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LHGROUP

叙福樓集團

LH GROUP LIMITED

叙福樓集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1978)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	HK\$ million	HK\$ million
Revenue	540.5	522.6
Loss attributable to the shareholders of the Company	(0.6)	(26.5)
Loss per share		
Basic and diluted (HK cents)	(0.08)	(3.32)

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of LH Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”), together with the comparative figures of the corresponding period in the previous year as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	540,460	522,610
Other income and gains	5	2,012	2,196
Cost of food and beverages		(156,491)	(162,277)
Staff costs		(192,620)	(194,463)
Depreciation and amortisation		(20,296)	(15,805)
Depreciation of right-of-use assets, rental and related expenses	6	(89,016)	(90,132)
Fuel and utility expenses		(15,712)	(15,030)
Advertising and marketing expenses		(3,860)	(3,792)
Other operating expenses		(52,850)	(54,169)
Provision for impairment of property, plant and equipment		(1,459)	(8,744)
Provision for impairment of right-of-use assets		(6,522)	(10,066)
Provision for impairment of intangible assets		—	(390)
Finance income	7	1,272	3,845
Finance costs	7	(7,733)	(5,852)
Loss before taxation	9	(2,815)	(32,069)
Income tax credit	8	2,168	5,534
Loss and total comprehensive loss for the period		<u>(647)</u>	<u>(26,535)</u>
Loss and total comprehensive loss for the period attributable to:			
— Shareholders of the Company		(633)	(26,535)
— Non-controlling interests		<u>(14)</u>	<u>—</u>
		<u>(647)</u>	<u>(26,535)</u>
Loss per share			
Basic and diluted	10	<u>HK(0.08) cents</u>	<u>HK(3.32) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		141,711	142,331
Right-of-use assets		246,896	292,852
Investment properties		11,437	11,696
Intangible assets		2,288	1,676
Rental and utilities deposits	12	48,155	55,216
Prepayments for purchase of property, plant and equipment	12	1,029	9,421
Deferred income tax assets		50,718	46,717
		<u>502,234</u>	<u>559,909</u>
CURRENT ASSETS			
Inventories		15,952	19,421
Trade receivables	12	6,811	6,344
Prepayments, deposits and other receivables	12	50,100	47,321
Tax recoverable		8,844	8,201
Cash and cash equivalents		100,260	144,810
		<u>181,967</u>	<u>226,097</u>
Total assets		<u>684,201</u>	<u>786,006</u>
EQUITY			
Equity and reserves attributable to the shareholders of the Company			
Share capital		80,000	80,000
Share premium		122,781	122,781
Reserves		29,451	30,084
		<u>232,232</u>	<u>232,865</u>
Non-controlling interests		<u>26</u>	<u>—</u>
Total equity		<u>232,258</u>	<u>232,865</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2025

		As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for reinstatement costs	13	14,892	17,970
Lease liabilities		194,983	209,573
Deferred income tax liabilities		5,603	6,390
		<u>215,478</u>	<u>233,933</u>
CURRENT LIABILITIES			
Trade payables	13	34,840	54,826
Other payables and accruals	13	96,315	115,898
Contract liabilities	13	21,081	30,335
Lease liabilities		82,221	114,911
Tax payable		2,008	3,238
		<u>236,465</u>	<u>319,208</u>
Total liabilities		<u>451,943</u>	<u>553,141</u>
Total equity and liabilities		<u>684,201</u>	<u>786,006</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)	Attributable to shareholders of the Company				Non-	Total
	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Retained Earnings <i>HK\$'000</i>	Other Reserves <i>HK\$'000</i>	controlling interests <i>HK\$'000</i>	
Balance as at 1 January 2025	80,000	122,781	2,465	27,619	—	232,865
Capital contribution by a non-controlling interest	—	—	—	—	40	40
Loss and total comprehensive loss for the period	—	—	(633)	—	(14)	(647)
Balance as at 30 June 2025	80,000	122,781	1,832	27,619	26	232,258

(Unaudited)	Attributable to shareholders of the Company				Non-	Total
	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Retained Earnings <i>HK\$'000</i>	Other Reserves <i>HK\$'000</i>	controlling interests <i>HK\$'000</i>	
Balance as at 1 January 2024	80,000	122,781	67,007	27,619	—	297,407
Loss and total comprehensive loss for the period	—	—	(26,535)	—	—	(26,535)
Dividends (<i>Note 11</i>)	—	—	(32,480)	—	—	(32,480)
Balance as at 30 June 2024	80,000	122,781	7,992	27,619	—	238,392

NOTES

1. GENERAL INFORMATION

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

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

The unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated, and has been approved for issue by the Board on 28 August 2025.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Group’s unaudited condensed consolidated interim financial information should be read in conjunction with the Company’s annual report for the year ended 31 December 2024 (the “**2024 Annual Report**”).

The Group’s current liabilities exceeded its current assets by HK\$54,498,000 as at 30 June 2025 and the Group incurred a loss for the period ended 30 June 2025 of HK\$647,000. The Group was in a net current assets position of HK\$48,804,000 by taking out lease liabilities of HK\$82,221,000 (31 December 2024: HK\$114,911,000) and contract liabilities of HK\$21,081,000 (31 December 2024: HK\$30,335,000) included in the current liabilities. As at 30 June 2025, the Group had cash and cash equivalents of HK\$100,260,000 (31 December 2024: HK\$144,810,000) and no external borrowings. The directors of the Company have reviewed the Group’s cash flow projections, which cover a period of not less than twelve months from 30 June 2025. The directors are of the opinion that, taking into account the anticipated cash flows generated from the Group’s operations as well as the possible changes in its operating performance, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 30 June 2025. We have not identified any material uncertainties related to the Group’s ability to continue going concern. Accordingly, these condensed consolidated interim financial information have been prepared on a going concern basis.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this unaudited consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Annual Report, except as stated below.

Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated interim financial information are consistent with those followed in preparing the 2024 Annual Report, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) and HKASs (collectively “**new HKFRSs**”) as set out below.

Amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2025 and have been adopted in the preparation of the condensed consolidated interim financial information:

Amendment to HKAS21

Lack of Exchangeability

The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

The Group has not adopted any new or amended standards or interpretations that are not yet effective during the six months ended 30 June 2025.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

	Six months ended 30 June 2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Recognised at a point in time:		
Restaurant operations	539,793	520,666
Sale of food ingredients and others	667	1,944
	<u>540,460</u>	<u>522,610</u>

(b) Segment information

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

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

The Group has the following reporting segments:

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

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

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

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

All operating entities of the Group are domiciled in Hong Kong. All of the Group's revenue are derived in Hong Kong. As at 30 June 2025 and 31 December 2024, all of non-current assets of the Group are located in Hong Kong.

An analysis of the Group's revenue, loss before taxation and depreciation and amortisation for the six months ended 30 June 2025 and 2024 and segment assets and liabilities as at 30 June 2025 and 31 December 2024 is as follows:

(Unaudited)	For the six months ended 30 June 2025			
	Self-owned brands HK\$'000	Franchised brands HK\$'000	Sale of food ingredients and others HK\$'000	Total HK\$'000
Segment revenue				
Revenue	143,358	396,435	44,481	584,274
Inter-segment revenue	—	—	(43,814)	(43,814)
External revenue	<u>143,358</u>	<u>396,435</u>	<u>667</u>	<u>540,460</u>
Segment (loss)/profit	<u>(1,342)</u>	<u>34,611</u>	<u>(1,864)</u>	<u>31,405</u>
Segment (loss)/profit includes				
Depreciation and amortisation	<u>(5,584)</u>	<u>(12,829)</u>	<u>(697)</u>	<u>(19,110)</u>
Depreciation of right-of-use assets	<u>(12,926)</u>	<u>(42,311)</u>	<u>—</u>	<u>(55,237)</u>
Provision for impairment	<u>—</u>	<u>(7,981)</u>	<u>—</u>	<u>(7,981)</u>
Segment profit				31,405
Unallocated depreciation and amortisation				(1,186)
Unallocated depreciation of right-of-use assets				(2,116)
Unallocated costs				(31,546)
Unallocated finance income				702
Unallocated finance costs				<u>(74)</u>
Loss before taxation				<u>(2,815)</u>
	As at 30 June 2025			
Segment assets	<u>171,967</u>	<u>267,185</u>	<u>59,782</u>	<u>498,934</u>
Segments liabilities	<u>(131,898)</u>	<u>(230,955)</u>	<u>(6,927)</u>	<u>(369,780)</u>

For the six months ended 30 June 2024				
(Unaudited)	Self-owned brands <i>HK\$'000</i>	Franchised brands <i>HK\$'000</i>	Sale of food ingredients and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Revenue	136,013	384,653	48,662	569,328
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>(46,718)</u>	<u>(46,718)</u>
External revenue	<u>136,013</u>	<u>384,653</u>	<u>1,944</u>	<u>522,610</u>
Segment (loss)/profit	<u>(14,221)</u>	<u>15,238</u>	<u>(1,354)</u>	<u>(337)</u>
Segment (loss)/profit includes				
Depreciation and amortisation	<u>(2,650)</u>	<u>(11,474)</u>	<u>(697)</u>	<u>(14,821)</u>
Depreciation of right-of-use assets	<u>(13,757)</u>	<u>(43,339)</u>	<u>—</u>	<u>(57,096)</u>
Provision for impairment	<u>(8,506)</u>	<u>(10,694)</u>	<u>—</u>	<u>(19,200)</u>
Segment loss				(337)
Unallocated depreciation and amortisation				(984)
Unallocated depreciation of right-of-use assets				(2,115)
Unallocated costs				(31,894)
Unallocated finance income				3,416
Unallocated finance costs				<u>(155)</u>
Loss before taxation				<u>(32,069)</u>
As at 31 December 2024				
Segment assets	<u>179,962</u>	<u>342,389</u>	<u>59,560</u>	<u>581,911</u>
Segments liabilities	<u>(145,678)</u>	<u>(314,655)</u>	<u>(13,495)</u>	<u>(473,828)</u>

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

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Segment assets	498,934	581,911
Unallocated assets	<u>185,267</u>	<u>204,095</u>
	<u><u>684,201</u></u>	<u><u>786,006</u></u>

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

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Segment liabilities	369,780	473,828
Unallocated liabilities	<u>82,163</u>	<u>79,313</u>
	<u><u>451,943</u></u>	<u><u>553,141</u></u>

5. OTHER INCOME AND GAINS

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited)
Promotion income from a credit card company	1,650	1,650
Sundry income	<u>362</u>	<u>546</u>
	<u><u>2,012</u></u>	<u><u>2,196</u></u>

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets	57,353	59,211
Property rentals and related expenses	31,663	30,921
	<u>89,016</u>	<u>90,132</u>

7. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from bank deposits	741	3,591
Finance income on financial assets	531	254
	<u>1,272</u>	<u>3,845</u>
Finance income		
Finance costs on lease liabilities	(7,733)	(5,852)
Finance costs	(7,733)	(5,852)

8. TAXATION

Hong Kong profits tax has been provided on the estimated assessable profits at a rate of 16.5% for the period ended 30 June 2025 (2024: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

The major components of the income tax credit are as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Current income tax	2,750	2,557
Over-provision in prior years	(918)	—
Deferred income tax	(4,000)	(8,091)
	<u>(2,168)</u>	<u>(5,534)</u>
Income tax credit		

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	19,824	15,310
Depreciation of right-of-use assets	57,353	59,211
Depreciation of investment properties	260	259
Amortisation of intangible assets	212	236
Lease payments under operating leases in respect of land and buildings:		
— Short term lease payments	1,776	2,367
— Contingent rental	1,997	2,304
	<u>3,773</u>	<u>4,671</u>
Employee benefit expenses:		
Salaries, bonuses and other allowances	184,638	186,734
Retirement benefit scheme contributions	7,982	7,729
	<u>192,620</u>	<u>194,463</u>
Auditors' remuneration		
— Audit services	1,136	1,103
— Non-audit services	425	415
	<u><u>1,561</u></u>	<u><u>1,518</u></u>

10. LOSS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

(a) Basic

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to the Shareholders (<i>HK\$'000</i>)	(633)	(26,535)
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>800,000</u>	<u>800,000</u>
Loss per share (<i>HK cents</i>)	<u>(0.08)</u>	<u>(3.32)</u>

(b) Diluted

Diluted loss per share for the six months ended 30 June 2025 and 2024 are the same as the basic loss per share as there were no potentially dilutive ordinary shares issued.

11. DIVIDENDS

A final dividend for the year ended 31 December 2023 of HK4.06 cents per ordinary share, totalling HK\$32,480,000, was declared by the Board on 26 March 2024 and approved by the Shareholders at the annual general meeting of the Company held on 6 June 2024, which was paid on 27 June 2024.

The Board did not propose an interim dividend for the six months ended 30 June 2025 (For the six months ended 30 June 2024: Nil).

12. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Trade receivables

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

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
External customers	<u>6,811</u>	<u>6,344</u>

An ageing analysis of the trade receivables as at 30 June 2025 and 31 December 2024, based on the invoice date, is as follows:

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Within 30 days	4,797	5,639
31–60 days	551	177
61–180 days	<u>1,463</u>	<u>528</u>
	<u>6,811</u>	<u>6,344</u>

Prepayments, deposits and other receivables

There was no recent history of default in respect of the Group's debtors. Based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances. No impairment loss was recognised by the Group as at 30 June 2025 and 31 December 2024.

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Prepayments	15,917	21,563
Rental and utilities deposits	82,208	86,892
Other receivables	1,159	3,503
	<u>99,284</u>	<u>111,958</u>
Less: non-current portion		
— Rental and utilities deposits	(48,155)	(55,216)
— Prepayments for property, plant and equipment	(1,029)	(9,421)
	<u>(49,184)</u>	<u>(64,637)</u>
Current portion	<u>50,100</u>	<u>47,321</u>

As at 30 June 2025 and 31 December 2024, the balances of deposits and other receivables were neither past due nor impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

The maximum exposure to credit risk as at 30 June 2025 and 31 December 2024 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of deposits and other receivables approximate to their fair values and are denominated in HK\$.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Trade payables

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
External suppliers	<u>34,840</u>	<u>54,826</u>

An ageing analysis of the trade payables as at 30 June 2025 and 31 December 2024, based on the invoice date, is as follows:

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Within 30 days	24,852	30,244
31–60 days	9,677	24,287
61–180 days	55	36
Over 180 days	<u>256</u>	<u>259</u>
	<u>34,840</u>	<u>54,826</u>

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

Contract liabilities, other payables and accruals

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Rent payable	883	2,402
Accrued employee benefit expenses	36,581	37,541
Provision for long service payment	2,378	1,923
Provision for untaken annual leave	11,071	11,485
Provision for reinstatement costs	25,216	25,130
Contract liabilities	21,081	30,335
Other accrued expenses	30,770	32,507
Payables for purchase of property, plant and equipment	3,676	22,248
Other payables	632	632
	<hr/> 132,288	<hr/> 164,203
Less: non-current portion		
— Provision for reinstatement costs	<hr/> (14,892)	<hr/> (17,970)
Current portion	<hr/> <hr/> 117,396	<hr/> <hr/> 146,233

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a top full service multi-brand restaurant group in Hong Kong specialising in Asian (in particular Japanese) and Cantonese cuisine.

As at 30 June 2025, the Group operated a total of 64 restaurants. Of these, 18 restaurants were under seven self-owned brands, namely *Mou Mou Club* (牛涮鍋), *Peace Cuisine* (和平飯店), *Wing Wah Allday* (永華日常), *Pot Master* (煲仔王), *#HAP Taiwanese Hotpot* (好呷台灣火鍋), *Shabu Days* (好鍋日子) and *SO “MEEN”* (敘・小麵). In addition, 2 restaurants were operated in collaboration with Twins Liangpi Limited under the brand *Twins Liangpi x KABU* (兩姊妹涼皮 x 株式會社). The remaining 44 restaurants were operated under six franchised brands, namely “*Gyu-Kaku* (牛角)”, “*Gyu-Kaku J* (牛角J)”, “*Gyu-Kaku Jinan-Bou* (牛角次男坊)”, “*On-Yasai* (溫野菜)”, “*The Matcha Tokyo*” and “*Hikiniku To Come* (挽肉と米)”, which serve quality, value-for-money delicacies to diversified customer segments seeking a wide array of culinary experiences. The Group prides itself in the extensive market coverage of the Group’s brand portfolio, which allows the Group to tap into customer segments spanning across mid-to-high end market to mass market with different culinary preferences.

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

	As at 30 June	
	2025	2024
Self-owned brands	20	14
Franchised brands	44	44
	<hr/>	<hr/>
Total:	64	58
	<hr/> <hr/>	<hr/> <hr/>

FINANCIAL REVIEW

Revenue

During the first half of 2025, Hong Kong's macroeconomic environment continued to show improvement, with the local economy recorded moderate growth, reflecting a gradual stabilization after previous periods of volatility. Nonetheless, structural shifts in consumer behavior have continued to be observed, contributing to evolving demand dynamics. Concurrently, the operating landscape remained challenged by ongoing market oversupply and intensified competitive pressures, which continued to undermine sector performance. Despite these challenging market conditions, the Group recorded a revenue increase of approximately 3.4%, or approximately HK\$17.9 million, from approximately HK\$522.6 million for the six months ended 30 June 2024 (the “**Last Corresponding Period**”) to approximately HK\$540.5 million for the Period. The increase in revenue was due to the Group actively optimizing its store portfolio, making decisive adjustments to underperforming outlets, and embracing the evolving market landscape by revamping menus to enhance customer experience and competitiveness.

The number of restaurants under franchised brands remained at 44 as at both 30 June 2024 and 30 June 2025, but the revenue from franchised brands increased by approximately HK\$11.8 million or approximately 3.1%, from approximately HK\$384.7 million for the Last Corresponding Period to approximately HK\$396.4 million for the Period. Franchised brands remained as the main pillar of revenue, constituting approximately 73.4% of the total revenue of the Group for the Period (Last Corresponding Period: 73.6%).

The revenue from self-owned brands increased by approximately HK\$7.3 million or approximately 5.4%, from approximately HK\$136.0 million for the Last Corresponding Period to approximately HK\$143.4 million for the Period.

Revenue by business segments is set out below:

	For the six months ended 30 June			
	2025		2024	
	Revenue	% of total	Revenue	% of total
	HK\$'000	(%)	HK\$'000	(%)
Self-owned brands	143,358	26.5	136,013	26.0
Franchised brands	396,435	73.4	384,653	73.6
Sub-total of restaurant operations	539,793	99.9	520,666	99.6
Sale of food ingredients and others	667	0.1	1,944	0.4
Total	540,460	100.0	522,610	100.0

Other income and gains

The Group's other income and gains decreased by approximately 8.4%, or approximately HK\$0.2 million, from approximately HK\$2.2 million for the Last Corresponding Period to approximately HK\$2.0 million for the Period. Other income and gains mainly included promotion income from a credit card company of approximately HK\$1.7 million for the Period (Last Corresponding Period: approximately HK\$1.7 million).

Cost of food and beverages

The Group's cost of food and beverages decreased by approximately 3.6%, or approximately HK\$5.8 million, from approximately HK\$162.3 million for the Last Corresponding Period to approximately HK\$156.5 million for the Period. The decrease was primarily attributable to the implementation of cost-saving measures, including the optimisation of procurement strategies and adjustments to the menu mix to enhance operational efficiency. The cost of food and beverages as a percentage of revenue decreased slightly from approximately 31.1% for the Last Corresponding Period to approximately 29.0% for the Period.

Staff costs

The Group's staff cost decreased by approximately 0.9%, or approximately HK\$1.8 million, from approximately HK\$194.5 million for the Last Corresponding Period to approximately HK\$192.6 million for the Period. The cost reduction was due to the adoption of a more prudent management and control over employee-related expenses. Staff cost as a percentage of revenue decreased from approximately 37.2% for the Last Corresponding Period to approximately 35.6% for the Period.

Depreciation of right-of-use assets, rental and related expenses

The Group's depreciation of right-of-use assets, rental and related expenses decreased by approximately 1.2%, or approximately HK\$1.1 million, from approximately HK\$90.1 million for the Last Corresponding Period to approximately HK\$89.0 million for the Period. The decrease reflected the lower net book value of right-of-use assets following the impairment loss recognised in 2024.

Loss attributable to Shareholders of the Company

Loss attributable to shareholders for the Period decreased by approximately 97.6%, or approximately HK\$25.9 million, from approximately HK\$26.5 million for the Last Corresponding Period to approximately HK\$0.6 million for the Period. The reduction in loss was mainly attributable to the Group's proactive transformation and active restructuring initiatives, which resulted in an increase in revenue during the Period and a decrease in provision for impairment of property, plant and equipment and right-of-use assets related to certain underperforming stores for the Period as compared to the Last Corresponding Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its business with internally generated cash flows. As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$100.3 million (as at 31 December 2024: approximately HK\$144.8 million). Most bank deposits and cash were denominated in HK\$. The Group will continue to use the internal generated cash flows as a source of funding for future developments.

As at 30 June 2025, the Group's total current assets and current liabilities were approximately HK\$182.0 million (as at 31 December 2024: approximately HK\$226.1 million) and approximately HK\$236.5 million (as at 31 December 2024: approximately HK\$319.2 million) respectively, while the current ratio was about 0.8 times (as at 31 December 2024: about 0.7 times).

As at 30 June 2025, the gearing ratio of the Group was Nil (as at 31 December 2024: Nil) as it had no outstanding interest-bearing bank borrowings. The gearing ratio is calculated by total interest-bearing bank borrowings divided by total equity and multiplied by 100%.

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

SIGNIFICANT INVESTMENTS

As at 30 June 2025, the Group did not have any significant investments.

CAPITAL COMMITMENT

As at 30 June 2025, the Group's has no outstanding commitment (as at 31 December 2024: The Group's outstanding capital commitments were approximately HK\$5.1 million). The outstanding capital commitments consist of leasehold improvements which are contracted, but not provided for, and will be fulfilled by the operating cash flow generated from ordinary business of the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had contingent liabilities of approximately HK\$1.2 million (as at 31 December 2024: approximately HK\$1.2 million) in respect of bank guarantee given in favour of the landlord in lien of rental deposit.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

Save for those disclosed in this announcement, the Group had not entered into any off balance sheet transactions as at the date of this announcement and had no other capital commitments or any specific plans for material investments or capital assets as at 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group had no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period. Apart from those disclosed in this announcement, the Group has no plan for material investments or additions of capital assets as at the date of this announcement.

CHARGES ON GROUP ASSETS

As at 30 June 2025, the Group did not have any charges on assets.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group during the Period. The capital of the Group only comprises ordinary shares. During the Period, the Company did not hold or did not sell any treasury shares.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred since the end of the Period and up to the date of this announcement which requires disclosure.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 1,672 employees (as at 31 December 2024: 1,742 employees). The remuneration of the employees is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The remuneration of individual employee is reviewed regularly with reference to the employee's performance and qualifications.

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

SHARE OPTION SCHEME

No share option was granted during the Period. Since the date of adoption of the Share Option Scheme on 4 May 2018 and up to 30 June 2025, there was no share option granted, exercised, outstanding, expired, cancelled or lapsed under the Share Option Scheme.

FOREIGN EXCHANGE EXPOSURE

Most of the transactions of the Group are denominated in HK\$ and the Group is not exposed to any significant foreign exchange exposure. As at 30 June 2025, the Group did not have any foreign exchange investment and did not engage in any currency hedging transactions or enter into any hedging instruments.

PROSPECTS

During the first half of 2025, Hong Kong's macroeconomic indicators continued to show positive momentum, with overall recovering economic growth. At the same time, shifts in consumption patterns continued to occur, accompanied by an oversupply in the market and heightened competition in the local catering sector. Against this backdrop, reliance solely on traditional operating models has proved inadequate in addressing intensified market challenges.

The Group has adopted a proactive and prudent approach to management, focusing on the optimisation of its store portfolio and making decisive adjustments to underperforming outlets. Concurrently, the Group continued to refine its menu offerings and introduce new brands and concepts, including “Gyu-Kaku J,” “Shabu Days,” and “SOMEEN” in late 2024, as well as the repositioned “Peace Cuisine (Beijing-Sichuan-Shanghai)” in early 2025. These newly launched self-operated and franchised brands strengthened overall value for money, aiming to diversify the Group's brand portfolio and attract the next generation of consumers. This strategic adjustment enhances customer experience and reinforces market competitiveness of the Group. Over the past six months, the Group proactively closed inefficient stores while selectively opening high-potential locations, achieving flexible allocation of resources and establishing a solid foundation for sustained, healthy development. The Group's sharp improvement in interim results demonstrates the initial effectiveness of these measures.

From a financial management perspective, the Group retained its commitment to maintaining robust cash flows and a zero bank borrowing policy, providing transformation flexibility in volatile market conditions. Operationally, the Group has expedited its deployment of artificial intelligence and automation, including customer relationship management systems, smart reservation solutions, and process automation, to improve efficiency and increase customer engagement.

Looking ahead, Hong Kong's catering industry faces a period of structural transformation. The Group remains committed to agile innovation, prudent management, and ongoing transformation, fully embracing technological advances to drive development. Supported by a strong cash position and debt-free capital structure, the Group is well-positioned to demonstrate resilience and proactively adapt, even amid subdued consumer sentiment. In the future, the Group will further accelerate technology integration and efficiency improvements, with the objectives of solidifying its position in the local market and actively pursuing growth opportunities in both Mainland China and overseas markets.

DIVIDENDS

The Board resolved not to declare an interim dividend for the Period (Last Corresponding Period: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% of the issued shares of the Company for the Period and up to the date of this announcement under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

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

For the Period, save for the deviation from code provision C.2.1 of the CG Code, which is explained in the paragraph below, the Board considers that the Company has in all material respects complied with all the code provisions of the CG Code and adopted most of the best practices set out therein.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code for the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities or engaged in sale of treasury shares (as defined under the Listing Rules) of the Company for the Period.

As at 30 June 2025, the Company did not hold any treasure shares (as defined under the Listing Rules).

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) which comprises three independent non-executive Directors, namely Mr. Mak Kam Chiu (Chairperson), Mr. Hung Wai Man and Mr. Sin Yat Kin. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has held meetings to discuss the financial reporting process, internal control and risk management system of the Group, including the review of this unaudited interim results announcement and the unaudited interim condensed consolidated financial information of the Group for the Period.

The unaudited condensed consolidated interim results of the Group for the Period have not been audited or reviewed by the Company’s auditor but have been reviewed by the Audit Committee and the management of the Company.

PUBLICATION OF THE INTERIM RESULTS AND 2025 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lhgroup.com.hk), and the 2025 interim report containing the information required by Appendix D2 to the Listing Rules will be published on the respective websites of the Stock Exchange and the Company according to the requirements under the Listing Rules.

APPRECIATION

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

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

Hong Kong, 28 August 2025

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