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Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
呷哺呷哺餐飲管理(中國)控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 520)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	For the year ended	
	31 December	2023
	2024	
	RMB'000	RMB'000
	(audited)	(audited)
Revenue	4,754,843	5,917,962
Segment results ⁽¹⁾	(68,234)	87,915
Loss before tax	(389,136)	(124,375)
Total loss for the year	(398,477)	(194,445)
Total loss for the year attributable to owners of the Company	(400,681)	(199,466)

(1) The measure used for reporting segment result is the adjusted segment profit (loss) before (i) certain gain or loss from changes in fair value of financial assets at FVTPL; (ii) interest on bank borrowings; (iii) impairment loss and disposal loss on non-current assets; (iv) impairment loss on financial assets; and (v) loss on closure of restaurants.

BUSINESS REVIEW AND OUTLOOK

Overview

In 2024, the Group opened 65 Xiabuxiabu restaurants and 13 Coucou restaurants. The Group also closed down 138 Xiabuxiabu restaurants and 73 Coucou restaurants. These restaurants were closed down as they were primarily loss-making, many operated in locations that were mismatching to the “value for money” model which Xiabuxiabu stood for and models that were not able to portrait the brand correctly. The Group believes that with continuous adjustment, the Company will be able to further improve the overall profitability of the restaurants and continue to go forward.

As at 31 December 2024, the Group owned and operated 757 Xiabuxiabu restaurants in 115 cities of 21 provinces and autonomous regions and in three centrally administered municipalities in Mainland China, namely Beijing, Tianjin and Shanghai, and 3 Xiabuxiabu restaurants outside Mainland China.

The Group also owned and operated 181 Coucou restaurants in 38 cities of 18 provinces, in three centrally administered municipalities in China, namely Beijing, Tianjin and Shanghai, and 16 Coucou restaurants outside Mainland China.

The Group’s revenue decreased by 19.7% from RMB5,918.0 million in 2023 to RMB4,754.8 million in 2024. The overall revenue of the food and beverage industry in 2024 showed a year-on-year decline due to continuous fierce competition in the industry and rationalization of consumer demand. Meanwhile, the Group successfully expanded and strengthened its restaurant network with the opening of 65 new Xiabuxiabu restaurants and 13 new Coucou restaurants in 2024.

INDUSTRY REVIEW

In 2024, the catering industry showed a polarization pattern. On one hand, a large number of small and medium-sized restaurants have closed down or exited the market due to intense competition; on the other hand, nearly 3.6 million catering enterprises have been newly registered, which led to a continuous expansion in the industry scale. In 2024, consumers were more cautious, with a decline in per capita consumption, while the demand for cost-effectiveness and high quality remained high. Under such an external environment, catering enterprises were actively seeking new development paths. Some enterprises were sounding out the low-priced market by cutting price or launching sub-brands, while many were exploring overseas markets in an attempt to achieve globalization in the catering industry.

In 2024, the Group continued to advance its overseas expansion strategy, based on its operations in Hong Kong, China Taiwan, and Singapore to create a global hotpot brand. Through continuous innovation and improvement of service quality, the Group has maintained strong competitiveness in the fierce market competition and continuously led the industry trend.

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The Group's restaurant network

In 2024, the Group opened a total of 78 new restaurants, including 65 Xiabuxiabu restaurants and 13 Coucou restaurants. In addition, the Group closed a total of 219 restaurants, including 138 Xiabuxiabu restaurants and 73 Coucou restaurants in 2024 as some of the restaurants were in locations that were not able to present the Xiabuxiabu “value for money” brand image and also due to various commercial reasons. In aggregate, the Group's total number of restaurants in operation was 957 as at 31 December 2024.

The table below sets forth the number of the Group's Xiabuxiabu restaurants (“#”) by region as at the dates indicated:

	As at 31 December			
	2024		2023	
	#	%	#	%
Tier 1 cities ⁽¹⁾	319	42.0	317	38.1
Tier 2 cities ⁽²⁾	312	41.0	309	37.1
Tier 3 cities and below ⁽³⁾	126	16.6	202	24.2
Other markets ⁽⁴⁾	3	0.4	5	0.6
Total	760	100.0	833	100.0

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals in Mainland China, plus Baoding, Changzhou, Dalian, Langfang, Nantong, Ningbo, Qingdao, Wuxi, Xuzhou and Yantai.

(3) All cities in Mainland China except for tier 1 and tier 2 cities mentioned in (1) and (2) above.

(4) Taiwan, China, Hong Kong, China and Singapore.

The table below sets forth the number of the Group’s Coucou restaurants (“#”) by region as at the dates indicated:

	As at 31 December			
	2024		2023	
	#	%	#	%
Tier 1 cities ⁽¹⁾	70	35.6	91	35.4
Tier 2 cities ⁽²⁾	108	54.8	143	55.6
Tier 3 cities ⁽³⁾	3	1.5	9	3.5
Other markets ⁽⁴⁾	16	8.1	14	5.5
Total	197	100.0	257	100.0

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals in Mainland China, plus Changzhou, Dalian, Foshan, Dongguan, Jiaxing, Nanning, Nantong, Ningbo, Quanzhou, Xiamen, Suzhou, Wenzhou, Wuxi, Xuzhou, Zhuhai, Qingdao, Huizhou, Jinhua and Zhongshan.

(3) Taizhou, Zhangzhou and Huzhou.

(4) Hong Kong, China, Taiwan, China and Singapore.

Key operational information for the Group's restaurants

Set forth below are certain key performance indicators of the Group's Xiabuxiabu restaurants by region for the years indicated:

	For the year ended 31 December	
	2024	2023
Net revenue (in RMB thousands)		
Tier 1 cities ⁽¹⁾	1,227,399	1,470,699
Tier 2 cities ⁽²⁾	754,260	1,006,216
Tier 3 cities and below ⁽³⁾	417,595	584,335
Other markets ⁽⁴⁾	37,230	20,173
Total	2,436,484	3,081,423
Average spending per customer (RMB)⁽⁵⁾		
Tier 1 cities ⁽¹⁾	55.5	63.4
Tier 2 cities ⁽²⁾	52.9	60.4
Tier 3 cities and below ⁽³⁾	53.3	61.2
Other markets ⁽⁴⁾	145.4	131.4
	54.8	62.2
Seat turnover rate (x)⁽⁶⁾		
Tier 1 cities ⁽¹⁾	3.1	3.2
Tier 2 cities ⁽²⁾	2.2	2.4
Tier 3 cities and below ⁽³⁾	1.9	2.0
Other markets ⁽⁴⁾	2.5	2.6
	2.5	2.6

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals in Mainland China, plus Baoding, Changzhou, Dalian, Langfang, Nantong, Ningbo, Qingdao, Wuxi, Xuzhou and Yantai.

(3) All cities in Mainland China except for tier 1 and tier 2 cities mentioned in (1) and (2) above.

(4) Taiwan, China, Hong Kong, China and Singapore.

(5) Calculated by dividing revenue generated from sales of Xiabuxiabu restaurants for the year by total customer traffic of Xiabuxiabu restaurants for the year.

(6) Calculated by dividing total customer traffic by total Xiabuxiabu restaurant operation days and average seat count of Xiabuxiabu restaurants during the year, for the counterpart; calculated by dividing total customer traffic by total Xiabuxiabu restaurant operation days and average table count of Xiabuxiabu restaurants during the year, for the table part.

In 2024, revenue contribution from Xiabuxiabu and Coucou restaurants continued to be the main source of revenue of the Group, and contributed 96.3% as a percentage of the Group's total revenue. In the face of the current fierce competition in the catering market, Xiabuxiabu has achieved full-time supply, multi-scenario expansion and regional customization to boost customer visits. In 2024, Xiabuxiabu still achieved a commendable seat turnover rate of 2.5x, fully demonstrating its solid operational strength. At the same time, Xiabuxiabu continuously enriched delivery-made cooked food products, created a dining environment and dining experience suitable for a specific period of time, and strengthened the deep cultivation of business in southern China while consolidating the stable growth of strong northern regions.

The table below sets forth same-store sales and sales growth of Group's Xiabuxiabu restaurants for the years indicated:

	For the year ended	
	31 December	
	2024	2023
Number of same-store*		
Tier 1 cities	312	
Tier 2 cities	309	
Tier 3 cities and below	183	
Other markets	3	
Total	807	
Same-store sales (in RMB million)		
Tier 1 cities	1,006.1	1,295.4
Tier 2 cities	659.8	864.4
Tier 3 cities and below	369.2	499.7
Other markets	21.7	22.5
Total	2,056.8	2,682.0
Same-store sales growth (%)		
Tier 1 cities	(22.3)	
Tier 2 cities	(23.7)	
Tier 3 cities and below	(26.1)	
Other markets	(3.9)	
	(23.3)	

* Including restaurants that commenced operations prior to the beginning of the years under comparison and opened for the same number of days in both 2023 and 2024.

Set forth below are certain key performance indicators of the Group's Coucou restaurants by region for the years indicated:

	For the year ended 31 December	
	2024	2023
Net revenue (in RMB thousands)		
Tier 1 cities ⁽¹⁾	1,141,792	1,019,596
Tier 2 cities ⁽²⁾	334,744	1,227,989
Tier 3 cities ⁽³⁾	35,947	58,982
Other markets ⁽⁴⁾	362,714	311,236
Total	1,875,197	2,617,803
Average spending per customer (RMB)⁽⁵⁾		
Tier 1 cities ⁽¹⁾	122.3	140.9
Tier 2 cities ⁽²⁾	119.8	130.0
Tier 3 cities ⁽³⁾	112.8	129.3
Other markets ⁽⁴⁾	276.8	273.0
	123.5	142.3
Table turnover rate (x)⁽⁶⁾		
Tier 1 cities ⁽¹⁾	1.6	2.2
Tier 2 cities ⁽²⁾	1.4	1.9
Tier 3 cities ⁽³⁾	1.2	1.8
Other markets ⁽⁴⁾	2.1	2.2
	1.6	2.0

(1) Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Except for the tier 1 cities mentioned above, all centrally administered municipalities and most provincial capitals in Mainland China, plus Changzhou, Dalian, Foshan, Dongguan, Jiaxing, Nanning, Nantong, Ningbo, Quanzhou, Xiamen, Suzhou, Wenzhou, Wuxi, Xuzhou, Zhuhai, Qingdao, Huizhou, Jinhua and Zhongshan.

(3) Taizhou, Zhangzhou and Huzhou.

(4) Hong Kong, China, Taiwan, China and Singapore.

(5) Calculated by dividing revenue generated from sales of Coucou restaurants for the year by total customer traffic of Coucou restaurants for the year.

(6) For the dine-in part, this is calculated by dividing total sales number by total Coucou restaurant operation days and average table count of Coucou restaurants during the year. For the delivery part, the delivery sales that equals to the average dine-in customer spending is regarded as one dine-in customer.

In 2024, due to the impact of economic downturn, the dine-in customer flow of Coucou restaurants could not fully restore, and the table turnover rate of Coucou restaurants slightly decreased from 2.0x in 2023 to 1.6x in 2024. Average spending per customer was RMB123.5 in 2024, compared to RMB142.3 in 2023, representing a decrease of 13.2% as compared with that in 2023. In response to the changes in the market environment, Coucou began trying to increase customer traffic to dine-in through online platforms in 2024.

The table below sets forth same-store sales and sales growth of Group's Coucou restaurants for the years indicated:

	For the year ended 31 December	
	2024	2023
Number of same-store*		
Tier 1 cities	92	
Tier 2 cities	139	
Tier 3 cities	9	
Other markets	14	
Total	254	
Same-store sales (in RMB million)		
Tier 1 cities	572.4	904.0
Tier 2 cities	699.8	1,121.0
Tier 3 cities	25.0	47.2
Other markets	337.8	331.3
Total	1,635.0	2,403.5
Same-store sales growth (%)		
Tier 1 cities	(36.7)	
Tier 2 cities	(37.6)	
Tier 3 cities	(47.0)	
Other markets	2.0	
	(32.0)	

* Including restaurants that commenced operations prior to the beginning of the years under comparison and opened for the same number of days in both 2023 and 2024.

OUTLOOK FOR 2025

Business Outlook

In 2024, the domestic consumer market as a whole showed a recovery trend, but there were changes in the structure of consumption, with certain consumers preferring products and services with high cost performance.

Looking ahead to 2025, expanding domestic demand and boosting consumption will remain the key driving forces for China's economic growth. The government will continue to stimulate consumption potential through policy guidance, particularly through digital and innovative services to enhance consumer experience. In terms of monetary policy, the interest rate is expected to remain low, which will be conducive to reducing corporate financing costs and promoting investment and consumption.

The Group will continue to focus on ensuring the quality and safety of ingredients, improving the dining experience, and enhancing customer brand recognition. Facing intense market competition, we will further capitalize on our strengths in supply chain, reputation and scale to boost competitiveness through innovative services and products.

Going into 2025, the Group will continue to implement the following strategies:

Restaurants opening strategy

In 2025, the Xiabuxiabu brand will focus on its presence in the market such as Beijing, Hebei, Shanghai, Guangzhou, and Shenzhen, so as to create a bright image of value mini hotpot through high-quality products and classic set meal. The Group plans to open not less than 95 restaurants under the Xiabuxiabu brand in 2025 with the seat turnover rate of at least 3x. The goal is to enhance the appeal and influence of the Xiabuxiabu brand and further consolidate the market share of existing restaurants. We strive to open more high-profit new restaurants at top-level projects such as large-scale entertainment theme parks, airports, and train stations, which are high-traffic locations.

In 2025, Coucou will adopt a prudent strategy for restaurant opening, selecting only premium shopping malls in Mainland China to open restaurants, and will collaborate with reputable commercial properties of strong brand to enhance brand momentum, focusing on quality instead of quantity.

In 2024, the Group continued to deepen its global strategic layout and strengthened its competitiveness in overseas markets through a dual-track strategy of “localization + brand upgrading”. In terms of major markets in the Asia-Pacific region, the Group dedicated to building the international image of the “Coucou” brand, successfully achieving a strategic transformation breakthrough from single region to all regions. In terms of the Hong Kong market, while consolidating the stable operations of its 11 restaurants in Hong Kong, the Group opened one new directly operated restaurant and aggressively entered the Taiwan market as a “Taiwanese Hotpot Culture Ambassador”. The first restaurant in Taiwan was

opened at Taipei Dome, featuring the dual selling points of “traditional soup base flavors + modern and stylish space”, and integrating traditional and innovative elements. Upon opening, it quickly became one of the popular local dining brands, showing its strong cross-cultural adaptability.

Branding strategy

The Xiabuxiabu brand focused on locking target customer group, starting from promoting product competitiveness upgrade and brand value upgrade to continuously implement the following “Four Optimisations” strategies: (1) product variety enrichment: developing products for all time periods to form a diversified product matrix; (2) excellent set meal advantages: the set meal is adjusted to a new model, and the advantages of beef and lamb industry are created based on Yishun; (3) personalised member experience: care and warmth are conveyed to our customers through the integration of membership digital marketing and brand culture, and Xiabuxiabu launches popular co-branded peripheral products with internationally renowned brand images; and (4) refined operations: we deeply focus on student customer groups, timely launching student monthly cards and exclusive student set meal packages, and refining operations for student customer groups of all age segments.

In 2025, Coucou will continue to focus on the development of its menu, including the variety of dishes, the monthly new product plan and the customer ordering experience.

Membership operations will remain a key focus in 2025, with the brand significantly optimizing its previous community operation efforts to enhance member engagement and repurchase rates.

For the development of new customer groups, we shall remain focus on the university students as the main target, and actively develop corporate customers to dine-in the restaurant.

Product strategy

The Group will continue to strengthen its global supply chain system to consolidate cost advantages. In terms of product strategy, the “pyramid price principle” will be adopted in markets covering all customer groups. The Group will offer an immersive dining experience through the Coucou brand in the high-end segment, and reinforce the youthful image in mid-range market through the Xiabuxiabu brand, while also develop light catering to expand into lower-tier market.

Xiabuxiabu restaurant will make continuous innovations to upgrade and enrich its product offering while continuing to serve the classic delicacy of the Xiabuxiabu brand. In 2025, Xiabuxiabu will launch a variety of creative and delicious new products, such as the refreshing tangerine salt soup base with “a sweet and sour taste”, New Zealand Romney lamb chops from 6-month-old lambs raised on natural pastures in New Zealand, as well as Chinese hamburgers with selected high-quality pork belly and crispy skin, etc. The tomato soup base, mushroom soup base, and Sukiyaki soup base will be upgraded to create a fresher and more diverse product matrix to satisfying consumers’ more varied choices of dishes.

Coucou will continue to supplement and expand its product matrix of soup bases in 2025, planning for each restaurant to offer about 10 soup bases for consumers to choose from, so as to meet the taste preferences of different groups of customers. In terms of other dishes, Coucou will also continue to innovate according to consumers' preference to create hot and special dishes.

Supply Chain Strategy

The Group has focused on rapid response to consumer demands as a core starting point, to enhance overall supply chain efficiency, control costs, and improve core competitiveness through optimizing resource allocation, process management, and technology application, so as to ensure the freshness of ingredients from source to dining table to the maximum extent. At the same time, the Group has reduced inventory costs and the risk of stockouts through precise demand forecasting and rational inventory structure configuration. In addition, the Group has maintained a win-win attitude by sharing information with upstream suppliers and achieving data transparency through the SRM system. The Group has established a comprehensive supplier management system, dynamically adjusting supplier cooperation strategies based on performance evaluations (such as quality, delivery time, and cost). On the technical front, the Group is data-driven and results-oriented, continuously optimizing the precision of procurement demand forecasts by integrating its own operational characteristics, market trend changes, seasonal factors, and regional consumer preferences. The Group has leveraged the advantages of big data to achieve real-time monitoring of supply chain indicators and in-depth analysis of various business data.

Talent development strategy

In 2024, the Company continued to actively recruit externally for regional managers and operation managers, implemented a performance evaluation policy that promoted meritocracy and allowed for both upward and downward mobility, optimized the structure of management personnel, and enhanced brand competitiveness. Coucou brand division further vigorously launched the “Elite Store Manager” internal training and external recruitment project during this year. Dozens of experienced and capable high-quality restaurant manager candidates were recruited nationwide to strengthen frontline operational management by boldly employing young and energetic talents, which played a positive role in enhancing restaurant service quality and operational performance. Xiabuxiabu brand division will continuously strengthen its campus recruitment plan, and collaborate with more institutions to select young, high-quality, innovative, and energetic personnel while promoting the company brand, products, and employer brand during campus recruitment, continuously enhance the awareness and favorability of this segment of young consumers towards the Group's brand.

In terms of incentive mechanism, continuous optimization and improvement of the incentive mechanism within the operational system are carried out to encourage employees to focus on performance, sales and profits improvement, so as to achieve a win-win situation between the Company and employees. Moreover, the bonus mechanism for certain functional departments closely related to operations has been further improved, thereby linking the bonus mechanism with performance results to promote a results-oriented performance culture. The appraisal cycle has been changed from annual to monthly to enhance employees' attention to performance, quick response and full cooperation and support.

Marketing strategy

The Group will adhere to the concept of brand strategic upgrading and build competitive advantages through three major dimensions: firstly, the Group will focus on deepening brand value, creating a differentiated product matrix through refined operations to precisely meet the needs of core customer groups, and relying on innovative design and scenario-based presentation to construct an immersive sensory experience. Secondly, the Group will establish a diversified communication matrix, integrating digital media ecosystems (self-media operations + precise placement), outdoor landmark exposure, and a deep interaction system with members to achieve a unified enhancement of brand awareness and effectiveness. At the same time, the Group will strengthen the communication of product value, showcase the core competitiveness of its products in a three-dimensional manner through story based marketing and experiential consumption scenarios, thus building a complete path from brand awareness to consumption transformation.

The Group will continue to strengthen the advantages of cross-brand synergies, using the “membership all-you-can-eat card” as the core vehicle to build a comprehensive membership service matrix including Xiabuxiabu, Coucou Hotpot, Tea Mi Tea and Xiabu Food. Through precise membership operation strategies, the Group will deepen the full life-cycle interaction with high-net-worth members across dimensions such as the integration of consumption scenarios, product portfolio innovation and the extension of value-added services, fully demonstrating the strategic value of “one-stop catering consumption solution”, and continuously enhancing brand stickiness among loyal customer groups. In 2024, the Group added nearly 5.03 million new members through the Group's membership system with a cumulative total of approximately 42 million members. The number of member consumption almost reached 7.20 million, and the frequency of member consumption increased to 3.33 times, which was increased by 1.4x year-on-year. At the same time, over 2 million all-you-can-eat cards were sold in 2024, with an amount exceeding RMB420 million. The member consumption frequency of the all-you-can eat card increased by 3x as compared with that of ordinary members, and the per capita repurchase spending amounted to RMB488, representing an increase of 1.5x as compared with that of ordinary members, thus laying a good foundation for improving customer loyalty in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table is a summary of the Group's consolidated statement of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the years indicated, together with the change (expressed in percentages) from 2023 to 2024:

	Year ended 31 December				Year-on-year change
	2024		2023		
	RMB'000	%	RMB'000	%	%
Revenue	4,754,843	100.0	5,917,962	100.0	(19.7)
Other income	57,402	1.2	139,798	2.4	(58.9)
Raw materials and consumables used	(1,672,795)	(35.2)	(2,214,423)	(37.4)	(24.5)
Staff costs	(1,612,569)	(33.9)	(1,862,892)	(31.5)	(13.4)
Property rentals and related expenses	(298,094)	(6.3)	(311,085)	(5.3)	(4.2)
Utilities expenses	(197,188)	(4.1)	(225,872)	(3.8)	(12.7)
Depreciation and amortisation	(777,245)	(16.3)	(928,600)	(15.7)	(16.3)
Other expenses	(368,744)	(7.8)	(431,620)	(7.3)	(14.6)
Other gains and losses	(203,662)	(4.3)	(135,213)	(2.3)	50.6
Finance costs	(71,084)	(1.5)	(72,430)	(1.2)	(1.9)
Loss before tax	(389,136)	(8.2)	(124,375)	(2.1)	212.9
Income tax expense	(9,341)	(0.2)	(70,070)	(1.2)	(86.7)
Loss for the year	(398,477)	(8.4)	(194,445)	(3.3)	104.9
Total comprehensive expense for the year	(398,477)	(8.4)	(194,445)	(3.3)	104.9

Revenue

The Group's revenue decreased by 19.7% from RMB5,918.0 million in 2023 to RMB4,754.8 million in 2024. The Group closed 138 Xiabuxiabu restaurants and 73 Coucou restaurants in 2024 as a result of the intense competition in the industry and rational consumer demand, resulting in the overall revenue of the catering industry in 2024 showing a year-on-year decline. Nevertheless, facing the challenges mentioned above during the year, revenue from the Xiabuxiabu decreased by 13.1% from RMB3,023.9 million in 2023 to RMB2,629.2 million in 2024; and revenue from Coucou decreased by 26.5% from RMB2,651.9 million in 2023 to RMB1,948.3 million in 2024. On the other hand, revenue from the condiment products increased by 5.7% from RMB122.0 million in 2023 to RMB129.0 million in 2024 mainly attributable to the increase in sales through the online e-commerce channel in 2024, which resulted in the addition of frozen products.

Other income

The Group's other income decreased by 58.9% from RMB139.8 million in 2023 to RMB57.4 million in 2024, mainly due to the decrease in subsidies received in 2024 as a result of the expiry of the deduction policy of value-added tax at the end of 2023.

Raw materials and consumables used

The Group's raw materials and consumables cost decreased by 24.5% from RMB2,214.4 million in 2023 to RMB1,672.8 million in 2024, which was attributable to the decrease in restaurant traffic and sales. Benefiting from the advantages of centralised procurement and the improvement of ingredients utilisation, the Group's cost of raw materials and consumables in 2024 as a percentage of the Group's revenue decreased from 37.4% in 2023 to 35.2% in 2024, thereby effectively reducing the average procurement unit price.

Staff costs

The Group's staff costs decreased by 13.4% from RMB1,862.9 million in 2023 to RMB1,612.6 million in 2024, and the number of the Group's employees decreased from 28,665 as at 31 December 2023 to 22,504 as at 31 December 2024. The decrease in staff costs was mainly due to the closure of some loss-making restaurants.

Property rentals and related expenses

The Group's property rental and related expenses decreased by 4.2% from RMB311.1 million in 2023 to RMB298.1 million in 2024, which was mainly due to the closure of loss-making restaurants in 2024 leading to a decrease in total rental cost. Such saving in rental cost was partially offset by (i) decrease in property fee concessions and rent reductions in shopping malls in 2024 as compared to 2023; and (ii) property rentals in 2024 were significantly higher than in the previous year, resulting in an overall increase in property rentals. As a result of the aforementioned factors, and in light of the lower revenue recorded in 2024 as compared to 2023, the Group's property rental and related expenses as a percentage of the Group's revenue increased from 5.3% in 2023 to 6.3% in 2024.

Utilities expenses

The Group's utilities expenses decreased by 12.7% from RMB225.9 million in 2023 to RMB197.2 million in 2024 mainly due to a net decrease in the number of restaurants by 141 in 2024. Utility expenses as a percentage of the Group's revenue increased slightly from 3.8% in 2023 to 4.1% in 2024.

Depreciation and amortisation

The Group's depreciation and amortisation decreased by 16.3% from RMB928.6 million in 2023 to RMB777.2 million in 2024, mainly attributable to (i) the closure of 138 Xiabuxiabu restaurants and 73 Coucou restaurants in 2024; (ii) the decrease in amortisation as a result of the expansion of the Group's small-sized restaurant model; and (iii) decrease in provision of depreciation and amortisation as a result of the increase in impairment losses on certain non-current assets in 2024 compared to the same period in 2023. Depreciation and amortisation as a percentage of revenue increased from 15.7% in 2023 to 16.3% in 2024.

Other expenses

The Group's other expenses decreased by 14.6% from RMB431.6 million in 2023 to RMB368.7 million in 2024, which was attributable to the Group's cost control measures implemented in 2024 including (i) optimising supply chain planning and reducing logistics costs through digital distribution modelling; (ii) utilising warranty services and insurance to effectively reduce maintenance expense; and (iii) adjusting office staff structure to effectively reduce office and administrative expenses. Despite the decrease in other expenses as mentioned above, such expenses as a percentage of the Group's revenue was slightly increased from 7.3% in 2023 to 7.8% in 2024.

Other gains and losses

The Group recorded other net losses of RMB203.7 million in 2024, mainly because of the loss on closure of restaurants and impairment losses totaling approximately RMB262 million due to factors such as the closure or ongoing losses of some restaurants for the year ended 31 December 2024, as compared to the impairment losses of RMB164.3 million made in the previous year (see Note 5 to the consolidated financial statements).

Finance costs

The Group recorded finance costs of RMB71.1 million in 2024, mainly derived from interest on lease liabilities of RMB59.2 million.

Income tax expense

The Group's income tax expenses in 2024 amounted to RMB9.3 million as compared to an income tax expense of RMB70.1 million in 2023. This was due to a decrease in deferred tax assets of certain subsidiaries of the Company as at 31 December 2024 as compared to the corresponding period in 2023.

Liquidity and capital resources

In 2024, the Group financed its operations primarily through cash from the Group's operations.

Cash and cash equivalents

As at 31 December 2024, the Group had cash and cash equivalents of RMB362.7 million, which primarily consisted of cash on hand and demand deposits and which were mainly denominated in Renminbi (as to 62.9%), U.S. dollars (as to 18.6%), Hong Kong dollars (as to 14.5%), Taiwan New dollars (as to 2.3%) and Singapore dollars (as to 1.7%). The balance of cash and cash equivalents as at 31 December 2024 increased by approximately RMB233.3 million as compared with that of RMB129.4 million as at 31 December 2023, which was mainly due to the maturity of certain financial products at the end of 2024.

In view of the Group's currency mix, the Group currently does not use any derivative contracts to hedge against the Group's exposure to currency risk. The Group's management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

Financial assets at fair value through profit or loss ("FVTPL")

As at 31 December 2024, the Group had financial assets at FVTPL which amounted to RMB587.0 million in aggregate, which mainly represented financial products (the "**Financial Products**") issued by Bank of Industrial Bank Co., Ltd. and Fubon Bank (China) Co., Ltd. and China International Capital Corporation Wealth Management, China Galaxy Securities Co., Ltd., and COFCO Trust. Such products are investments with no predetermined or guaranteed return and are not principal protected, with an expected return rate ranging from 1.22% to 5.21% per annum. In particular, two of the financial products of RMB132.8 million were classified as non-current assets due to their maturity date in 2028. The realized gain from the Financial Products of approximately RMB27.3 million was recorded in 2024 as changes in fair value of financial assets designated as financial assets at FVTPL.

The Group generally subscribed for the financial products on a revolving basis, which means that the Group would subscribe for additional financial products when the terms of certain financial products previously subscribed for by the Company expired. Subscriptions of financial products were made for treasury management purposes to maximize the return on the unutilized funds of the Group after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Group had in the past selected short-term financial products issued by reputable commercial banks and investment fund companies that had relatively low associated risk. Prior to making an investment, the Group had also ensured that there remained sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products. Although the financial products were marketed as wealth management products which were not principal protected nor with pre-determined or guaranteed return, the underlying investments were in line with the internal risk management, cash management and investment policies of the Group and the Company had fully recovered the principal and received the expected returns upon the redemption or maturity of similar financial products in the past.

In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as a relatively short term of maturity of the Financial Products, the Directors are of the view that the Financial Products pose relatively low risk to the Group and the terms and conditions of each of the subscriptions are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

There was no single financial product in the Group's investment portfolio that has a carrying amount that accounted for more than 5% of the Group's total assets as at 31 December 2024.

None of the subscription of the financial products during the year ended 31 December 2024, individually or collectively when aggregation is required, constitute a discloseable transaction under Chapter 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Indebtedness

As at 31 December 2024, the Group had short-term bank borrowings of RMB380.4 million that were made in Renminbi at a fixed interest rate from 0.46% to 3.65% per annum and are expected to mature within 1 year.

Gearing ratio

As at 31 December 2024, the Group's gearing ratio was 45.0%. Gearing ratio was calculated by dividing bank and other borrowings by total equity as at the same date and multiply by 100%.

Capital expenditures

The Group made payment for the capital expenditures of RMB237.8 million in 2024 for new restaurant openings, refurbishment of existing restaurants and purchase of new equipment. In 2023, the Group's capital expenditures were RMB431.6 million. In 2024, the Group opened a total of 78 new restaurants. The Group's capital expenditure in 2024 was funded primarily by cash generated from its operations.

Pledge of assets

As at 31 December 2024, the Company had pledged certain land, plant and machinery with a carrying amount of RMB12.3 million to obtain bank borrowings of RMB50.0 million. As at 31 December 2024, the Company had pledged bank deposits of RMB26.1 million as securities for bank borrowings.

Contingent liabilities and guarantees

As at 31 December 2024, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

Significant investments held, material acquisitions and future plans for major investment

During the year ended 31 December 2024, the Group did not conduct any material investments, acquisitions or disposals. As at 31 December 2024, the Group has no significant investments held and specific future plan for major investment or acquisition for major capital assets or other businesses. As part of the business expansion plan, the Group will continue to identify new opportunities for business development.

Employee and remuneration policies

As at 31 December 2024, the Group had a total of 22,504 employees (2023: 28,665). In particular, 152 employees worked at the Group's food processing facilities, 2,708 were responsible for restaurant management, 18,686 were restaurant staff and 958 were administrative staff.

The Group offers competitive wages and other benefits to the Group's restaurant employees to manage employee attrition. The Group also offers profit sharing in the form of discretionary performance bonus as further incentive to the Group's restaurant staff if a specific restaurant target is achieved. The Group's staff costs include all salaries and benefits payable to all the Group's employees and staff, including the Group's executive Directors, headquarters staff and food processing facilities staff.

For the year ended 31 December 2024, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB1,612.6 million, representing approximately 33.9% of the total revenue of the Group.

Final Dividend

The Directors have resolved not to recommend the payment of a final dividend to the shareholders of the Company for the year ended 31 December 2024.

FINANCIAL INFORMATION

The audited consolidated annual results of the Group for the year ended 31 December 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December	
	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	4,754,843	5,917,962
Other income		57,402	139,798
Raw materials and consumables used		(1,672,795)	(2,214,423)
Staff costs		(1,612,569)	(1,862,892)
Property rentals and related expenses		(298,094)	(311,085)
Utilities expenses		(197,188)	(225,872)
Depreciation and amortisation		(777,245)	(928,600)
Other expenses		(368,744)	(431,620)
Other gains and losses	5	(203,662)	(135,213)
Finance costs	6	(71,084)	(72,430)
Loss before tax	7	(389,136)	(124,375)
Income tax expense	8	(9,341)	(70,070)
Loss for the year		(398,477)	(194,445)
Total comprehensive expense for the year		(398,477)	(194,445)
(Loss) profit for the year attributable to:			
Owners of the Company		(400,681)	(199,466)
Non-controlling interest		2,204	5,021
		(398,477)	(194,445)
Total comprehensive (expense) income attributable to:			
Owners of the Company		(400,681)	(199,466)
Non-controlling interest		2,204	5,021
		(398,477)	(194,445)
Loss per share			
– basic (RMB cents per share)	9	(38.50)	(19.16)
– diluted (RMB cents per share)	9	(38.50)	(19.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		556,283	894,362
Right-of-use assets	11	879,313	1,254,041
Intangible assets		7,116	6,602
Deferred tax assets		3,050	8,864
Rental deposits		148,203	185,395
Financial assets at fair value through profit or loss (“FVTPL”)	13	132,766	127,253
Interest in a joint venture		100,061	100,164
		<u>1,826,792</u>	<u>2,576,681</u>
Current assets			
Inventories		289,220	345,542
Trade and other receivables and prepayments	12	314,518	394,255
Income tax recoverable		4,065	—
Financial assets at FVTPL	13	454,194	526,741
Restricted bank balances		87,871	143,686
Term deposits		7,188	—
Cash and cash equivalents		362,695	129,366
		<u>1,519,751</u>	<u>1,539,590</u>
Current liabilities			
Trade payables	14	235,850	269,114
Accrual and other payables		486,152	557,524
Lease liabilities	15	292,355	379,035
Income tax payables		—	14,065
Contract liabilities		428,019	415,577
Deferred income		910	910
Bank borrowings		380,406	248,580
		<u>1,823,692</u>	<u>1,884,805</u>
Net current liabilities		<u>(303,941)</u>	<u>(345,215)</u>
Total assets less current liabilities		<u>1,522,851</u>	<u>2,231,466</u>

	<i>Notes</i>	As at 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Deferred income		5,005	5,915
Lease liabilities	<i>15</i>	618,717	894,024
Provisions		54,239	61,599
		<hr/>	<hr/>
		677,961	961,538
		<hr/>	<hr/>
Net assets		844,890	1,269,928
		<hr/>	<hr/>
Capital and reserves			
Share capital	<i>16</i>	176	176
Share premium and reserves		773,911	1,201,153
		<hr/>	<hr/>
Equity attributable to owners of the Company		774,087	1,201,329
Non-controlling interest		70,803	68,599
		<hr/>	<hr/>
Total equity		844,890	1,269,928
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on the main board of The Stock Exchange of Hong Kong Limited (“**HKEX**”) on 17 December 2014. The address of the registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding company and the Company and its subsidiaries (collectively referred to as “**the Group**”) are principally engaged in Chinese hotpot restaurant operations in the PRC.

The Company’s immediate holding company is Ying Qi Investments Limited (incorporated in the British Virgin Islands), and its ultimate controlling party is Mr. Ho Kuang-Chi, who is also the Chairman of the Company.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) – continued

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards– Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.

3. REVENUE

The Group generates revenues from restaurant operation and sales of condiment products and other goods.

For restaurant operation, the control of services and food is transferred at a point in time, revenue is recognised when the related services have been rendered to customers.

The Group operates several kinds of customer loyalty program for its restaurant operation, including:

- **Prepaid cards.** Prepaid card is purchased by customers with a discount to its face value, which can be utilised in the future consumption in restaurants at customers' discretion. The amount received from selling prepaid cards is recorded in contract liabilities and deferred until they are redeemed by customers when the Group fulfils its obligations to provide services or goods or when they expire.
- **The customer loyalty points.** Customers are granted with loyalty points via consumption in restaurants, which entitle them to future purchases and consumptions in restaurants by offsetting the award credits. The loyalty point is treated as a separate performance obligation and will be expired at the end of the coming year. The Group allocates the transaction price to each performance obligation on a relative standalone selling price basis. The amount allocated to the loyalty point is recorded in contract liabilities and deferred until the loyalty points are redeemed when the Group fulfils its obligations to provide services or goods or when the points expire. In determining the relative standalone selling price of the loyalty point, the Group considers likelihood of future redemption based on historical redemption pattern and reviews such estimates periodically based upon the latest available information regarding redemption and expiration patterns.
- **The privilege membership program.** Customers purchase the privilege membership with consideration, which offer customers with privilege members rights to multiple benefits with a twelve months' valid period after the purchase. Consideration received is recorded in contract liabilities and deferred until it is redeemed by customers when the Group fulfils its obligations to provide services or goods or when it expires. The Group allocates consideration received to benefits based on their relative standalone selling price. In determining the relative standalone selling price of the benefits, the Group considers likelihood of future redemption based on historical redemption pattern and reviews such estimates periodically based upon the latest available information regarding redemption and expiration patterns.

Revenue from the sales of condiment products and other goods for which the control of goods is transferred at a point in time, is recognised when the goods are delivered and titles have been passed.

3. REVENUE – continued

(i) Disaggregation of revenue from contracts with customers

During the year, the Group's revenue which represents the amount received and receivable from the restaurants operation, sales of condiment products and other goods and services, net of discount and sales related taxes, are as follows:

	For the year ended 31 December 2024			
	Xiabuxiabu	Coucou	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or service				
Restaurant operations	2,627,069	1,948,225	–	4,575,294
Sales of condiment products	–	–	128,990	128,990
Sales of other goods and services	2,152	29	48,378	50,559
Total	<u>2,629,221</u>	<u>1,948,254</u>	<u>177,368</u>	<u>4,754,843</u>
Geographical markets				
Mainland China	2,612,403	1,604,257	177,368	4,394,028
Other markets	16,818	343,997	–	360,815
Total	<u>2,629,221</u>	<u>1,948,254</u>	<u>177,368</u>	<u>4,754,843</u>

3. REVENUE – continued

(i) Disaggregation of revenue from contracts with customers – continued

	For the year ended 31 December 2023			
	Xiabuxiabu RMB'000	Coucou RMB'000	Others RMB'000	Total RMB'000
Type of goods or service				
Restaurant operations	3,021,971	2,651,793	22,026	5,695,790
Sales of condiment products	–	–	122,004	122,004
Sales of other goods and services	1,907	64	98,197	100,168
Total	<u>3,023,878</u>	<u>2,651,857</u>	<u>242,227</u>	<u>5,917,962</u>
Geographical markets				
Mainland China	3,004,393	2,340,621	242,227	5,587,241
Other markets	19,485	311,236	–	330,721
Total	<u>3,023,878</u>	<u>2,651,857</u>	<u>242,227</u>	<u>5,917,962</u>

No revenue from individual external customer contributing over 10% of total revenue of the Group.

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

As at 31 December 2024

	Privilege membership programs RMB'000	Customer loyalty scheme RMB'000	Prepaid cards RMB'000	Advance from customer RMB'000
Within one year	<u>126,114</u>	<u>27,432</u>	<u>270,285</u>	<u>4,188</u>
Total	<u>126,114</u>	<u>27,432</u>	<u>270,285</u>	<u>4,188</u>

3. REVENUE – continued

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers – continued

As at 31 December 2023

	Privilege membership programs <i>RMB'000</i>	Customer loyalty scheme <i>RMB'000</i>	Prepaid cards <i>RMB'000</i>	Advance from customer <i>RMB'000</i>
Within one year	44,542	21,048	343,700	6,287
Total	44,542	21,048	343,700	6,287

4. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

- Xiabuxiabu: restaurant operation and related service under brand name of “Xiabuxiabu”.
- Coucou: restaurant operation and related service under brand name of “Coucou”.

In addition to the above reportable segments, other operating segments include operation of the condiment products and other goods that were not sold out by Xiabuxiabu restaurants or Coucou restaurants. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in “Others”. In addition, included in “Others” is a procurement function which centrally purchases raw materials and consumables and sells to Xiabuxiabu and Coucou restaurants.

4. OPERATING SEGMENTS – continued

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year ended 31 December 2024

	Xiabuxiabu RMB'000	Coucou RMB'000	Total reportable segments RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE						
External sales	2,629,221	1,948,254	4,577,475	177,368	–	4,754,843
Inter-segment sales	–	–	–	2,673,646	(2,673,646)	–
	<u>2,629,221</u>	<u>1,948,254</u>	<u>4,577,475</u>	<u>2,851,014</u>	<u>(2,673,646)</u>	<u>4,754,843</u>
Segment results (<i>Note</i>)	<u>90,053</u>	<u>(181,242)</u>	<u>(91,189)</u>	<u>22,955</u>	<u>–</u>	<u>(68,234)</u>
Impairment losses on property, plant and equipment	(46,973)	(93,614)	(140,587)	–	–	(140,587)
Impairment losses on right-of-use assets	(27,537)	(36,472)	(64,009)	–	–	(64,009)
Reversal of impairment losses on other receivables	–	–	–	1,775	–	1,775
Impairment loss on rental deposit	(7,177)	(22,798)	(29,975)	–	–	(29,975)
Loss on closure of restaurants	(8,541)	(16,538)	(25,079)	(2,384)	–	(27,463)
Gain from changes in fair value of financial assets at FVTPL	21,344	–	21,344	5,968	–	27,312
Loss on disposal of property, plant and equipment, net	(1,654)	(148)	(1,802)	(2,581)	–	(4,383)
Interest on bank borrowings	(1,226)	(2,377)	(3,603)	(5,968)	–	(9,571)
Segment profit (loss)	<u>18,289</u>	<u>(353,189)</u>	<u>(334,900)</u>	<u>19,765</u>	<u>–</u>	<u>(315,135)</u>
Unallocated central administration costs						(69,198)
Unallocated directors' emoluments						(4,803)
Loss before tax						<u>(389,136)</u>

Other segment information

Amounts included in the measure of segment results:

	Xiabuxiabu RMB'000	Coucou RMB'000	Total reportable segments RMB'000	Others RMB'000	Unallocated costs RMB'000	Consolidated RMB'000
Depreciation and amortisation	(431,444)	(328,353)	(759,797)	(16,370)	(1,078)	(777,245)
Gain on termination of lease	14,916	13,875	28,791	–	–	28,791
Gain on reassessment of lease liabilities	2,426	4,851	7,277	–	–	7,277
Finance costs (excluding interest on bank borrowings)	(43,526)	(17,987)	(61,513)	–	–	(61,513)

4. OPERATING SEGMENTS – continued

Segment revenues and results - continued

For the year ended 31 December 2023

	Xiabuxiabu RMB'000	Coucou RMB'000	Total reportable segments RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE						
External sales	3,023,878	2,651,857	5,675,735	242,227	–	5,917,962
Inter-segment sales	–	–	–	437,466	(437,466)	–
	<u>3,023,878</u>	<u>2,651,857</u>	<u>5,675,735</u>	<u>679,693</u>	<u>(437,466)</u>	<u>5,917,962</u>
Segment results (Note)	<u>118,441</u>	<u>(2,957)</u>	<u>115,484</u>	<u>(27,569)</u>	<u>–</u>	<u>87,915</u>
Impairment losses on property, plant and equipment	(17,518)	(65,816)	(83,334)	(19,875)	–	(103,209)
Impairment losses on right-of-use assets	(23,541)	(19,414)	(42,955)	(3,921)	–	(46,876)
Reversal of impairment losses on other receivables	1,330	–	1,330	–	–	1,330
Impairment loss on rental deposit	(3,415)	(6,692)	(10,107)	(2,629)	–	(12,736)
Loss on closure of restaurants	(1,161)	(359)	(1,520)	–	–	(1,520)
Gain from changes in fair value of financial assets at FVTPL	42,576	–	42,576	1,657	–	44,233
Loss on disposal of property, plant and equipment, net	(1,061)	(449)	(1,510)	(839)	–	(2,349)
Interest on bank borrowings	<u>(1,291)</u>	<u>(2,691)</u>	<u>(3,982)</u>	<u>(3,180)</u>	<u>–</u>	<u>(7,162)</u>
Segment profit (loss)	<u>114,360</u>	<u>(98,378)</u>	<u>15,982</u>	<u>(56,356)</u>	<u>–</u>	<u>(40,374)</u>
Unallocated central administration costs						(77,889)
Unallocated directors' emoluments						<u>(6,112)</u>
Loss before tax						<u>(124,375)</u>

4. OPERATING SEGMENTS – continued

Segment revenues and results - continued

Other segment information

Amounts included in the measure of segment results:

	Xiabuxiabu	Coucou	Total reportable segments	Others	Unallocated costs	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	(510,201)	(395,993)	(906,194)	(21,328)	(1,078)	(928,600)
Gain on termination of lease	13,403	–	13,403	–	–	13,403
Gain on reassessment of lease liabilities	12,276	8,603	20,879	–	–	20,879
Finance costs (excluding interest on bank borrowings)	(38,766)	(25,893)	(64,659)	(609)	–	(65,268)
Write-down of inventories	–	–	–	(44,555)	–	(44,555)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(44,555)</u>	<u>–</u>	<u>(44,555)</u>

Note: The measure used for reporting segment result is the adjusted segment profit (loss) before (i) Certain gain or loss from changes in fair value of financial assets at FVTPL, (ii) Interest on bank borrowings, (iii) Impairment loss and disposal loss on non-current assets, (iv) Impairment loss on financial assets and (v) Loss on closure of restaurants.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of certain gain/(loss) from changes in fair value of financial assets/liabilities at FVTPL, central administration costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. OPERATING SEGMENTS – continued

Segment revenues and results - continued

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	As at 31 December 2024					
	Xiabuxiabu	Coucou	Total	Others	Unallocated	Consolidated
	RMB'000	RMB'000	reportable	RMB'000	assets	RMB'000
			segments			RMB'000
			RMB'000			
Segment assets	2,540,284	627,958	3,168,242	178,301	103,740	3,450,283
Other segment information						
Amounts included in the measure of segment assets:						
Interest in a joint venture	–	–	–	100,061	–	100,061
Additions to property, plant and equipment	164,797	21,505	186,302	13,200	–	199,502
Additions to right-of-use assets	207,922	43,218	251,140	796	–	251,936
Segment liabilities	1,671,540	414,542	2,086,082	415,571	–	2,501,653
As at 31 December 2023						
	Xiabuxiabu	Coucou	Total	Others	Unallocated	Consolidated
	RMB'000	RMB'000	reportable	RMB'000	assets	RMB'000
			segments			RMB'000
			RMB'000			
Segment assets	2,855,417	986,348	3,841,765	211,025	63,481	4,116,271
Other segment information						
Amounts included in the measure of segment assets:						
Interest in a joint venture	–	–	–	100,164	–	100,164
Additions to property, plant and equipment	364,834	77,572	442,406	40,594	–	483,000
Additions to right-of-use assets	414,405	90,050	504,455	8,400	–	512,855
Segment liabilities	2,048,453	591,169	2,639,622	206,721	–	2,846,343

4. OPERATING SEGMENTS – continued

Segment assets and liabilities - continued

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments based on the corresponding operating brands other than certain unallocated corporate property, plant and equipment and right-of-use assets; and
- all liabilities are allocated to operating segments based on the corresponding operating brands.

Revenue from major products and services, geographical information and information about major customers please refer to Note 3.

The Group's non-current assets (other than deferred tax assets and financial assets), including property, plant and equipment, right-of-use assets, intangible assets and interest in a joint venture are detailed below:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mainland China	1,398,947	2,077,505
Other markets	143,826	177,664
	<u>1,552,773</u>	<u>2,255,169</u>

5. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment, net	(4,383)	(2,349)
Gain on termination of lease (i)	28,791	13,403
Gain on reassessment of lease liabilities (ii)	7,277	20,879
Foreign exchange loss net	(2,297)	(3,813)
Reversal of impairment loss on other receivables	1,775	1,330
Impairment loss on rental deposit	(29,975)	(12,736)
Impairment loss recognised in respect of property, plant and equipment	(140,587)	(103,209)
Impairment loss recognised in respect of right-of-use assets	(64,009)	(46,876)
Write-down of inventories	–	(44,555)
Gain from changes in fair value of financial assets at FVTPL	27,312	44,233
Loss on closure of restaurants	(27,463)	(1,520)
Others	(103)	–
	<u>(203,662)</u>	<u>(135,213)</u>

5. OTHER GAINS AND LOSSES – continued

Notes:

- (i) According to the performance of the restaurants and the business development plan, the Group closed down a number of under-performing restaurants to reinitiate the business and maintain the overall profitability level of the Group. The Group exercised the early termination option to terminate the lease contracts before the previously expected date. A net gain on termination of lease amounting to RMB28,791,000 was recognised for the year ended 31 December 2024 (2023: RMB13,403,000).
- (ii) For the restaurants that the Group plans to exercise the early termination option, the Group remeasures the lease liability to reflect changes to the lease payments and recognised the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, for the leases that the carrying amount of the right-of-use assets is reduced to zero, the Group recognised the gain on remeasurement of lease liabilities in profit or loss amounting to RMB7,277,000 for the year ended 31 December 2024 (2023: RMB20,879,000).

6. FINANCE COSTS

	For the year ended	
	31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	59,209	62,748
Interest on bank borrowings	9,571	7,162
Interest on provisions	2,304	2,520
	71,084	72,430

7. LOSS BEFORE TAX

The Group's loss for the year has been arrived at after charging the following items:

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation of property, plant and equipment	300,673	388,991
Depreciation of right-of-use assets	475,148	537,555
Amortisation of intangible assets	1,424	2,054
Total depreciation and amortisation	777,245	928,600
Rentals in respect of restaurants lease payments		
– short-term lease (i)	45,426	41,394
– variable lease payment (ii)	78,576	72,569
– other rental expenses (iii)	174,092	197,122
Total property rentals and related expenses	298,094	311,085
Directors' emoluments	4,803	6,112
Other staff cost		
Salaries and other allowance	1,488,171	1,715,304
Equity-settled share-based payments	2,723	334
Retirement benefit contribution	116,872	141,142
Total staff costs	1,612,569	1,862,892
Auditor's remuneration	3,000	3,000

Notes:

- (i) The short-term lease refer to leases of restaurants, catering delivery robots and rented premises.
- (ii) The variable lease payment refers to the portion of property rentals based on pre-determined percentages to revenue less minimum rentals of the respective leases.
- (iii) The other rental expenses refers to the property management fee paid to the landlord.

8. INCOME TAX EXPENSE

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Enterprise income tax (“EIT”)		
Current tax	3,527	5,712
Deferred tax	5,814	64,358
	<hr/>	<hr/>
Total income tax recognised in profit or loss	<u>9,341</u>	<u>70,070</u>

The Company is a tax exempted company incorporated in the Cayman Islands.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Company’s subsidiary, Xiabuxiabu Catering Management (HK) Holdings Co., Ltd., (“**Xiabu Hong Kong**”) incorporated in Hong Kong is qualifying for the two-tiered profits tax rates regime. Accordingly, the Hong Kong profits tax of Xiabu Hong Kong is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

Under the EIT Law, withholding tax is imposed on dividends declared and paid to non-PRC resident in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the accumulated undistributed profits of the PRC subsidiaries amounting to RMB1,235 million as at 31 December 2024 (2023: RMB1,312 million), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. INCOME TAX EXPENSE – continued

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Loss before tax	(389,136)	(124,375)
Tax calculated at applicable domestic tax rates at 25%	(97,284)	(31,094)
Tax effect of different tax rate on interest income and intra-group royalty income subject to withholding tax	(560)	(2,481)
Effect of different tax rates of subsidiaries	(3,585)	(4,032)
Tax effect of income not taxable for tax purpose	(1,791)	(1,524)
Tax effect of expenses not deductible for tax purposes	7,144	10,670
Tax effect of tax losses and deductible temporary differences not recognised	113,297	62,944
Utilisation of tax losses previously not recognised	(3,413)	(24,471)
Reversal of tax losses and deductible temporary differences previously recognised	2,137	65,408
Others	(6,604)	(5,350)
Income tax expense	9,341	70,070

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
<i>Loss figures are calculated as follows:</i>		
Loss for the year attributable to owners of the Company	(400,681)	(199,466)

The weighted average number of ordinary shares for the purpose of basic loss per share reconciles to the weighted average number of ordinary shares used in the calculation of diluted loss per share as follows:

	For the year ended	
	31 December	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,040,797	1,040,926
Effect of dilutive potential ordinary shares (<i>Note</i>)	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,040,797	1,040,926

Note: The calculation of diluted loss per share for the year ended 31 December 2024 does not assume the exercise of the Company's share options and restricted shares since their exercise would result in a decrease in loss per share (2023: decrease in loss per share).

10. DIVIDENDS

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Dividends recognised as distributions during the year	30,367	60,000

On 28 March 2023, the Company declared a dividend of RMB0.028 per share with total dividends of RMB30,000,000 to the shareholders of the Company for the year ended 31 December 2022. The dividend was paid in June 2023.

On 27 August 2023, the Company declared a dividend of RMB0.028 per share with total dividends of RMB30,000,000 to the shareholders of the Company for the period ended 30 June 2023. The dividend was paid in October 2023.

On 27 March 2024, the Company declared a dividend of RMB0.028 per share with total dividends of RMB30,367,000 to the shareholders of the Company for the year ended 31 December 2023. The dividend was paid in June 2024.

No dividend has been proposed to the shareholders of the Company since the end of the reporting period.

11. RIGHT-OF-USE ASSETS

	Leasehold lands RMB '000	Leased properties RMB '000	Total RMB '000
As at 31 December 2024			
Carrying amount	<u>53,748</u>	<u>825,565</u>	<u>879,313</u>
As at 31 December 2023			
Carrying amount	<u>55,136</u>	<u>1,198,905</u>	<u>1,254,041</u>
For the year ended 31 December 2024			
Depreciation charge	1,388	473,760	475,148
Impairment recognised in profit or loss (i)	—	64,009	64,009
	<u>1,388</u>	<u>537,769</u>	<u>539,157</u>
For the year ended 31 December 2023			
Depreciation charge	1,903	535,652	537,555
Impairment recognised in profit or loss (i)	—	46,876	46,876
	<u>1,903</u>	<u>582,528</u>	<u>584,431</u>
		For the year ended 31 December 2024 RMB '000	2023 RMB '000
Expense relating to short-term leases		45,426	41,394
Variable lease payments not included in the measurement of lease liabilities		78,576	72,569
Total cash outflow for leases (ii)		672,186	752,437
Additions to right-of-use assets (iii)		<u>251,936</u>	<u>512,855</u>

Notes:

- (i) After the assessment, the recoverable amount of the right-of-use asset was RMB879,313,000 (2023: RMB1,254,041,000) and an impairment of RMB64,009,000 (2023: RMB46,876,000) was recognised during the current year.
- (ii) Amount includes payments of principal and interest portion of lease liabilities, variable lease payments, short-term leases and payments of lease payments on or before lease commencement date. These amounts have been presented in operating, investing or financing cash flows accordingly.

11. RIGHT-OF-USE ASSETS – continued

Notes: – continued

- (iii) Amount includes right-of-use assets resulting from new leases entered and adjustments to fair value of rental deposits at initial recognition, lease modification, reassessment/exercise of extension options and payments for leasehold land.

The Group leases restaurants land and rented premises for its operations. Lease contracts are entered into for fixed terms of 1 month to 20 years, but may have extension and 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.

The Group regularly entered into short-term leases mainly for rented premises and catering delivery robots. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above (2023: similar).

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 1% to 15% (2023: 1% to 15%) of sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The payment terms are common in restaurants in Mainland China, Hong Kong and Singapore where the Group operates.

The amount of fixed and variable lease payments paid to relevant lessors are as follows:

For the year ended 31 December 2024

	Number of restaurants	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Restaurants without variable lease payments	272	147,324	–	147,324
Restaurants with variable lease payments	685	315,599	78,576	394,175
	<u>957</u>	<u>462,923</u>	<u>78,576</u>	<u>541,499</u>

11. RIGHT-OF-USE ASSETS – continued

For the year ended 31 December 2023

	Number of restaurants	Fixed payments <i>RMB'000</i>	Variable payments <i>RMB'000</i>	Total <i>RMB'000</i>
Restaurants without variable lease payments	348	164,907	–	164,907
Restaurants with variable lease payments	768	385,505	72,569	458,074
	<u>1,116</u>	<u>550,412</u>	<u>72,569</u>	<u>622,981</u>

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

Restrictions or covenants on leases

Lease liabilities of RMB911,072,000 are recognised with related right-of-use assets of RMB879,313,000 as at 31 December 2024 (2023: lease liabilities of RMB1,273,059,000 and related right-of-use assets of RMB1,254,041,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at 31 December 2024, the Group entered into new leases for several restaurants that have not yet commenced, with average non-cancellable period ranging from 2 to 5 years (2023: 4 to 6 years), excluding period under extension options. The total future undiscounted cash flows over the non-cancellable period amounted to RMB9,706,000 (2023: RMB62,353,000).

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>29,250</u>	<u>69,842</u>
Prepaid operating expenses	29,324	28,831
Prepayments to suppliers	1,297	302
Amounts prepaid to the RSU trustee for purchase of ordinary shares	756	756
Input value-added tax recoverable	237,021	274,524
Other receivables	<u>47,238</u>	<u>52,143</u>
	344,886	426,398
Less: Allowance for credit losses	<u>(30,368)</u>	<u>(32,143)</u>
Total trade and other receivables and prepayments	<u>314,518</u>	<u>394,255</u>

Movements in the loss allowance for impairment of other receivables are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	<u>32,143</u>	<u>33,957</u>
Impairment losses reversed	(1,775)	(1,330)
Write-offs	<u>—</u>	<u>(484)</u>
At 31 December	<u>30,368</u>	<u>32,143</u>

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – continued

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 30 days	22,943	58,644
31 to 90 days	5,784	9,141
91 to 180 days	523	2,057
	<u>29,250</u>	<u>69,842</u>

At the end of the reporting period, there is no trade receivable that has past due but not impaired.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset mandatorily measured at FVTPL:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial products (<i>Note</i>)	<u>586,960</u>	<u>653,994</u>
Analysed for reporting purpose as:		
Current assets	454,194	526,741
Non-current asset (<i>Note</i>)	<u>132,766</u>	<u>127,253</u>
	<u>586,960</u>	<u>653,994</u>

Note:

As at 31 December 2024, the Group's financial assets at FVTPL are the financial products issued by banks and investment fund companies which have no predetermined or guaranteed return and are not principal protected. These financial assets are with expected rates of return, depending on the market price of underlying financial instruments, including government bonds, central bank bills, trust and other financial assets.

The maturity date of the financial products classified as non-current asset are 13 July 2028 and 12 September 2028 (2023: 13 July 2028 and 12 September 2028).

14. TRADE PAYABLES

Trade payables are non-interest bearing and are normally granted on 60-days credit term. An aged analysis of the Group's trade payables, as at the end of each year, based on the goods received date, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 60 days	227,575	260,926
61 to 180 days	2,992	3,675
181 days to 1 year	5,283	4,513
	<u>235,850</u>	<u>269,114</u>

15. LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	292,355	379,035
Within a period of more than one year but not exceeding two years	293,476	377,488
Within a period of more than two year but not exceeding five years	312,759	483,313
Within a period of more than five years	12,482	33,223
	<u>911,072</u>	<u>1,273,059</u>
<i>Less: Amount due for settlement with 12 months shown under current liabilities</i>	<u>(292,355)</u>	<u>(379,035)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>618,717</u>	<u>894,024</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 3.60% to 6.16% (2023: 3.60% to 5.88%).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	SGD	HKD	USD
	RMB'000	RMB'000	RMB'000
As at 31 December 2024	2,893	94,683	—
As at 31 December 2023	5,057	94,142	911

16. SHARE CAPITAL

Issued and fully paid-up:

	As at 31 December	
	2024	2023
	USD'000	USD'000
Share capital of US\$0.000025 each	27	27
	RMB'000	RMB'000

Presented as:
Ordinary shares

176	176
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	As at 31 December	
	2024	2023
	'000	'000
Number of shares:		
Fully paid ordinary shares	1,086,174	1,086,174

Ordinary shares

	Authorised shares		Issued capital	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Balance at 31 December 2022, 2023 and 2024	2,000,000	336	1,086,174	176

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 May 2025 to 16 May 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the forthcoming AGM to be held on 16 May 2025, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 13 May 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”) and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

During the year ended 31 December 2024, the Company applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code, except for a deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual, for reasons set out below.

As Mr. Ho Kuang-Chi, the founder of the Company, is familiar with and has extensive knowledge and experience in the Group's business, the Board considers that vesting the roles of both chairman of the Board and chief executive officer in the same person provides the Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. The balance of power and authority is adequately ensured by the operations of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board will nevertheless review the Company's structure from time to time in light of the prevailing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2024.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company’s relevant employees was noted by the Company during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities (including sale of treasury shares) of the Company during the year ended 31 December 2024. The Company has no treasury shares as at 31 December 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely, Mr. Hon Ping Cho Terence and Mr. Kot Man Tat and a non-executive Director, namely Ms. Li Jie. Mr. Hon Ping Cho Terence is the chairman of the Audit Committee. The Audit Committee has reviewed together with the management and external auditor the annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.xiabu.com). The annual report of the Company for the year ended 31 December 2024 will be despatched to the shareholders of the Company (if requested) and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board of
Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
HO Kuang-Chi
Chairman

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises Mr. HO Kuang-Chi as executive Director; Ms. CHEN Su-Yin and Ms. LI Jie as non-executive Directors; and Mr. HON Ping Cho Terence, Ms. CHEUNG Sze Man and Mr. KOT Man Tat as independent non-executive Directors.