Tsui Wah Holdings Limited

翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1314)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		% Change
	2023	2022	
	(HK$'000)	*(HK$'000)*	
Revenue	**845,797**	993,324	(14.9%)
Hong Kong#	**471,503**	493,995	(4.6%)
Mainland China	**367,587**	491,497	(25.2%)
Others##	**6,707**	7,832	(14.4%)
Profit/(loss) for the year	**55,880**	(124,049)	145.0%
Attributable to:			
Equity shareholders of the Company	**60,578**	(118,254)	151.2%
Non-controlling interests	**(4,698)**	(5,795)	18.9%
Earnings/(loss) per share			
Basic	**HK4.41 cents**	HK(8.58) cents	151.4%
Diluted	**HK4.38 cents**	HK(8.58) cents	151.0%
Number of restaurants including joint ventures	**As at 31 March**		
	2023	2022	
Hong Kong	**34**	35	
Mainland China	**39**	43	
Macau	**3**	3	
Singapore	**3**	4	

Revenue from external customers located in the Hong Kong Special Administrative Region ("**Hong Kong**") of the People's Republic of China (the "**PRC**", "**Mainland**" or "**Mainland China**") did not includes revenue derived from the sale of food to a joint venture of the Group (2022: approximately HK$1,007,000).

"Others" mainly represents revenue derived from the sale of food to joint ventures of the Group.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of Tsui Wah Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the consolidated results of the Group for the year ended 31 March 2023 (the "**Year**"), together with the comparative figures for the year ended 31 March 2022 (the "**Year 2022**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
REVENUE	*4*	**845,797**	993,324
Other income and other gains	*4*	**95,997**	39,049
Gain on disposal of assets held for sale	*11*	**84,244**	–
Cost of inventories sold		**(230,825)**	(282,116)
Staff costs		**(295,778)**	(333,974)
Depreciation and amortisation		**(174,960)**	(246,647)
Property rentals and related expenses		**(26,683)**	(24,464)
Fuel and utility expenses		**(43,563)**	(48,956)
Selling and distribution expenses		**(46,141)**	(40,175)
Other operating expenses		**(140,902)**	(160,330)
Finance costs	*5*	**(14,493)**	(19,831)
Share of profits of joint ventures		**9,162**	6,720
PROFIT/(LOSS) BEFORE TAX	*6*	**61,855**	(117,400)
Income tax expense	*7*	**(5,975)**	(6,649)
PROFIT/(LOSS) FOR THE YEAR		**55,880**	(124,049)
Attributable to:			
Equity shareholders of the Company		**60,578**	(118,254)
Non-controlling interests		**(4,698)**	(5,795)
		55,880	(124,049)
EARNINGS/(LOSS) PER SHARE	*9*		
Basic		**HK4.41 cents**	HK(8.58) cents
Diluted		**HK4.38 cents**	HK(8.58) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**55,880**	(124,049)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of operations outside Hong Kong	**(25,886)**	18,369
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**29,994**	(105,680)
Attributable to:		
Equity shareholders of the Company	**34,692**	(99,885)
Non-controlling interests	**(4,698)**	(5,795)
	29,994	(105,680)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**175,735**	231,908
Investment properties		**98,967**	110,329
Right-of-use assets		**258,877**	402,892
Intangible assets		**2,835**	3,205
Investments in joint ventures		**37,816**	35,444
Prepayments and deposits paid in advance for purchase of property, plant and equipment and intangible assets		**13,227**	814
Non-current deposits and other receivables		**66,258**	72,291
Total non-current assets		**653,715**	856,883
CURRENT ASSETS			
Inventories		**8,695**	14,010
Trade receivables	*10*	**4,162**	5,709
Prepayments, deposits and other receivables		**83,936**	92,907
Tax recoverable		**216**	3,529
Pledged time deposits		**–**	569
Restricted cash		**2,500**	15,920
Non-pledged time deposits		**100,000**	–
Cash and cash equivalents		**186,395**	103,261
		385,904	235,905
Assets classified as held for sale	*11*	**–**	175,130
Total current assets		**385,904**	411,035
CURRENT LIABILITIES			
Trade payables	*12*	**28,170**	27,311
Other payables and accruals		**126,992**	131,917
Interest-bearing bank borrowings		**–**	61,738
Lease liabilities		**119,603**	168,547
Tax payable		**14,732**	5,858
Total current liabilities		**289,497**	395,371
NET CURRENT ASSETS		**96,407**	15,664
TOTAL ASSETS LESS CURRENT LIABILITIES		**750,122**	872,547

	2023 *HK$'000*	2022 *HK$'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**10,142**	11,169
Interest-bearing bank borrowings	**–**	4,727
Lease liabilities	**204,636**	345,499
Deferred tax liabilities	**1,184**	4,031
Total non-current liabilities	**215,962**	365,426
Net assets	**534,160**	507,121
CAPITAL AND RESERVES		
Equity attributable to equity shareholders of the Company		
Issued capital	**14,112**	14,112
Reserves	**535,898**	504,161
	550,010	518,273
Non-controlling interests	**(15,850)**	(11,152)
Total equity	**534,160**	507,121

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Tsui Wah Holdings Limited was incorporated in the Cayman Islands on 29 May 2012 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Company acted as an investment holding company and the Company's subsidiaries were principally engaged in the provision of food catering services in Hong Kong, the People's Republic of China (the "**PRC**"), Macau and Singapore.

2.1 BASIS OF PREPARATION

The consolidated financial statements comprise the Group and its investments in joint ventures. The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the Year but extract from those financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has prepared the financial statements on the basis that the Group will continue to operate as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS are discussed below.

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 April 2022, and has concluded that none of them is onerous.

2.3 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services. Information reported to the Group's management for the purpose of resource allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following tables present revenue from external customers for the year and certain non-current assets' information as at 31 March 2023 by geographical area.

(a) Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Hong Kong#	**471,503**	493,995
Mainland China	**367,587**	491,497
Others##	**6,707**	7,832
	845,797	993,324

The revenue information above is based on the locations of the customers.

As no revenue derived from sales to a single customer of the Group accounted for 10% or more of the Group's total revenue during the year (2022: Nil), no information about major customers is presented.

\# Revenue from external customers located in Hong Kong did not includes revenue derived from the sale of food to a joint venture of the Group (2022: HK$1,007,000).

\## "Others" mainly represents revenue derived from the sale of food to joint ventures of the Group.

(b) Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**226,297**	310,310
Mainland China	**323,344**	438,838
Others	**37,816**	35,444
	587,457	784,592

The non-current assets' information above is based on the locations of the assets and excludes non-current deposits and other receivables.

4. REVENUE AND OTHER INCOME AND OTHER GAINS

An analysis of revenue is as follow:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers (within the scope of HKFRS 15)		
Income from restaurant operations transferred at a point in time	**830,075**	975,480
Sale of food transferred at a point in time	**15,722**	17,844
	845,797	993,324

Performance obligation

The performance obligation of income from restaurant operations is satisfied upon completion of the service.

The performance obligation of sale of food is satisfied upon delivery of the food and payment is generally due from immediate to 60 days from delivery.

An analysis of other income and other gains is as follows:

	2023 HK$'000	2022 HK$'000
Other income		
Bank interest income	**1,278**	560
Rental income *(note (a))*	**5,172**	4,686
Government grants *(note (b))*	**20,557**	9,521
Compensation income	**358**	1,851
Reversal of overprovision for accruals	**–**	11,682
Others	**5,800**	7,710
	33,165	36,010
Other gains		
Gain on early termination of leases	**405**	3,039
Gain on lease modification	**62,427**	–
	62,832	3,039
	95,997	39,049

Notes:

(a) Rental income from investment properties less direct outgoings of HK$1,436,000 (2022: Nil) amounting to HK$3,736,000 (2022: HK$4,686,000).

(b) These mainly represented subsidies granted by the Hong Kong Government under the Anti-epidemic Fund and Employment Support Scheme of HK$20,557,000 (2022: HK$7,987,000). There were no unfulfilled conditions or other contingencies attaching to the subsidies and the government grant that had been recognised by the Group.

5. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank loans	**385**	884
Interest on lease liabilities	**14,108**	18,947
	14,493	19,831

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
Cost of inventories sold	**230,825**	282,116
Depreciation of property, plant and equipment	**45,927**	58,078
Depreciation of right-of-use assets	**124,921**	182,337
Depreciation of investment properties	**3,302**	2,999
Amortisation of intangible assets	**810**	3,233
Write-off of property, plant and equipment	**1,415**	1,147
Impairment of intangible assets	**–**	7,184
Impairment of property, plant and equipment	**12,079**	12,509
Impairment of right-of-use assets	**32,948**	14,197
Foreign exchange differences, net	**241**	2,040
Lease payments not included in the measurement of lease liabilities	**5,359**	11,516
Variable lease payments not included in the measurement of lease liabilities	**1,298**	3,648
	6,657	15,164
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	**260,863**	296,378
Retirement benefit scheme contributions	**27,519**	31,338
	288,382	327,716
Gain/(loss) on disposal of property, plant and equipment	**612**	(558)
Auditor's remuneration		
— audit services	**2,298**	1,850
— other services	**247**	220
	2,545	2,070

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2022: 16.5%) during the Year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2023	2022
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**3,023**	2,410
Underprovision/(overprovision) in prior years	**(135)**	4
Current — Elsewhere		
Charge for the year	**1,181**	187
Underprovision in prior years	**5,031**	2,554
Deferred tax	**(3,125)**	1,494
Total tax charge for the year	**5,975**	6,649

8. DIVIDENDS

No dividends have been paid or proposed during the Year. On 26 June 2023, a special dividend of HK$4 cents per share was declared by the directors of the Company and to be payable to the shareholders on or about Friday, 21 July 2023 (2022: Nil) since the end of the reporting period.

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is as follows:

(a) Basic earnings/(loss) per share

	2023	2022
Profit/(loss) attributable to ordinary equity shareholders of the Company *(HK$'000)*	**60,578**	(118,254)
Weighted average number of ordinary shares in issue	**1,411,226,450**	1,411,226,450
Less: Weighted average number of ordinary shares held under the share award scheme	**(37,400,115)**	(32,624,000)
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per shares	**1,373,826,335**	1,378,602,450
Basic earnings/(loss) per share	**HK4.41 cents**	HK(8.58) cents

(b) Diluted earnings/(loss) per share

	2023	2022
Profit/(loss) attributable to ordinary equity shareholders of the Company *(HK$'000)*	**60,578**	(118,254)
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per shares	**1,373,826,335**	1,378,602,450
Effect of shares granted under the share award scheme	**7,000,000**	–
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per shares	**1,380,826,335**	1,378,602,450
Basic earnings/(loss) per share	**HK4.38 cents**	HK(8.58) cents

10. TRADE RECEIVABLES

	2023 *HK$'000*	2022 *HK$'000*
Trade receivables	**4,162**	5,709

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well-established corporate customers for which the credit term is generally 60 days (2022: 60 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. They are stated net of loss allowance.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Less than one month	**1,567**	822
One to two months	**891**	1,266
Two to three months	**249**	360
Over three months	**1,455**	3,261
	4,162	5,709

Generally, trade receivables are written off if past due for more than one year and not subject to enforcement activity. As at 31 March 2023 and 2022, the Group assessed that the loss allowance under the application of HKFRS 9 was minimal because the corporate customers have good background, reputation and history of repayment and the payment platforms have high credit rating and no past due history.

11. ASSETS CLASSIFIED AS HELD FOR SALE

On 14 April 2022, the Group entered into a sale and purchase agreement with an independent third party to dispose of its properties, namely (i) Units Nos. 1601, 1602, 1603, 1604, 1605, 1606, 1607 and 1608 on the 16th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong; and (ii) Units Nos. 1701, 1702, 1703 and 1704 on the 17th Floor of Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (Lot No. 937 IN D.D. 450) (collectively the "**Properties**") at a total consideration of HK$264,045,000, and the transaction was completed on 14 July 2022 (the "**Completion**"). Following the Completion, the Group had recognised a gain on disposal of assets held for sale of approximately HK$84,244,000.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Less than one month	**20,544**	15,614
One to two months	**5,585**	7,276
Over two months	**2,041**	4,421
	28,170	27,311

The trade payables are non-interest-bearing and generally have payment terms of 45 days (2022: 45 days).

INDUSTRY OVERVIEW

In the second quarter of 2022, the Hong Kong government eased the social distancing measures by resuming dine-in service for catering businesses and further eased the social distancing measures by allowing dine-in service in the evening time and increasing the maximum number of persons per table to 12, which more or less boosted up the business performance of restaurant operators. For the purpose of attracting more Mainland travellers to visit Hong Kong, the restrictive measures had been gradually relaxed in the fourth quarter of 2022. With effect from 6 February 2023, normal travel between Hong Kong and the Mainland (the "**HK and Mainland Travel**") has been fully resumed, which improved the number of dining customers.

In 2022, save for the fourth quarter, the values of total receipts of the restaurants sector in all other quarters decreased. Driven by the full resumption of normalcy in the society, the provisional value of total receipts of the restaurants sector in the first quarter of 2023, as released by the Census and Statistics Department of Hong Kong reached HK$27.6 billion, increased by 81.7% over a year earlier. Notwithstanding the obvious improvement, since the fourth quarter of 2022, supply in the labour market of the catering industry has become increasingly intense. During the Year, in addition to the increase in labour costs, food material costs also rose, which exerted pressure on restaurant operators.

In respect of the restaurants performance in the Mainland China, the business performance had been inevitably affected by the lock-down of certain cities resulting from the novel coronavirus disease 2019 (the "**COVID-19**") pandemic (the "**Pandemic**").

BUSINESS REVIEW

During the Year, the business of the Group in Hong Kong, Mainland China, Macau and Singapore had been continuously affected by the Pandemic. As at 31 March 2023, a total of 79 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore. The Group has been taking close heed of the development of the Pandemic and the market conditions and keeping an eye on its restaurant network strategy with a view to seizing the opportunities in the market and actively making strategic deployments in different regions (especially in the core cities of the Greater Bay Area).

Hong Kong

In the second half of the Year, the restrictive measures in Hong Kong had been gradually relaxed. With effect from 6 February 2023, the HK and Mainland Travel has been fully resumed, which could attract Mainland travellers to visit Hong Kong and thereby boost up the number of the dining customers. Driven by the full resumption of normalcy in the society of Hong Kong, the competition for quality personnel may, however, arise and the supply in the labour market of the catering industry will become intense in the short run. As such, since the fourth quarter of the Year, additional effort has been put by the Group seeking quality staff to support the Group's business to cope with the full resumption of the HK and Mainland Travel.

As the Pandemic continued affecting the Group's dine-in business during the first half of the Year, the Group had continued to enhance its delivery services to customers via its own takeaway delivery team "Tsui Wah Delivery (快翠送)" and other online takeaway platforms such as "deliveroo" and "foodpanda" and had offered attractive discount to our takeaway customers (for self-pickup) with a view to encouraging them to use our self-pickup takeaway service during the Year, which had partially offset the impact of the tightened social distancing measures.

The Group's brands in Hong Kong include "Tsui Wah (翠華)", "Nijuuichi Don (廿一堂)", "Homurice (揚食屋)", "Ceylon (錫蘭)", "Ging Sun Ho King of Bun (堅信號上海生煎皇)", "Chilli Chilly (川辣堂)" and "From Seed to Wish", etc. After a review of the Group's restaurant network, during the Year, the Group had closed down 5 restaurants in Hong Kong and had opened 4 restaurants under the brands of "Tsui Wah (翠華)", "Ging Sun Ho King of Bun (堅信號上海生煎皇)", "Chilli Chilly (川辣堂)" and "From Seed to Wish" in Hong Kong.

Mainland China

The business operations in the first three quarters of the Year of Mainland China were greatly affected by the Pandemic, and the business conditions of restaurants were constantly adjusted in response to the government's restrictive measures (such as suspending operations, providing only takeaway services, changing business hours, etc.). During the affected period, our Group formulated a set of strategies for the emergency management of the Pandemic control and measures in order to ensure a sustainable and stable operation of the restaurant. And thanks to the government's continuous tax policy, we have successfully obtained tax refunds for retained credits and further strengthened our cash flow.

Since the end of 2022, due to the nationwide loosening of COVID-19 restrictions, the catering industry has shown a sign of recovery. Our Group has also entered into Douyin (抖音) platform to strengthen our brand awareness, and has continued to utilise the IT technology to improve our service quality and efficiency.

As for the development strategy, we made reasonable adjustments in response to the changing business environment. During the Year, we closed five stores due to the expiry of the tenancy agreements, and opened a restaurant in Haikou (海口), the world's largest duty-free city.

Looking forward, we will adopt a positive and steady approach to focus on the development of new restaurants in the core cities of the Greater Bay Area, and will pursue a strategy to deploy a flagship restaurant accompanied with multiple restaurants which carry "Tsui Wah Express" brand in each region.

Others

In Singapore, the Group has maintained its strategic partnership with Jumbo Group Limited ("**Jumbo**") and is operating a Hong Kong style Cha Chaan Teng (茶餐廳) under the brand of "Tsui Wah". Leveraging on Jumbo's strong presence in Singapore, the Group is confident that this joint venture will continue to be successful and expects that "Tsui Wah" will establish an excellent international reputation of its products among the approximately 5.5 million population to expand its business network in Singapore.

The Group currently has 3 restaurants in Singapore as the Clarke Quay outlet lease was not renewed at the end of 2022. The lifting of vaccination-differentiated safe management measures in Singapore in October 2022, coupled with the easing of border restrictions worldwide, has had a positive impact on the revenue front in our Singapore operations. However, we remain cautious about rising operating costs, including raw materials, manpower, rental and utilities, as well as the ongoing manpower shortage and projected world economic headwinds.

Since June 2022, the outbreak of the Pandemic has greatly affected the business of Macau, and the number of tourists visiting Macau has decreased significantly compared with the previous year. The Group has, therefore, made appropriate measures to mitigate the impact of the Pandemic.

At the beginning of December 2022, the number of infection cases had surged and many people were infected. In view of this situation with serious shortage of manpower, the operating hours and menus of our restaurants have been adjusted immediately to minimize such impact.

In January 2023, the number of infection cases decreased and as a result, the Macau government has begun to relax various border controls, and the number of tourists visiting Macau has been increasing sharply. Our business in Macau has gradually recovered to the pre-Pandemic level.

As all the social distancing measures were lifted, the Group has full confidence in the prospect of the catering industry and will tap into diversified fields with a prudent and optimistic approach, while paying close attention to various negative factors that may affect the business operations of the Group. We will seize the opportunity to join hands with our staff to develop the Group into a highly regarded catering group with a diverse brand portfolio and comprehensive customer base to introduce more delicious dishes to customers.

During the Year, the Group received government subsidies of approximately HK$20.6 million which were mainly attributable to the Anti-epidemic Fund and the Employment Support Scheme of Hong Kong and helped to alleviate the current pressure as well as offset the negative impact to a certain degree.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year was approximately HK$845.8 million, representing a decrease of approximately 14.9% as compared with approximately HK$993.3 million for the Year 2022. The decrease in revenue was mainly attributable to the outbreak of the Pandemic in Mainland China and Hong Kong.

Cost of inventories sold

The cost of inventories sold for the Year was approximately HK$230.8 million, representing a decrease of approximately 18.2% as compared with approximately HK$282.1 million for the Year 2022. The cost of inventories sold accounted for approximately 27.3% of the Group's revenue for the Year (2022: approximately 28.4%). The decrease in the ratio of cost of inventories sold in proportion to the Group's revenue was mainly attributable to the Group's efforts to control food materials, including regularly reviewing the prices of food materials, switching the food materials of grossly inflated price or changing the menu while maintaining quality.

Gross profit

The Group's gross profit (equivalent to revenue minus the cost of inventories sold) for the Year was approximately HK$615.0 million, representing a decrease of 13.5% compared with approximately HK$711.2 million for the Year 2022. The decrease in gross profit was mainly due to the decrease in revenue as affected by the restrictive measures imposed in Mainland China and Hong Kong in order to contain the Pandemic.

Staff costs and human resources and remuneration policy

As at 31 March 2023, the Group employed 2,565 employees. The Group's staff costs for the Year were approximately HK$295.8 million, representing a decrease of approximately 11.4% as compared with approximately HK$334.0 million for the Year 2022. The decrease in staff costs was mainly due to the close-down of unprofitable restaurants for the Year and the reduction in social security contribution in Mainland China.

The Crisis Management Committee of the Board has provided strategic direction and formulated preventive measures, including adjusting the business hours of restaurants and rearranging manpower accordingly, to mitigate the negative impacts on the well-being and safety of the Group's customers and employees and control costs to offset the impact of the Pandemic on income reduction. The Group will continue to integrate restaurants with overlapping geographic coverage, optimise the corporate structure and upgrade the internal operating system of the Group through technological development so as to boost the productivity of employees and enhance the efficiency of management and communication.

Remuneration packages are generally determined by reference to market norms, as well as individual qualifications, relevant experience and performance. The Group periodically reviews the remuneration of its employees and has made slight increments to the base salary of its staff during the Year in line with the Group's human resources practices.

In addition, the Company adopted its share option scheme on 5 November 2012 (the "**Share Option Scheme**"), where certain eligible persons whose contributions have been beneficial to the performance, growth or success of the Group would be awarded a personal stake in the Company. Since the adoption of the Share Option Scheme, no options have been granted. As at 31 March 2023, no share options were outstanding under the Share Option Scheme and no options were exercised, cancelled or lapsed during the Year.

Further, the Company adopted a share award scheme on 9 August 2018 (the "**Share Award Scheme**") for the purposes of, amongst others, providing incentives and helping the Group in retaining its existing employees. During the Year, the Company vested 3,000,000 shares to certain Directors. For details, please refer to the paragraph headed "Movements in the Share Award Scheme" in the "Report of Directors" of the annual report of the Company for the Year.

Depreciation and amortisation

During the Year, (i) depreciation and amortisation of property, plant and equipment, investment properties and intangible assets were approximately HK$50.0 million, equivalent to 5.9% of the Group's revenue (2022: approximately HK$64.3 million, equivalent to 6.5% of the Group's revenue); and (ii) depreciation of right-of-use assets was approximately HK$124.9 million, equivalent to 14.8% of the Group's revenue (2022: approximately HK$182.3 million, equivalent to 18.4% of the Group's revenue). The aggregate amount of depreciation and amortisation was approximately HK$175.0 million, equivalent to 20.7% of the Group's revenue (2022: approximately HK$246.6 million, equivalent to 24.9% of the Group's revenue). The decrease in the ratio of depreciation and amortisation to the Group's revenue was due to the close-down of several restaurants during the Year.

Property rentals and related expenses

During the Year, the Group negotiated lease adjustments with landlords closely and obtained rental concession of approximately HK$15.3 million (2022: approximately HK$25.7 million) which was fully recognised in the consolidated profit or loss in accordance with the Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021. The Group received less rent concession for the Year and hence, the property rental and related expenses increased by 9.1% from approximately HK$24.5 million for the Year 2022 to approximately HK$26.7 million for the Year.

Other operating expenses

Other operating expenses decreased by approximately 12.1%, from approximately HK$160.3 million for the Year 2022 to approximately HK$140.9 million for the Year, representing approximately 16.7% (2022: approximately 16.1%) of the Group's revenue for the Year. Given the possible adverse impact of the Pandemic on the performance of the Group's restaurants, the management conducted a review of the Group's right-of-use assets and property, plant and equipment. Accordingly, impairment losses of right-of-use assets and property, plant and equipment of approximately HK$12.1 million and HK$32.9 million were recognised respectively during the Year (2022: approximately HK$26.7 million in aggregate). Besides, as some restaurants had ceased operations during the Year, there was a non-recurring write-off of property, plant and equipment of approximately HK$1.4 million (2022: approximately HK$1.1 million). Excluding the above-mentioned impairments and write-off, the other operating expenses for the Year were approximately HK$94.5 million (2022: approximately HK$125.3 million), decreased by approximately 24.6% as compared with the Year 2022, representing approximately 11.2% of the Group's revenue (2022: approximately 12.6%). Such decrease in the ratio of other operating expenses to the Group's revenue was mainly due to no impairment of intangible assets during the Year.

	For the year ended 31 March	
	2023	2022
	HK$'000	*HK$'000*
Other operating expenses included:		
Tools and consumables	**21,714**	28,745
Logistic and transportation	**12,514**	16,543
Repairs and maintenance	**10,075**	14,239
Staff welfare	**11,547**	14,642
Sanitation	**8,966**	10,663
Foreign exchange differences, net	**241**	2,040
Auditor's remuneration	**2,545**	2,070
Write-off of property, plant and equipment	**1,415**	1,147
Impairment of intangible assets	**–**	7,184
Impairment of property, plant and equipment	**12,079**	12,509
Impairment of right-of-use assets	**32,948**	14,197
Other operating related expenses	**26,858**	36,351
	140,902	160,330

Finance costs

Finance costs amounted to approximately HK$14.5 million for the Year, representing a decrease of approximately HK$5.3 million from the Year 2022, which was mainly the interest on lease liabilities of approximately HK$14.1 million. During the second quarter of the Year, the Group utilised certain sale proceeds of the disposal of the Properties to repay its mortgage loan to a bank.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK$9.2 million for the Year, representing an increase of approximately HK$2.4 million as compared with the Year 2022. The increase was primarily due to an increase in contributions from joint ventures caused by the improvement on the performance of restaurants operated by certain joint ventures during the Year.

Profit for the year

The Group turned to profit of approximately HK$55.9 million for the Year from loss of approximately HK$124.0 million for the Year 2022, primarily due to the gain on the disposal of the Properties and the gain on lease modification.

Liquidity, financial resources and capital structure

The Group financed its business principally with internally generated cash flows and the proceeds received from the initial public offering of the Company's shares in issue for listing on the Main Board of the Stock Exchange on 26 November 2012. Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

As at 31 March 2023, the Group had cash and cash equivalents and time deposits totally amounting to approximately HK$286.0 million, representing an increase of approximately HK$182.7 million from approximately HK$103.30 million as at 31 March 2022. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars, Renminbi and Singapore dollars.

As at 31 March 2023, the Group's total current assets and current liabilities were approximately HK$385.9 million (2022: approximately HK$411.0 million) and approximately HK$289.5 million (2022: approximately HK$395.4 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.3 times (2022: approximately 1.0 time).

As at 31 March 2023, the Group does not have any interest-bearing bank borrowings.

Accordingly, the Group's gearing ratio, calculated by the interest-bearing bank borrowings divided by the equity attributable to equity shareholders of the Company and then multiplied by 100%, was 0% (2022: approximately 12.8%).

Contingent liabilities

As at 31 March 2023, the Group had contingent liabilities of approximately HK$3.7 million (2022: approximately HK$5.7 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

Outlook

Looking forward, the Group plans to implement the following measures so as to diversify its business scope and income source. The Group will actively broaden its platforms and develop its new brands and explore other new business models with a view to maintaining flexible market responses and coping with the change in consumption manner. Besides, the Group will accelerate its expansion in overseas markets and the core cities of the Greater Bay Area, and strengthen marketing efforts to expand its customer base. We hope to consolidate the brand presence of the Group and increase its market share in Hong Kong, Macau and Mainland China. The Group will also make good use of its strategic partnership relationship with Jumbo in Singapore, and continue carefully seeking development opportunities in Singapore and other Southeast Asia regions.

Apart from restructuring the restaurants and developing business, the Group will also actively promote takeaway services to further strengthen its food delivery business and will launch marketing promotions to attract more customers. To enhance its efficiency and productivity, the Group is taking decisive measures to protect profit margins by controlling its costs (such as rent and labour costs) as well as reviewing and readjusting its recurrent expenditure.

On 12 May 2020, the Group won the bid for a licence by the Airport Authority to operate a catering concession at the Hong Kong International Airport (the "**Airport**"). The Pandemic has caused a sharp decline in the Airport's passenger flow and, therefore, the Group's restaurant at the Airport has been temporarily suspended until 31 March 2023. On 1 April 2023, the restaurant at the Airport resumed its business operation. It is expected that its business performance would be gradually improved alongside with the increasing number of tourists.

As the economy recovers, with its solid cash flow and strong resources reserve, it will pave the way for the Group's continuous, sustainable growth in Hong Kong, Mainland China, Macau and Singapore.

OTHER INFORMATION

Final dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (2022: Nil).

Corporate Governance Practices

The Company is committed to achieving and maintaining a high standard of corporate governance that properly protects and promotes the interest of its shareholders (the "**Shareholders**") and devotes considerable effort to identifying and formalising good corporate governance practices. The Company has adopted and adhered to the principles in the Corporate Governance Code effective from January 2022 as set out in Appendix 14 to the Listing Rules (the "**CG Code**"). The corporate governance principles of the Company place strong emphasis on an effective board with a high level of integrity, proper internal controls, as well as a high degree of transparency and accountability, which not only maximise the corporate value for the Shareholders but also protect the long-term sustainability of the Group as a whole.

Throughout the Year and up to the date of this announcement, the Company has complied with all the applicable code provisions as in force under the CG Code.

The Board periodically reviews and continues to abide by the Company's corporate governance policies to ensure compliance with the code provisions of the CG Code.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the Directors' transactions of listed securities of the Company. Following a specific enquiry made by the Company with each of the Directors, all Directors confirmed that they had complied with the standards as set out in the Model Code for the Year.

Review of annual results by Audit Committee

The audit committee of the Company (the "**Audit Committee**") was established on 5 November 2012 with specific written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision D.3 of the CG Code. The written terms of reference were revised on 31 March 2016 and 1 January 2019 to conform with the requirements under the CG Code and the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of the Company. The existing members of the Audit Committee are Mr. Yim Kwok Man and Mr. Goh Choo Hwee, both independent non-executive Directors (the "**INEDs**"), and Mr. Wong Chi Kin, a non-executive Director. Mr. Yim Kwok Man is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements and the Group's annual results for the Year. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

Review of preliminary announcement by independent auditor

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this preliminary announcement have been compared by the Group's independent auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

Purchase, sale or redemption of listed securities

From October to December 2022, pursuant to the terms of the rules and trust deed of the Share Award Scheme, the trustee of the Share Award Scheme purchased a total of 16,112,000 issued Shares on the market at a total consideration of approximately HK$4,076,000 with the lowest and the highest prices of HK$0.19 and HK$0.3566, respectively each.

The Director considered that the aforesaid Shares were purchased at a discount to the underlying fair value per Share.

Save as disclosed above, during the Year, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

Event(s) after the Year

On 26 June 2023, the Board declared a special dividend of HK4 cents per Share payable to the Shareholders whose names will appear on the register of members of the Company on 7 July 2023. For details, please refer to the announcement of the Company dated 26 June 2023.

Save for the above, no material events occurred after the end of the Year and up to the date of this announcement.

For and on behalf of the Board
Tsui Wah Holdings Limited
LEE Yuen Hong
Chairman and Executive Director

Hong Kong, 30 June 2023

As at the date of this announcement, the Board comprises the following eight members:
(a) Mr. Lee Yuen Hong (Chairman), Mr. Lee Kun Lun Kenji (Group Chief Executive Officer) and Ms. Lee Yi Fang as executive Directors;
(b) Mr. Cheng Chung Fan and Mr. Wong Chi Kin as non-executive Directors; and
(c) Mr. Goh Choo Hwee, Mr. Tang Man Tsz and Mr. Yim Kwok Man as INEDs.