</u>	<u>1,276,771</u>
<b>Segment profit/(loss)</b>	<u>30,625</u>	<u>131,846</u>	<u>(1,399)</u>	<u>161,072</u>
Depreciation and amortisation	<u>(7,541)</u>	<u>(27,530)</u>	<u>(1,280)</u>	<u>(36,351)</u>
Depreciation of right-of-use assets	<u>(31,909)</u>	<u>(81,104)</u>	<u>—</u>	<u>(113,013)</u>
Provision for impairment	<u>(2,523)</u>	<u>(9,503)</u>	<u>—</u>	<u>(12,026)</u>
<b>Segment profit</b>				161,072
Unallocated depreciation and amortisation				(1,187)
Unallocated depreciation of right- of-use assets				(4,040)
Unallocated costs				(61,395)
Unallocated finance income				10,381
Unallocated finance costs				<u>(389)</u>
<b>Profit before taxation</b>				<u>104,442</u>
<b>Segment assets</b>	<u>110,108</u>	<u>295,324</u>	<u>64,590</u>	<u>470,022</u>
<b>Segment liabilities</b>	<u>(95,119)</u>	<u>(270,258)</u>	<u>(10,178)</u>	<u>(375,555)</u>

A reconciliation of segment assets to the Group's total assets is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets	<b>581,911</b>	470,022
Unallocated assets	<b>204,095</b>	289,629
	<b><u>786,006</u></b>	<b><u>759,651</u></b>

A reconciliation of segment liabilities to the Group's total liabilities is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment liabilities	<b>473,828</b>	375,555
Unallocated liabilities	<b>79,313</b>	86,689
	<b><u>553,141</u></b>	<b><u>462,244</u></b>

(c) **Contract liabilities**

The Group recognised the following revenue-related contract liabilities:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advances from customers	<b>1,036</b>	613
Contract liabilities	<b>29,299</b>	35,928
Total contract liabilities	<b><u>30,335</u></b>	<b><u>36,541</u></b>

Advances from customers represent the payments received from customers for reservations and coupons. Contract liabilities represents the fair value of outstanding loyalty points, coupons and discount and expected renewal of membership in respect of customer loyalty programmes as at year ended.

The following table shows the revenue recognised in relation to carried forward contract liabilities:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Restaurant operations	<b><u>36,541</u></b>	<b><u>43,755</u></b>

Due to the short-term nature of the related revenue, all contract liabilities balance at the year end would be recognised into revenue in the next financial year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 5. OTHER INCOME AND GAIN

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income:		
Government grants	—	249
Promotion income from a credit card company	<b>3,300</b>	3,300
Rental income	<b>452</b>	359
Sundry income	<b>433</b>	565
	<hr/> <b>4,185</b>	<hr/> 4,473
Other gain:		
Gain on disposal of property, plant and equipment	<b>83</b>	177
	<hr/> <b>83</b>	<hr/> 177
Total other income and gain	<hr/> <b>4,268</b> <hr/>	<hr/> 4,650 <hr/>

## 6. DEPRECIATION OF RIGHT-OF-USE ASSETS, PROPERTY RENTAL AND RELATED EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation of right-of-use assets	115,290	117,053
Property rentals and related expenses	<u>61,291</u>	<u>75,883</u>
	<u><b>176,581</b></u>	<u><b>192,936</b></u>

## 7. FINANCE INCOME AND COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from bank deposits	<u>5,372</u>	<u>10,708</u>
Finance income	<u><b>5,372</b></u>	<u><b>10,708</b></u>
Finance costs on lease liabilities	(13,155)	(9,923)
Finance costs on financial assets	<u>(84)</u>	<u>(823)</u>
Finance costs	<u><b>(13,239)</b></u>	<u><b>(10,746)</b></u>

## 8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the followings:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation of property, plant and equipment	31,870	36,403
Depreciation of right-of-use assets	115,290	117,053
Depreciation of investment property	519	518
Amortisation of intangible assets	452	617
Provision for impairment of property, plant and equipment	14,159	5,011
Provision for impairment of right-of-use assets	22,087	6,281
Provision for impairment of intangible assets	628	734
	<hr/>	<hr/>
Lease payments under operating leases in respect of land and buildings:		
— Short term lease payments	3,686	6,892
— Contingent rental	4,800	18,292
	<hr/>	<hr/>
	8,486	25,184
	<hr/>	<hr/>
Auditors' remuneration:		
— Audit services	2,036	2,205
— Non-audit services	849	1,133
	<hr/> <hr/>	<hr/> <hr/>

## 9. INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided on the estimated assessable profits at a rate of 16.5% for the year ended 31 December 2024 (2023: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

The major components of the income tax credit/(expense) are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong profits tax		
Current income tax	(5,779)	(19,903)
Under provision in prior year	(496)	(67)
Deferred income tax	12,663	3,593
	<hr/>	<hr/>
	6,388	(16,377)
	<hr/> <hr/>	<hr/> <hr/>

## 10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company (“Shareholders”) by the weighted average number of ordinary shares in issue during the year.

	2024	2023
(Loss)/profit attributable to the Shareholders (HK\$'000)	(32,062)	88,065
Weighted average number of shares in issue (’000)	<u>800,000</u>	<u>800,000</u>
Basic (loss)/earnings per share (HK cents)	<u><u>(4.01)</u></u>	<u><u>11.01</u></u>

### (b) Diluted

Diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share as there were no potentially dilutive ordinary shares issued.

## 11. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
2023 final dividend, HK4.06 cents per ordinary share (2022 final dividend: HK7.77 cents)	32,480	62,160
2024 interim dividend, nil per ordinary share (2023 interim dividend: HK4.75 cents)	—	38,000
2024 special dividend, nil per ordinary share (2023 special dividend: HK12.50 cents)	—	100,000
	<u><u>32,480</u></u>	<u><u>200,160</u></u>

The Board resolved not to propose the payment of a final dividend for the year ended 31 December 2024 (2023: HK4.06 cents per share).

## 12. TRADE AND OTHER RECEIVABLES

### Trade receivables

The Group's trade receivables are denominated in HK\$. The carrying value of trade receivables approximate their fair values due to their short-term maturities.

An ageing analysis of the trade receivables as at 31 December 2024, based on the invoice date, is as follows:

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>5,639</b>	9,162
31–60 days	<b>177</b>	543
61–180 days	<b>528</b>	469
	<b><u>6,344</u></b>	<b><u>10,174</u></b>

Trade receivables mainly represent receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 3 days from transaction date. Generally, there is no credit period granted to customers, except for certain corporate customers in relation to sales of food ingredients, to which a credit period of 30 days is granted by the Group, and therefore are all classified as current.

The maximum exposure to credit risk as at 31 December 2024 and 2023 is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

## Prepayments, deposits and other receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Prepayments	21,563	15,150
Rental and utilities deposits	86,892	74,865
Other receivables	<u>3,503</u>	<u>2,686</u>
	<b>111,958</b>	92,701
Less: non-current portion		
— Rental and utilities deposits	(55,216)	(50,242)
— Prepayments for purchase of property, plant and equipment	<u>(9,421)</u>	<u>(471)</u>
Current portion	<u><b>47,321</b></u>	<u>41,988</u>

The maximum exposure to credit risk as at 31 December 2024 and 2023 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of deposits and other receivables approximate to their fair values and are denominated in HK\$.

## 13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

### Trade payables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
External suppliers	<u><b>54,826</b></u>	<u>45,479</u>

An ageing analysis of the trade payables as at 31 December 2024 and 2023, based on the invoice date, is as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	<b>30,244</b>	34,622
31–60 days	<b>24,287</b>	10,517
61–180 days	<b>36</b>	39
Over 180 days	<b>259</b>	301
	<b><u>54,826</u></b>	<b><u>45,479</u></b>

The trade payables are non-interest-bearing with payment terms of 30–60 days in general. The carrying amounts of trade payables approximate to their fair values and are denominated in HK\$.

#### **Other payables and accruals**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rent payable	<b>2,402</b>	2,617
Accrued employee benefit expenses	<b>37,541</b>	33,254
Provision for long service payment	<b>1,923</b>	1,903
Provision for untaken annual leave	<b>11,485</b>	11,042
Provision for reinstatement costs ( <i>Note (a)</i> )	<b>25,130</b>	23,804
Contract liabilities	<b>30,335</b>	36,541
Other accrued expenses	<b>32,507</b>	30,059
Payables for purchase of property, plant and equipment	<b>22,248</b>	3,800
Others payables	<b>632</b>	632
	<b><u>164,203</u></b>	<b><u>143,652</u></b>
Less: non-current portion		
— Provision for reinstatement costs	<b><u>(17,970)</u></b>	<b><u>(17,067)</u></b>
Current portion	<b><u>146,233</u></b>	<b><u>126,585</u></b>

The carrying amounts of other payables and accruals are approximate to their fair values as the impact of discounting is insignificant, and are mainly denominated in HK\$.

**(a) Provision for reinstatement costs**

Movements in the Group's provision for reinstatement costs are as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	<b>23,804</b>	23,123
Additional provision during the year	<b>4,189</b>	1,005
Settlement	<b>(2,863)</b>	(324)
	<u><b>25,130</b></u>	<u>23,804</u>
At the end of the year	<u><b>25,130</b></u>	<u>23,804</u>

**14. SHARE CAPITAL**

**(a) Authorised:**

	<b>2024</b>		2023	
	Number of shares	Nominal value <i>HK\$'000</i>	Number of shares	Nominal value <i>HK\$'000</i>
At the beginning and the end of the year	<u><b>4,000,000,000</b></u>	<u><b>400,000</b></u>	<u>4,000,000,000</u>	<u>400,000</u>

**(b) Issued and fully paid:**

	<b>2024</b>		2023	
	Number of shares	Nominal value <i>HK\$'000</i>	Number of shares	Nominal value <i>HK\$'000</i>
At the beginning and the end of the year	<u><b>800,000,000</b></u>	<u><b>80,000</b></u>	<u>800,000,000</u>	<u>80,000</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the management fully recognised that the local consumption market in Hong Kong was undergoing a significant transformation. They responded with proactive and positive measures, leveraging this transitional period to prepare for the next growth phase, which has already shown results. Given that the Group has no bank borrowings, its financial strength is even more pronounced amidst the high-interest environment, providing cash on hand to fuel the transformation process.

The Group has been actively developing multiple brands. In 2024, we intensified our efforts to further accelerate the strategic positioning of new stores for each brand. Other than revamping the existing brands “*Gyu-Kaku (牛角)*” and “*Mou Mou Club (牛涮鍋)*”, the Group newly opened “*Shabu Days (好鍋日子)*”, “*So “Meen” (敘 • 小麵)*” and “*KAMO*” under self-owned brands, “*Hikiniku To Come (挽肉と米)*” and “*Gyu-Kaku J (牛角J)*” under franchised brands, and “*Twins Liangpi x KABU (兩姊妹涼皮x株式會社)*” under cooperation with Twins Liangpi Limited (兩姊妹涼皮有限公司).

The development of these brands has expanded the Group’s range of dishes offering, catering to different customer groups. Most of the aforementioned brands offer value-for-money, which is exactly what the current market needs. Despite facing weak consumer spending and the trend of northbound consumption out of Hong Kong, the Group remains optimistic. Under the leadership of the management team, our colleagues worked together to open ten new stores and reopen one renovated store within one month from mid-December 2024 to January 2025. This achievement has broken the Group’s record for store openings. In the future, the Group will continue to improve existing brands and introduce competitive brands from around the world to provide customers with more diverse dining options.

Transformation is inherently challenging and lacks a guaranteed formula for success. The recent initiative to introduce a fusion of Japanese, Chinese, and Western cuisine under the brand “*KAMO*” at Kai Tak Mall did not meet our expectations. Demonstrating our commitment to agility and swift decision-making, the management team promptly pivoted, rebranding the establishment as “*Peace Cuisine (Beijing, Sichuan, Shanghai) (和平飯店 (京川滬))*” within a month. This rapid adaptability emphasizes the critical importance of responsive management capabilities in today’s dynamic environment, both in Hong Kong and globally.

Due to the weak local consumption power as a result of the volatile global economy, the Group’s revenue recorded a decrease by approximately 17.3% or approximately HK\$220.8 million to approximately HK\$1,056.0 million for the year ended 31 December 2024 as compared to the year ended 31 December 2023. Excluding material incidental items, i.e. provisions for impairment of property, plant and equipment, right-of-use assets and intangible assets of approximately HK\$36.9 million, the core net profit from operations for the year ended 31

December 2024 was approximately HK\$4.8 million. Taking only into account the second half of 2024, the core net profit amounted to approximately HK\$12.2 million after excluding those material incidental items. The Group recording a core net profit amid the challenging year of 2024 reflects that we stay healthily in the progress of transformation.

## BUSINESS REVIEW

As at 31 December 2024, the Group operated 17 restaurants under self-owned brands, including 1 restaurant under cooperation with Twins Liangpi Limited (兩姊妹涼皮有限公司). The self-owned brand portfolio comprised “Mou Mou Club (牛涮鍋)”, “Peace Cuisine (和平飯店)”, “Wing Wah Allday (永華日常)”, “Pot Master (煲仔王)”, “#HAP Taiwanese Hotpot (好呷台灣火鍋)”, “Shabu Days (好鍋日子)”, “So “Meen” (敘•小麵)”, “KAMO” and “Twins Liangpi x KABU (兩姊妹涼皮x株式會社)”, and 46 restaurants under franchised brands, “Gyu-Kaku (牛角)”, “Gyu-Kaku J (牛角J)”, “Gyu-Kaku Jinan-Bou (牛角次男坊)”, “On-Yasai (溫野菜)”, “The Matcha Tokyo” and “Hikiniku To Come (挽肉と米)”, which serve quality, value-for-money delicacies to diversified customer segments seeking a wide array of culinary experiences. We pride ourselves in the extensive market coverage of our brand portfolio, which allows us to tap into customer segments spanning across mid-to-high end markets to mass market with different culinary preferences.

The following table sets forth the number of restaurants that we operated as at the dates indicated.

	<b>As at 31 December</b>	
	<b>2024</b>	2023
Self-owned brands	<b>17</b>	16
Franchised brands	<b>46</b>	41
<b>Total</b>	<b><u>63</u></b>	<b><u>57</u></b>

## FINANCIAL REVIEW

### Revenue

The global economy remained unstable in the first half of 2024, which was shadowed by volatile financial markets and a continued high-interest rate environment. Such factors led to a weak local consumption power, and thus revenue decreased. Despite the “multiple-entry permit” and festive atmosphere in the second half of the year leading to an improvement in revenue, the annual revenue decreased by approximately 17.3%, or approximately HK\$220.8 million, from approximately HK\$1,276.8 million for the year ended 31 December 2023 to approximately HK\$1,056.0 million for the year ended 31 December 2024.

The revenue from franchised brands decreased by approximately HK\$149.9 million or approximately 16.1%, from approximately HK\$928.1 million for the year ended 31 December 2023 to approximately HK\$778.2 million for the year ended 31 December 2024. The number of restaurants under franchised brands increased from 41 as at 31 December 2023 to 46 as at 31 December 2024. The business of franchised brands remained as the main pillar of revenue, constituting approximately 73.7% of the total revenue of the Group for the year ended 31 December 2024 (2023: approximately 72.7%).

The revenue from self-owned brands decreased by approximately HK\$70.1 million or approximately 20.5%, from approximately HK\$341.4 million for the year ended 31 December 2023 to approximately HK\$271.3 million for the year ended 31 December 2024.

Revenue by business segments is set out below:

	For the year ended 31 December			
	2024		2023	
	Revenue	% of total	Revenue	% of total
	HK\$'000	Revenue	HK\$'000	Revenue
		(%)		(%)
Self-owned brands	271,263	25.7	341,423	26.7
Franchised brands	778,240	73.7	928,060	72.7
Sub-total of restaurant operations	1,049,503	99.4	1,269,483	99.4
Sale of food ingredients and others	6,489	0.6	7,288	0.6
<b>Total</b>	<b>1,055,992</b>	<b>100.0</b>	<b>1,276,771</b>	<b>100.0</b>

## **Other income and gain**

The Group's other income and gain decreased by approximately 8.2%, or approximately HK\$0.4 million, from approximately HK\$4.7 million for the year ended 31 December 2023 to approximately HK\$4.3 million for the year ended 31 December 2024. Other income and gain mainly consists of promotion income from a credit card company of approximately HK\$3.3 million for the year ended 31 December 2024 (2023: approximately HK\$3.3 million). Decrease in other income and gain was mainly due to the absence of government grants for the year ended 31 December 2024 (2023: approximately HK\$0.2 million).

## **Cost of food and beverages**

The Group's cost of food and beverages decreased by approximately 18.3%, or approximately HK\$71.6 million, from approximately HK\$391.3 million for the year ended 31 December 2023 to approximately HK\$319.7 million for the year ended 31 December 2024. The decrease was in line with the decrease in revenue during the year ended 31 December 2024.

Despite the overall increase in the prices for food in the global supply chain, the Group managed to control the food costs through making bulk purchases, closely monitoring the prices and switching to similar or higher quality alternatives. As a result, the cost of food and beverages as a percentage of revenue decreased to approximately 30.3% for the year ended 31 December 2024 (2023: approximately 30.6%).

## **Staff costs**

The Group's staff costs decreased by approximately 0.6%, or approximately HK\$2.4 million, from approximately HK\$380.3 million for the year ended 31 December 2023 to approximately HK\$377.9 million for the year ended 31 December 2024. The cost reduction was due to the adoption of a more prudent management and control over employee-related expenses. Staff cost as a percentage of revenue increased by 6.0 percentage points from approximately 29.8% for the year ended 31 December 2023 to approximately 35.8% for the year ended 31 December 2024 mainly due to decrease in revenue.

## **Depreciation of right-of-use assets, property rental and related expenses**

The Group's depreciation of right-of-use assets, property rental and related expenses decreased by approximately 8.5%, or approximately HK\$16.3 million, from approximately HK\$192.9 million for the year ended 31 December 2023 to approximately HK\$176.6 million for the year ended 31 December 2024. The decrease in expenses was mainly due to the decrease in contingent rent of approximately HK\$13.5 million as a result of the decrease in revenue.

## **(Loss)/profit for the year**

As a result of the foregoing, the Group recorded a loss for the year ended 31 December 2024 of approximately HK\$32.1 million as compared to a profit for the year ended 31 December 2023 of approximately HK\$88.1 million.

The turnaround from profit to loss was mainly due to: (1) the decrease in revenue for the year ended 31 December 2024 compared to that for the year ended 31 December 2023, mainly due to the overall weak local spending on catering as compared to 2023; and (2) during the year ended 31 December 2024, provisions for impairment of property, plant and equipment and right-of-use assets of some underperforming stores were made.

## **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group financed its business with internally generated cash flows and capital contributions from the Shareholders of the Company. As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$144.8 million (2023: short term bank deposits of approximately HK\$105.1 million and cash and cash equivalents of approximately HK\$147.7 million). Most bank deposits and cash were denominated in Hong Kong dollar. The Group will continue to use the internal generated cash flows and capital contributions from the Shareholders of the Company as a source of funding for future developments.

As at 31 December 2024, the Group's total current assets and current liabilities were approximately HK\$226.1 million (2023: approximately HK\$325.2 million) and approximately HK\$319.2 million (2023: approximately HK\$293.7 million) respectively, while the current ratio was about 0.7 times (2023: about 1.1 times).

As at 31 December 2024, the gearing ratio of the Group was nil (2023: nil) as it had no outstanding interest-bearing bank borrowings. The gearing ratio is calculated by total interest-bearing bank borrowings divided by total equity and multiplied by 100%.

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. During the year ended 31 December 2024, there was no investment in financial products or instruments other than cash or bank deposits were used.

There has been no change in the capital structure of the Company during the year ended 31 December 2024. During the year ended 31 December 2024, the Company did not hold or sell any treasury shares (as defined under the Listing Rules).

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2024, the Group did not hold any significant investments (2023: nil).

## **CAPITAL COMMITMENT**

As at 31 December 2024, the Group's outstanding capital commitments were approximately HK\$5.1 million (2023: approximately HK\$1.9 million). The outstanding capital commitments consist of leasehold improvements which are contracted, but not provided for, and will be fulfilled by the operating cash flow generated from ordinary business of the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group had contingent liabilities of approximately HK\$1.2 million (2023: approximately HK\$0.6 million) in respect of bank guarantee given in favour of the landlord in lien of rental deposit.

## **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT**

Save for those disclosed in this announcement, the Group had not entered into any off-balance sheet transactions as at the date of this announcement and had no other capital commitments or any specific plans for material investments or capital assets as at 31 December 2024.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group has no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2024 (2023: nil). Apart from those disclosed in this announcement, the Group has no future plan for material investments or additions of capital assets up to the date of this announcement.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2024, the Group did not have any charges on assets (2023: nil).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events occurred since the year ended 31 December 2024 and up to the date of this announcement which requires disclosure.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group had 1,619 employees (2023: 1,667 employees). The Group has developed its human resources policy that the remuneration of the employees is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The remuneration of individual employee is reviewed regularly with reference to the employee's performance and qualifications.

The emoluments of the Directors are recommended by the remuneration committee of the Company, with reference to their respective contribution of time, effort and expertise on the Company's matters. The Company has adopted a share option scheme (the "**Share Option Scheme**") on 4 May 2018 to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group. The Share Option Scheme has become effective on 30 May 2018. In addition, employees are entitled to performance and discretionary Chinese New Year bonuses. The Group would provide induction trainings for new employees and continuous trainings to existing employees regularly.

## **SHARE OPTION SCHEME**

No share option was granted during the year ended 31 December 2024. Since the date of adoption of the Share Option Scheme and up to 31 December 2024, the Company had not granted any share option under the Share Option Scheme and had no outstanding share option under the Share Option Scheme.

## **FOREIGN EXCHANGE EXPOSURE**

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to any significant foreign exchange exposure. As at 31 December 2024, the Group did not have any foreign exchange investment and did not engage in any currency hedging transactions or enter into any hedging instruments. The Board would monitor the exposure to fluctuations in exchange rates so that the related risk would be controlled at an acceptable level.

## **PROSPECTS**

The Hong Kong catering industry is expected to face various challenges in 2025. With the changing consumption patterns of residents and tourists in recent years, the industry is undergoing a transformation, making the operating environment challenging. However, as the economy improves, factors affecting local consumption may improve during the interest rate cut cycle. These factors include the potential impact of the Hong Kong dollar exchange rate, the expected increase in disposable income, and the reduction in market financing

costs, all of which may positively influence local consumption. The resumption and future expansion of the “Multiple Entry Permit” policy, and a significant number of large-scale local events and other activities will attract tourists and encourage residents to spend locally, leading to a stable and positive outlook for local consumption.

The management team will continue to leverage their expertise and experience to streamline the Group’s internal processes and develop effective operational and promotional strategies. This will enhance the Group’s operational efficiency and market responsiveness, ensuring steady progress in a challenging environment. Under the leadership of the management team, the Group will continue to refine existing brands, develop new brands, and expand its business network. Additionally, the Group will introduce innovative products and further institutionalize work processes. Strengthening management will be the strategy to embrace future opportunities and challenges.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% of the issued shares of the Company during the year ended 31 December 2024 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board resolved not to propose the payment of a final dividend for the year ended 31 December 2024 (2023: HK4.06 cents per share).

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on Thursday, 5 June 2025. The notice of AGM, which constitutes part of the circular to the Shareholders, will be issued according to the applicable law, the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and articles of association of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at its office at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 30 May 2025.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the year ended 31 December 2024, save for the deviation from code provision C.2.1 of the CG Code, which is explained in the paragraph below, the Board considers that the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairperson and the chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Kit Lung Simon (“**Mr. Wong**”) currently holds both positions. Mr. Wong has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group’s operations as he directly supervises the senior management of the Group. Taking into account the continuation of the implementation of the business plans, the Directors (including the independent non-executive Directors) consider Mr. Wong as the best candidate for both positions and such arrangement is beneficial to and in the interests of the Group and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Wong) and three independent non-executive Directors and therefore has a strong independence element in its composition. The Board would continue to periodically review the effectiveness of this arrangement to ensure its alignment with the needs of the Group.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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 securities transactions of the Directors. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sale of treasury shares (as defined under Listing Rules) for the year ended 31 December 2024.

As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

## **REVIEW BY AUDIT COMMITTEE**

The Board has established an audit committee of the Company (the “**Audit Committee**”) which comprises three independent non-executive Directors, namely Mr. Mak Kam Chiu (Chairperson), Mr. Hung Wai Man and Mr. Sin Yat Kin. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management of the Group, have reviewed the consolidated annual results of the Group for the year ended 31 December 2024, which were of the opinion that the preparation of such annual results complied with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.lhgroup.com.hk](http://www.lhgroup.com.hk)), and the 2024 annual report (containing the information required by Appendix D2 to the Listing Rules) will be issued and published on the respective websites of the Stock Exchange and the Company according to the requirements under the Listing Rules.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management team and all the staff of the Group for their continuous support and contribution. The Board also takes this opportunity to thank the Shareholders, customers, business partners and professional parties for their unreserved support in the prospects of the Group.

By order of the Board  
**LH GROUP LIMITED**  
**Wong Kit Lung Simon *Prof, BBS, JP***  
*Chairman*

Hong Kong, 27 March 2025

*As at the date of this announcement, the Board comprises Mr. Wong Kit Lung Simon Prof, BBS, JP and Ms. Ko Sau Chee Grace as executive Directors; and Mr. Sin Yat Kin SBS, CSDSM, JP, Mr. Hung Wai Man Prof, JP and Mr. Mak Kam Chiu as independent non-executive Directors.*