LIFESTYLE CHINA GROUP LIMITED
利福中國集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2136)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Revenue decreased 7.1% to RMB1,252.6 million
- Loss attributable to owners of the Company amounted to RMB20.1 million (2023: Profit of RMB87.8 million)
- Losses per share amounted to RMB0.014 (2023: Earnings per share of RMB0.060)
- No dividend was declared by the Board

FINAL RESULTS

The board of directors ("Board") of Lifestyle China Group Limited ("Company") announces the audited consolidated results for the year ended 31 December 2024 of the Company and its subsidiaries (collectively, "Group"), together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*4*	**1,252,612**	1,348,975
Cost of sales		**(550,591)**	(563,541)
Gross profit		**702,021**	785,434
Other income and gains		**204,346**	217,636
Selling and distribution costs		**(578,279)**	(612,132)
Administrative expenses		**(255,039)**	(261,326)
Interest and investment income	*6*	**52,029**	73,862
Share of profit of a joint venture		**32,315**	27,238
Share of profits of associates		**230,698**	308,939
Finance costs	*7*	**(186,916)**	(181,938)
Profit before taxation		**201,175**	357,713
Taxation	*8*	**(82,119)**	(82,164)
Profit for the year	*9*	**119,056**	275,549
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**7**	20
Other comprehensive income for the year		**7**	20
Total comprehensive income for the year		**119,063**	275,569
(Loss)/profit for the year attributable to:			
Owners of the Company		**(20,105)**	87,767
Non-controlling interests		**139,161**	187,782
		119,056	275,549
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(20,098)**	87,787
Non-controlling interests		**139,161**	187,782
		119,063	275,569
(Losses)/earnings per share attributable to owners of the Company			
- Basic and diluted	*11*	**(RMB0.014)**	RMB0.060

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000* (Restated)
Non-current assets			
Property, plant and equipment		**4,884,676**	5,042,882
Right-of-use assets		**3,426,205**	3,569,973
Investment property		**1,200,081**	1,230,863
Investments in associates		**3,701,776**	3,572,148
Investment in a joint venture		**366,621**	364,455
Deferred tax assets		**32,586**	26,081
Other receivables	*12*	**19,930**	14,930
Bank deposits		**618,600**	553,214
		14,250,475	14,374,546
Current assets			
Inventories		**97,177**	93,877
Trade and other receivables	*12*	**164,876**	185,316
Amount due from associates		**146,692**	112,782
Structured bank deposits		**509,510**	580,800
Cash and bank balance		**1,825,205**	1,689,612
		2,743,460	2,662,387
Current liabilities			
Trade and other payables	*13*	**955,314**	959,356
Amount due to a joint venture		**32,617**	37,640
Amount due to a non-controlling shareholder of subsidiaries		**26,142**	26,142
Tax payable		**19,937**	26,521
Bank borrowings – due within one year		**60,000**	40,000
Lease liabilities		**51,949**	45,809
Contract liabilities		**9,821**	13,668
		1,155,780	1,149,136
Net current assets		**1,587,680**	1,513,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2024

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Non-current liabilities		
Bank borrowings – due after one year	**3,178,000**	3,238,000
Lease liabilities	**1,514,581**	1,566,061
Deferred tax liabilities	**75,897**	67,198
	4,768,478	4,871,259
	11,069,677	11,016,538
Capital and reserves		
Share capital	**6,291**	6,291
Reserves	**9,372,191**	9,392,289
Equity attributable to owners of the Company	**9,378,482**	9,398,580
Non-controlling interests	**1,691,195**	1,617,958
	11,069,677	11,016,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amended standards adopted by the Group

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

HKAS 1 (amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (amendments)	Non-current Liabilities with Covenants
HKFRS 16 (amendments)	Lease Liability in a Sale and Leaseback
HK Int5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 7 and HKFRS 7 (amendments)	Supplier Finance Arrangements

The new 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.

3. RECLASSIFICATION OF ITEMS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In 2024, the Group has reclassified bank deposits with original maturity over three months from cash and cash equivalent to bank deposits. Moreover, bank deposits with a maturity date beyond 31 December 2025 and the related interest receivable are reclassified to present under non-current assets. Below are the extracted changes on the consolidated statement of financial position:

	31 December 2023 (as originally presented) RMB'000	Increase/ (Decrease) RMB'000	31 December 2023 (Restated) RMB'000	31 December 2022 (as originally presented) RMB'000	Increase/ (Decrease) RMB'000	1 January 2023 (Restated) RMB'000
Non-current assets						
Bank deposit	-	553,214	553,214	-	84,570	84,570
Other receivables	5,353	9,577	14,930	5,352	1,050	6,402
Total non-current assets	13,811,755	562,791	14,374,546	12,409,720	85,620	12,495,340
Current assets						
Trade and other receivables	194,893	(9,577)	185,316	211,378	(1,050)	210,328
Cash and bank balance:						
Bank deposit with original maturity over three months	-	868,178	868,178	-	328,219	328,219
Cash and cash equivalent	2,242,826	(1,421,392)	821,434	1,609,097	(412,789)	1,196,308
Total current assets	3,225,178	(562,791)	2,662,387	2,038,940	(85,620)	1,953,320

4. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to customers, net of discounts and sales related taxes, income from concessionaire sales, service income and rental income during the year, and is analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Recognised at a point in time:		
Sales of goods - direct sales	**507,233**	523,341
Recognised over time:		
Income from concessionaire sales	**388,685**	481,262
Service income	**35,545**	41,509
Revenue from contracts with customers	**931,463**	1,046,112
Rental income	**321,149**	302,863
Total revenue	**1,252,612**	1,348,975

All the above revenue is derived in the People's Republic of China (the "PRC").

5. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment under HKFRS 8 "Operating Segments" focusing on operation of department stores, retailing and related business as well as property investment in the PRC. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the chief executive of the Company). The CODM regularly reviews revenue analysis and the profit for the year of the Group as a whole to make decisions about resource allocation. Accordingly, no separate segment information other than entity-wide information is presented.

The Group's non-current assets are all located in the PRC. The Group has no customers that contributed over 10% of the total revenue of the Group for both years.

6. INTEREST AND INVESTMENT INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income from bank deposits	**36,219**	55,762
Investment income from structured bank deposits	**15,810**	18,100
	52,029	73,862

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on:		
- Bank borrowings	**117,576**	124,240
- Lease liabilities	**69,340**	57,698
	186,916	181,938

8. TAXATION

	2024	2023
	RMB'000	*RMB'000*
The tax charge comprises:		
Current tax:		
PRC Enterprise Income Tax	**57,655**	89,480
Withholding tax	**22,270**	577
	79,925	90,057
Under provision in prior years:		
PRC Enterprise Income Tax	**-**	59
	-	59
Deferred tax charge / (credit)	**2,194**	(7,952)
	82,119	82,164

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.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
Directors' remuneration:		
Fees	**1,094**	1,004
Salary and allowances	**13,937**	9,031
Bonus	**18,470**	18,196
Retirement benefits scheme contributions	**32**	26
	33,533	28,257
Other staff costs, excluding retirement benefits scheme contributions	**183,941**	187,139
Retirement benefits scheme contributions, net of forfeited contributions for staff	**20,943**	21,236
	204,884	208,375
Total staff costs	**238,417**	236,632
Auditor's remuneration	**3,227**	3,231
Depreciation of property, plant and equipment	**228,327**	241,600
Depreciation of investment property	**30,782**	30,782
Depreciation of right-of-use assets	**143,768**	148,780
(Reversal of)/Provision for loss allowance on expected credit losses for trade receivables	**(515)**	6,491
Expenses related to variable lease payments	**30,502**	37,404
Loss on disposal of property, plant and equipment	**660**	107
Expenses relating to low-value leases	**1,537**	1,542
Expenses relating to short-term leases	**179**	437
Cost of inventories recognised as expense	**435,413**	443,857

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 (2023: nil).

11. (LOSSES)/EARNINGS PER SHARE

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

(Losses)/earnings figures are calculated as follows:

	2024	2023
	RMB'000	*RMB'000*
(Losses)/Earnings		
(Loss)/profit for the year attributable to owners of the Company	**(20,105)**	87,767

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares	**1,464,449**	1,464,449

The diluted (losses)/earnings per share for the year ended 31 December 2024 equals to the basic (losses)/earnings per share as there were no potential dilutive ordinary shares issued during the year (2023: Same).

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Trade receivables	**19,356**	27,093
Lease receivables	**63,415**	67,244
	82,771	94,337
Less: Loss allowance on expected credit losses	**(8,633)**	(9,148)
	74,138	85,189
Prepayments	**305**	299
Deposits paid	**4,353**	5,353
Value Added Tax ("VAT") receivable	**67,900**	68,670
Others receivables	**60,363**	62,988
	132,921	137,310
Less: Loss allowance on expected credit losses	**(22,253)**	(22,253)
	110,668	115,057
	184,806	200,246
Less: Non-current portion	**(19,930)**	(14,930)
	164,876	185,316

The Group's retail sales to customers are mainly made in cash, through debit card or third-party payment platform. Its major trade receivables arising from third-party payment platform sales are normally settled in one to two business days and lease receivables are normally settled 30 days in arrears. The following is an aged analysis of trade and lease receivables net of allowance for expected credit losses, if any, at the end of the reporting period presented based on invoice date:

	2024	2023
	RMB'000	*RMB'000*
0 – 30 days	**53,832**	67,373
31 – 60 days	**6,313**	11,165
61 – 90 days	**4,114**	2,637
Over 90 days	**9,879**	4,014
	74,138	85,189

13. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**52,000**	45,816
Construction payables	**13,232**	3,686
Concessionaire sales payables	**390,152**	425,562
Refundable prepaid card deposits	**114,102**	125,623
Rental deposits received	**232,344**	221,658
Accrued expenses	**63,863**	69,880
VAT payable	**5,553**	6,937
Interest payables	**3,215**	3,856
Others	**80,853**	56,338
	955,314	959,356

The following is an aged analysis of trade payables at the end of the reporting period presented based on invoice date:

	2024	2023
	RMB'000	*RMB'000*
0 – 30 days	**48,080**	36,451
31 – 60 days	**370**	3,008
61 – 90 days	**1,052**	1,206
Over 90 days	**2,498**	5,151
	52,000	45,816

The average credit period of trade payables and concessionaire sales payables is 45 days from invoice date. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Our qualified opinion

In our opinion, except for the possible effects of the comparability of the current year's figures and the corresponding figures in relation to the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As further detailed in note 17 to the Group's consolidated financial statements, the Group holds equity interests in certain associates herein referred to as "Beiren Group". For the year ended 31 December 2024, the Group recognised share of profits of associates of RMB230.7million and investments in associates of RMB3,701.8 million in the consolidated statement of financial position as at 31 December 2024. Out of these amounts, RMB230.1 million of the share of profits of associates for the year and RMB3,697.7 million of the carrying value of investments in associates as at 31 December 2024 were attributable to the Beiren Group.

In 2019, the Group recognised an expected credit loss allowance, net of deferred tax credit ("Full Impairment") against the entire overdue trade receivable balance due from three PRC companies ("Debtors") of the Beiren Group ("Trade Receivables"). This was accounted for in the Group's share of results of the Beiren Group. Such Trade Receivables are guaranteed by the ultimate beneficial owner of the Debtors (the "Guarantor"). The impact of the Full Impairment on the Group's share of losses of associates, loss attributable to owners and loss attributable to non-controlling interests for the year ended 31 December 2019 amounted to RMB812.4 million, RMB487.4 million and RMB325.0 million respectively.

We previously qualified our auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022 due to a limitation of scope as we were unable to obtain sufficient appropriate audit evidences to determine whether adjustments to the carrying amount of the Trade Receivables (nil balance) and the related deferred tax credit in respect of the aforementioned Full Impairment carried forward were necessary.

In relation to the audit of the Group's consolidated financial statements for the year ended 31 December 2023, based on the information available as well as previous court judgements, the Group's independent legal adviser was of the opinion that the likelihood of recoverability of the balance of Trade Receivables was very low. The Group's management were of the view that the legal advice obtained further strengthened the basis of their assessment that the recoverability of the Trade Receivables was remote and an expected credit loss allowance made for the full amount of the Trade Receivables as at 31 December 2023 was appropriate.

The legal opinion obtained supported to the Group's assessment of the amount of expected credit allowance against the Trade Receivables as at 31 December 2023. However, we were unable to obtain sufficient appropriate audit evidence we considered necessary to assess the recoverable amount of the Trade Receivables as at 1 January 2023. Our audit opinion on the consolidated financial statements for the year ended 31 December 2023 was qualified because of the abovementioned scope limitation on the opening balances, which could have a consequential effect on (i) the Group's share of profits of associates for the year ended 31 December 2023, and (ii) the Group's profit attributable to owners and profit attributable to non-controlling interests in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2023 in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity, our opinion on the consolidated financial statements for the year ended 31 December 2024 is therefore qualified.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2024, amidst formidable global economic volatility and conditions, as well as fierce market competition, China maintained a commendable 5% growth rate in its annual GDP. This success was underpinned by strategic rate cuts and robust fiscal stimulus policies. The consumer goods retail sector, however, exhibited marked differentiation in performance, with total retail sales reaching RMB43.2 trillion, reflecting a year-on-year rise of 3.2%. Yet, this growth decelerated from the previous year, signaling persistent challenges within the market.

During the year, China's real estate market remained in a protracted correction phase, weighing on consumer sentiment and sustaining weakness in domestic demand. Government interventions, including the issuance of special treasury bonds, successive interest rate and reserve requirement ratio cuts, trade-in incentives, and voucher distribution programs, provided critical market support. To invigorate consumer spending, Shanghai Municipal Government launched thematic campaigns such as the "New Year Celebration Shopping Festival". Our Group proactively aligned with these policy incentives and stimulus efforts by implementing customer-engagement initiatives, thereby ensuring steady development across our retail operations.

In recent years, consumer preferences have grown increasingly diverse, with heightened emphasis on product quality, brand prestige, and sustainability. Confronted with this evolving demand landscape and a languishing consumer market, the Group adopted a multifaceted strategy, which includes optimizing curated merchandise assortments and onboarding premium merchants, enhancing omnichannel integration of offline experiences with digital platforms, championing green consumption and sustainable practices, refining loyalty program alongside digital transformation, and elevating both the shopping environment and service quality, in a bid to navigate current challenges bought by shifting consumer dynamics.

Financial Review

Amid a challenging operating environment characterized by subdued consumer spending and heightened competition, the Group has adeptly harnessed the distinguished reputation of our Jiuguang brand to execute signature marketing campaigns. Concurrently, we optimized in-store environments, refined our loyalty program, refreshed merchandise portfolios, onboarded premium merchants, and integrated online-offline sales channels to deliver seamless shopping experiences. These initiatives have collectively broadened our consumer appeal and laid a resilient foundation for sustained sales growth.

Revenue and Sales Proceeds

In 2024, the Group's revenue amounted to RMB1,252.6 million, a decrease of 7.1% from RMB1,349.0 million in 2023. The total sales proceeds decreased by 11.8% to RMB2,782.3 million from RMB3,154.1 million in the previous year. The decline was primarily attributable to cautious consumer sentiment amid heightened economic uncertainty in China, as well as increased market penetration of online sales. In the second half of 2024, sales proceeds recorded a year-on-year decrease of 12.1%, as compared to the 11.5% decrease in the first half of the year, as consumer confidence remained subdued amid a challenging operating environment. Compared with sales proceeds, the Group’s revenue recorded a lower decline, largely due to the increase in rental income from office towers of the Shanghai Jiuguang Center.

Gross Profit and Concessionaire Rate

The Group's gross profit for the year decreased by 10.6% to RMB702.0 million from RMB785.4 million a year earlier, while the gross profit margin, expressed as a percentage of total sales proceeds, climbed to 25.2% from 24.9% in 2023. When calculated as a percentage of revenue, the gross profit margin stood at 56.0%, compared to 58.2% in 2023. The average concessionaire rate declined to 19.5% from 19.7% in the previous year.

Net Loss / Profit Attributable to Shareholders

For the year ended 31 December 2024, the loss attributable to the Company’s shareholders was approximately RMB20.1 million, compared to a profit of approximately RMB87.8 million in 2023. The reverse from profit to loss was primarily due to: (i) lower sales gross profit as a result of sales decline; (ii) a 25.4% year-on-year decrease in the Group’s share of profit from its associate, Beiren Group, to approximately RMB138.0 million; and (iii) decrease in interest income and government subsidies of RMB21.8 million and RMB9.3 million respectively. During the year, the Group recorded an operating loss before tax, and excluding share of profits from associates and a joint venture, of RMB61.8 million, as compared to an operating profit of RMB21.5 million in 2023.

Selling and Distribution Costs

In 2024, the Group’s selling and distribution costs amounted to RMB578.3 million, a 5.5% decrease from RMB612.1 million in the previous year. This decrease was largely driven by a combination of factors, including the Group’s sales decline leading to lower rental expenses and related taxes calculated based on turnover, as well as a decrease in depreciation and amortization charges due to certain fixed assets becoming fully depreciated and closure of standalone Shanghai “Freshmart”. The total selling and distribution costs as a percentage of total sales proceeds rose to 20.8% during the year, up from 19.4% last year, as the decline in sales exceeded the drop in these costs.

Administrative Expenses

The Group’s general administrative expenses decreased by 2.4% year-on-year to RMB255.0 million from RMB261.3 million in 2023, the reduction was primarily attributable to decrease in repair and maintenance costs of RMB4.2 million during the year. Meanwhile, other general administrative expenses remained relatively stable.

Staff Costs

Staff costs, excluding directors' remuneration, decreased by 1.7% year-on-year to RMB204.9 million from RMB208.4 million in 2023. This decrease was primarily attributable to decrease in staff headcount and staff bonuses during the year.

As of 31 December 2024, the Group employed a total of 1,078 full-time staff, including three executive directors, compared to 1,172 as of 31 December 2023.

Other Income, Gains and Losses

Other income, gains, and losses, which primarily comprise management fees from concessionaire counters and tenants, fees from third-party payment platforms, other miscellaneous income, and exchange gains, decreased by 6.1% year-on-year to RMB204.3 million. This decrease was mainly due to drop in fees from third-party payment platforms as sales declined, and a decrease in government subsidies as compared to the same period last year.

Interest and Investment Income

Interest and investment income for the year decreased by 29.6% year-on-year to RMB52.0 million, primarily due to the overall reduction in bank interest rates in China, which consequently led to a decrease in bank interest and investment income generated from fixed-term and structured bank deposits.

Finance Costs

The Group's finance costs, which primarily consist of interest on bank borrowings and lease liabilities, amounted to approximately of RMB117.6 million (2023: RMB124.2 million) and RMB69.3 million (2023: RMB57.7 million) respectively. The decrease in bank interest expense was attributable to a decrease in the amount of bank loan and lower interest rates, while the increase in finance costs from lease liabilities was a result of the full year effect in respect of the increased lease liabilities following renewal of the lease for the Shanghai Jiuguang property early last year.

Liquidity and Financial Resources

The Group's adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) for the year decreased by 17.5% to RMB358.1 million from RMB434.3 million in 2023, primarily due to a decline in sales and revenue.

As of 31 December 2024, the Group's net debt (defined as cash and cash equivalents, bank deposits, structured bank deposits, and amounts due from associates, less total bank borrowings, amounts due to a non-controlling shareholder of a subsidiary, and amounts due to a joint venture) decreased to approximately RMB196.8 million from approximately RMB405.4 million as of 31 December 2023. This decrease in net debt was primarily due to an increase in operating cash and dividends received and receivable from associates during the year.

As of 31 December 2024, the Group's cash and cash equivalents, bank deposits and structured bank deposits amounted to approximately RMB2,953.3 million (31 December 2023: RMB2,823.6 million), of which RMB70.5 million was in Hong Kong Dollars (HKD) held in Hong Kong. The remaining cash balances were predominantly held in mainland China, with approximately 96.6% denominated in Renminbi (RMB) and 3.4% in United States Dollars (USD).

The increase in cash and cash equivalents, bank deposits and structured bank deposits was primarily attributable to: (i) net cash inflow from operating activities, and (ii) an increase in dividends received from associates and a joint venture during the year. At the end of the year, the Group's gearing ratio, defined as bank borrowings divided by equity attributable to owners of the Company, eased to 34.5% from 34.9% in the previous year as a result of decrease in bank borrowings.

As of 31 December 2024, the Group had bank borrowings amounted to RMB3,238 million (31 December 2023: RMB3,278 million) drawn under the secured 15-year term loan of RMB3,300 million (31 December

2023: RMB3,300 million). The 15-year term loan is subject to repayment in the amount of RMB60 million in 2025, RMB510 million over the years from 2026 to 2029, and the remaining RMB2,668 million over the years from 2030 to year 2037, on a progressive basis .

Foreign Exchange Management

The functional currency of the Company and its subsidiaries in China is Renminbi, in which majority of the Group's transactions are denominated. As described in the "Liquidity and Financial Resources" section above, a small portion of the Group's monetary assets are foreign currencies (Hong Kong dollars and United States dollars).

Given that majority of the Group's revenue and expenses, as well as borrowings and capital expenditures are denominated in Renminbi, and the Hong Kong dollar cash balance held in Hong Kong is used to settle operating expenses incurred outside of mainland China, the Group currently does not require a comprehensive foreign currency hedging policy. Nevertheless, the management will monitor the Group's foreign currency exposure and, if necessary, will consider taking appropriate measures to mitigate any significant potential foreign currency risk.

Pledge of Assets

As of 31 December 2024, the Group has pledged certain of its assets, comprising (i) properties, plant, and equipment located in China, with a carrying amount of approximately RMB3,529 million (31 December 2023: RMB3,631 million); and (ii) right-of-use assets situated in China, with a carrying amount of approximately RMB1,518 million (31 December 2023: RMB1,569 million), for securing bank loan facility extended to the Group in the amount of RMB3,300 million (31 December 2023: RMB3,300 million). The outstanding loan amount of this facility as of 31 December 2024 was RMB3,238 million (31 December 2023: RMB3,278 million).

Contingent liabilities

As of 31 December 2024, the Group had no material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals

During the year, the Group did not make any significant investment, nor were there any material acquisitions or disposals of subsidiaries.

Review of Operations

During the year, influenced by multifaceted factors including socioeconomic dynamics, technological advancements, and demographic shifts, consumers demonstrated heightened awareness of health, environmental consciousness, growing brand loyalty, and increased demand for personalized products. Concurrently, a rising number of consumers opted for online shopping channels. To sustain competitive advantage, the Group proactively adjusted its market strategies by tailoring merchandise categories and optimizing merchant portfolios to cater to local market conditions, while persistently promoting scenario-based consumption to enhance omnichannel integration and advance green and low-carbon development. These efforts were dedicated to elevating customer shopping experiences and addressing evolving consumer needs.

During the year, the Group focused on strengthening online member engagement to improve quality and efficiency of customer interactions, in addition to channeling online members to offline stores. Simultaneously, the Group optimized its online marketplace by facilitating click-and-collect services, thereby boosting offline sales opportunities. Since the second half of 2024, the Group has also leveraged the Douyin platform to host live-streaming events across diverse scenarios, driving traffic growth and expanding omnichannel sales.

Shanghai Jiuguang Center ("JGC")

Strategically located in the Daning CBD, Jing'an District, JGC stands as the Group's inaugural flagship complex, harmoniously blending shopping, leisure, entertainment, and business functions. Housing nearly 500 tenants, the venue curates a diverse portfolio spanning high-end cosmetics, contemporary lifestyle brands, fashion, sports, and domestic trendsetters, while incorporating premium amenities such as an IMAX cinema and sports and fitness facilities to cater to multifaceted lifestyle needs. To elevate customer experiences and stimulate spending, JGC rolled out a series of thematic campaigns in 2024. In early spring, the "Floral Vitality" initiative transformed a 1,000-square-meter space into an immersive healing environment, complemented by a plant adoption program and Healing Garden Concert series. These activities allowed shoppers to engage with eco-conscious values while enjoying retail therapy. During the National Low-Carbon Day, JGC organized vibrant zero-waste and low-carbon awareness campaigns. By promoting biodegradable and recyclable shopping bags, the venue not only reinforced environmental stewardship but also infused shopping journeys with educational value and interactive delight. Aligning with the "Consumer Promotion Year" initiative, JGC actively supported the "China Coordinates City Orienteering Challenge – 2024 Shanghai." During the event, JGC offered targeted perks across sports, dining, shopping, and leisure categories, garnering widespread acclaim from participants. In November and December, JGC marked its third anniversary with the "Radiant Rebirth" campaign. Highlights included ice-skating performances, carnival parades, customized birthday cake distributions, and circus-themed parade, delivering immersive winter experiences that resonated deeply with customers. Through a meticulously planned calendar of events, JGC sustained customer curiosity and fostered repeat visits, ensuring the venue remained a dynamic hub of discovery and engagement.

While JGC's sales proceeds witnessed a year-on-year decrease of approximately 5.1% to RMB294.3 million in 2024, its total revenue rose by 4.3% to RMB325.7 million, buoyed by increased rental income from the office towers. Operational metrics revealed a 9.9% year-on-year growth in average daily footfall to approximately 34,300 visitors, as well as a 0.9-percentage-point increase in stay-and-buy ratio to 76.2%, reflecting the continuous update of merchandises and stores to meet the consumers' demand after three years of operations in JGC. However, the average ticket size declined from RMB195 to RMB175, indicating a prudent consumer spending pattern.

Amid China's gradual economic recovery and a subdued commercial real estate market, the Group continued to prioritize leasing efforts for JGC's twin office towers. By year-end, the East Tower and West Tower achieved occupancy rates of approximately 63% and 16% respectively, generated rental income of approximately RMB38.0 million for 2024, with tenants spanning logistics, professional services, and e-commerce sectors.

Shanghai Jiuguang

Since the rise of shopping malls and innovative commercial complexes, the department store sector has confronted significant challenges. As a renowned department store on Shanghai's Nanjing Road West, Shanghai Jiuguang continues to leverage the strength of its brand heritage, upholding an agile yet disciplined management approach and a meticulous service culture that maintains its position as one of the city's most locally popular department stores in Shanghai.

Amid shifting consumer behaviors, volatile market conditions, and declining per capita retail spending, Shanghai Jiuguang proactively adjusted its operational strategies during the year. The store continued to adjust its tenant mix, introducing regional and national debut stores while aligning merchandise offerings with evolving customer preferences. This dynamic approach ensured shoppers benefited from an innovative and diversified retail experience.

During the year, Shanghai Jiuguang hosted a series of meaningful events. In April, it teamed up with multiple government agencies to present the "2024 Shanghai International Cosmetic Festival & Jing'an 5·5 Shopping Festival", driving cosmetics segment growth through vibrant activities while offering consumers enhanced product choices and experiences. During the summer holiday, Shanghai Jiuguang co-organized the "Art+1 Charity Bazaar", engaging over 100 participating families in a fundraising effort to support autistic children and their families. In the middle of the year, Shanghai Jiuguang debuted the "Lane 1618 Market" on Nanjing Road West, featuring rotating pop-ups from 30+ boutique vendors to infuse outdoor shopping excitement. Commemorating its 20th anniversary, Shanghai Jiuguang launched the "Two Decades of Togetherness" campaign, introducing diverse promotional perks to stimulate spending.

In 2024, affected by the diversification of customer purchasing channels and the adjustments to surrounding underground exit points, Shanghai Jiuguang recorded a 9.5% year-on-year decline in average daily footfall to 46,700 visitors. However, average stay-and-buy ratio improved by 2.9 percentage points to 39.9%, while average ticket size dropped by 4.1% to RMB 374. Consequently, total annual sales proceeds decreased by 8.3% to RMB 1,777.0 million, with average concessionaire rate dipping marginally by 0.4 percentage points to approximately 22.5%.

Suzhou Jiuguang

Amid a sluggish retail market and intense competition within the department store sector, Suzhou Jiuguang sustained its brand equity to organize various promotion events in 2024. During the Spring Festival, Suzhou Jiuguang partnered with master paper-cutters to showcase intangible cultural heritage, offering shoppers immersive visual experiences. "Blossoming Goddess Festival" was held in March, followed by the annual "VIP Mid-Year Appreciation Event"—both designed to stimulate spending through diverse promotional perks. Heeding the call of Suzhou government, Suzhou Jiuguang organised in the "5·5 Shopping Festival" as well as Mid-Autumn and National Day promotions, effectively boosting customer spending sentiment. Despite these efforts, prolonged economic downturns, consumption downgrades, and regional commercial disparities resulted in negative revenue growth despite increased average daily footfall. Total sales proceeds fell by 19.9% year-on-year to RMB704.5 million, average daily footfall rose by 11.8% to roughly 15,200 visitors. However, stay-and-buy ratio and average ticket size fell by 6.9 percentage points and 13.1% respectively, reaching 48.6% and RMB403. Average concessionaire rate edged down by 0.1 percentage points to 15.2%.

Dalian and Shenyang Property

The Group's commercial properties in Dalian and Shenyang still remained vacant in 2024, incurring total cash outflows of approximately RMB17.0 million for upkeeping and maintenance.

Standalone “Freshmart” Operation

Following expiry of the lease, the Group's "Freshmart" in Shanghai's Changning District has ceased operations since March 2024.

Investments in Associates

The Group holds a strategic equity stake in Beiren Group, a leading retail conglomerate based in Shijiazhuang City, Hebei Province, China. During the year, while the home appliance category saw a substantial surge in sales, buoyed by the government's trade-in subsidy program for household appliances, local market was concurrently impacted by a downturn in consumer sentiment. This led to a substantial sales decline in luxury segments such as jewelry. Consequently, Beiren Group's sales revenue and net profit saw a year-on-year decrease in 2024. Coupled with absence of the one-time gain recorded last year from the disposal of a land parcel, the Group's share of Beiren Group's net profit for the year (net of attributable non-controlling interests) decreased by 25.4% to RMB138 million from RMB185.0 million in 2023.

Regarding the accounts receivable for which the Group has made full impairment provision in the year 2019, given that the Group holds only a non-controlling interest in Beiren Group, it is reliant upon Beiren Group's management to (i) undertake suitable and essential measures to pursue the recovery of these receivables from the debtors and/or the guarantor, and (ii) procure the most recent pertinent information, including but not limited to the financial particulars and standing of the debtors and the guarantor, along with advancements in any legal proceedings initiated against them, if applicable.

During the year, the Group was informed by Beiren Group's management that no advancements have been made in the recovery of the outstanding receivables, and no additional financial particulars concerning the debtors and the guarantor has been acquired. In light of the information on hand, the Group persists in its view that the full impairment provision established in 2019 for these receivables continues to represent the most accurate assessment.

Given that the Group possesses merely a non-controlling interest in Beiren Group, the Board recognizes the necessity to rely on Beiren Group's management to initiate requisite legal proceedings and to oversee the situation's evolution through consistent liaison with the pertinent authorities. The Board is equally aware of the obstacles and hurdles encountered by Beiren Group's management in their endeavors to secure further and up-to-date information.

In consideration of the aforementioned context and notwithstanding the absence of any headway in procuring the most recent updates on the cases pertaining to the debtors and/or the guarantor, the Board opines that the measures implemented by both the Group and Beiren Group's management are the most appropriate given the situation.

At the end of 2023, the Group solicited an independent legal opinion from a Chinese counsel concerning the repayment capacity of the debtors and/or the guarantor in relation to the receivables. While Beiren Group's management has commenced civil litigation to reclaim the pertinent debts, adhering to the fundamental legal tenet in mainland China's judicial system of prioritizing criminal proceedings over civil ones, civil and commercial cases contingent upon the resolution of associated criminal cases must await the finalization of said criminal cases before they can proceed. Given that the criminal case involving the guarantor remains pending without a final verdict, there has been no significant advancement in the civil case against the debtors. Moreover, in accordance with the applicable laws in mainland China and the precedents set by analogous cases, all assets of the guarantor that have been sequestered, detained, or frozen will be preferentially restituted to the fundraising participants upon the conclusion of the litigation. Any deficiency will be subject to further recovery efforts or compensation orders by the People's Court, with such compensation taking precedence over the civil obligations to Beiren Group. Notably, numerous public cases akin to the criminal action initiated by the Group against the guarantor were resolved in 2023. Consequently, the independent legal opinion posits that the probability of recuperating the receivable balance is exceedingly slim. Following a meticulous evaluation of the circumstances, the Group maintains its stance that the receivables have been irrecoverable since the initial full provision for bad debts was established in 2019, extending through to 31 December 2023.

Based on the aforementioned independent legal opinion, the auditor concurred with the Group's determination that the receivables in question were indeed irrecoverable as of 31 December 2023, and accordingly refrained from issuing a qualified opinion on the Group's consolidated financial statements as of that date. However, as the auditor was still unable to secure sufficient and appropriate audit evidence to evaluate management's assessment of the receivables’ irrecoverability as of 1 January 2023, the auditor issued a qualified opinion in respect of the comparability of the 2024 and 2023 figures in the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. The Board and the Audit Committee endorsed the auditor's qualified opinion concerning the comparability of the current year’s figures and the corresponding figures in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity for the year ended 31 December 2023.

Outlook and Plan

As global economic growth slows down, challenges persist from new U.S. tariffs on Chinese imports, coupled with domestic consumption stagnation, real estate vulnerabilities, and unemployment pressures. In response, the Chinese government is expected to maintain a moderately accommodative monetary policy, leveraging targeted reserve requirement ratio cuts and rate cut while expanding trade-in incentives and subsidy programs to drive consumption upgrading as a catalyst for industrial upgrading. The Group believes that these measures will significantly bolster consumption, expand employment, and stimulate investment activities. Additionally, China's recent visa-free trials for visitors from South Korea and other nations have sparked a tourism boom among young South Koreans heading to Shanghai, with inbound tourism growth poised to lift the performance of Shanghai Jiuguang and JGC. The Group will align with policy priorities to maximize Jiuguang's brand equity to further solidify its leadership in department store sector.

The retail landscape is undergoing transformative shifts, marked by a shift toward rational consumption, the rise of service-oriented spending, and live-streaming e-commerce redefining merchandise sales channels. These trends underscore consumers' growing demand for diversified and personalized experiences. To navigate this evolving environment, the Group will prioritize innovation and strategic agility, introducing experiential and immersive consumer offerings that cater to market demands and consumer preferences. By achieving seamless omnichannel integration and fostering a diversified, sustainable operating model, we aim to deliver enhanced consumer experiences that bridge the gap between digital and physical retailing.

Maximizing Jiuguang's brand equity
The Group will capitalize on the Jiuguang brand's established presence in the retail market to enhance overall competitiveness and solidify its leadership in department store sector within Shanghai and the Yangtze River Delta region. Recognizing the rapid evolution of e-commerce and shifting consumer shopping behaviors, we will accelerate digital transformation efforts, introducing distinctive product lines and promotional campaigns that synergize with the service excellence of our physical stores to engage younger demographics and sustain competitive differentiation.

Championing green consumption
The Group is committed to aligning with and advancing green consumption trends by expanding considerations of products' environmental impact and fostering consumer behaviors that promote ecological improvement. Emphasizing environmental sustainability and corporate social responsibility, we aim to promote holistic sustainable development across society. The "Jing'an Flower Festival" held in the springtime of 2025 in Jing'an District, where JGC is located, enabled customers and tourists to enjoy a seamless "park-and-mall" integrated experience, merging natural ecology, cultural value, and commercial vibrancy.

Optimizing tenant and merchandise mix
In response to rising consumer demand for high-quality, health-oriented, and personalized offerings, coupled with heightened value-for-money expectations, the Group will continue refining its tenant and merchandise mix to precisely respond to evolving preferences. This includes introducing a greater variety of eco-conscious, highly personalized established brands and emerging labels that address consumers' growing emphasis on green consumption and wellness-oriented lifestyles.

Refining loyalty program
Beyond continuous enhancements to the existing VIP membership program, the Group will focus on expanding membership acquisition across diverse channels. Both new and existing members will receive exclusive benefits tailored to their status, as well as special member privileges, new member welcome offers, and additional rewards. Furthermore, AI-driven analytics will be deployed to analyse purchasing patterns and preferences, enabling personalized product recommendations and shopping guidance. These measures are designed to enhance members' shopping experiences, thereby cultivating their greater brand loyalty to Jiuguang.

Integrating digital and physical marketing
The Group remains attuned to emerging consumer trends, leveraging platforms such as Xiaohongshu and Douyin to amplify brand visibility and narrative. Initiatives include live streaming, short-video content, and other digital campaigns to promote our e-commerce offerings. More importantly, online marketing will be strategically aligned to complement brick-and-mortar sales, driving foot traffic to physical stores and fostering a cohesive omnichannel experience.

Enhancing the shopping environment
The Group is dedicated to working with tenants to create an exceptional shopping environment, integrating interactive elements that captivate customer attention and heighten customer engagement. Ongoing aesthetic enhancements will be implemented to elevate customer comfort. By refining the shopping ambiance, the Group aims to amplify customer experiences, thereby driving sales performance.

Prioritizing office leasing
The Group will remain focused on the leasing works for JGC’s twin office towers to increase the cash flow.

Amid intensifying retail competition and a dynamic market landscape presenting both challenges and opportunities, the Group will adopt a proactive stance by deepening digital transformation, strengthening data analytics capabilities, and enhancing in-store customer experiences. Furthermore, we will explore the integration of AI and other emerging technologies into retail operations—from merchandise and spatial layout optimization to brand portfolio refinement, loyalty program operation, and service quality upgrades. This dual-pronged approach will enable us to carve a distinctive niche in the hyper-competitive market, delivering sustainable and long-term growth.

EMPLOYEES

As at 31 December 2024, the Group had a total of 1,078 employees, with 1,072 based in Mainland China and 6 in Hong Kong. The staff costs (excluding directors’ emoluments) amounted to RMB204.9 million (2023: RMB208.4 million) for the year ended 31 December 2024. The Group ensures that pay levels of its employees are competitive and in line with the market trend and its employees are rewarded on a performance related basis within the general framework of the Group’s salary and bonus system.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended 31 December 2024, except the following deviation:

The roles of the Chairman and Chief Executive Officer are not segregated but such arrangement on the other hand helps facilitate development and execution of the Group's business strategies and enhances efficiency and effectiveness of its operations.

DIVIDEND

The Board has resolved to not declare any dividend for the year ended 31 December 2024 (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Monday, 26 May 2025, the register of members of the Company will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025, both days inclusive. In order to qualify for the right to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 20 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS

The Group's audited consolidated results for the year ended 31 December 2024 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

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 this announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this preliminary announcement.

ACKNOWLEDGEMENT

We would like to thank our staff for the hard work and dedication they have bestowed upon the Group over the past year in spite of the challenging operating environment. We would also like to extend our gratitude to our customers, business partners and shareholders for their continued support.

On behalf of the Board
Lifestyle China Group Limited
Lau Luen Hung, Thomas
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Lau Luen Hung, Thomas, Mr. Lau Kam Sen and Ms. Lau Kam Shim as executive directors, Ms. Chan Chor Ling, Amy as non-executive director, and Ms. Cheung Mei Han, Mr. Cheung Yuet Man, Raymond and Mr. Lam Kwong Wai as independent non-executive directors.