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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 2024,
DECLARATION AND PAYMENT OF SECOND INTERIM DIVIDEND
AND
CLOSURE OF REGISTER OF MEMBERS**

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		% Change
	2024	2023	
	(HK\$'000)	(HK\$'000)	
Revenue	954,128	845,797	12.8%
Hong Kong	505,713	471,503	7.3%
Mainland China	431,348	367,587	17.3%
Others*	17,067	6,707	154.5%
Profit for the year	32,970	55,880	(41.0%)
Attributable to:			
Equity shareholders of the Company	39,087	60,578	(35.5%)
Non-controlling interests	(6,117)	(4,698)	30.2%
Earnings per share			
Basic	HK2.86 cents	HK4.41 cents	(35.1%)
Diluted	HK2.85 cents	HK4.38 cents	(34.9%)
Number of restaurants including joint ventures	As at 31 March		
	2024	2023	
Hong Kong	29	34	
Mainland China	36	39	
Macau	3	3	
Singapore	4	3	

* 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 2024 (the “**Year**”), together with the comparative figures for the year ended 31 March 2023 (the “**Year 2023**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	4	954,128	845,797
Other income and other gains	4	38,141	95,997
Gain on disposal of assets held for sale	5	–	84,244
Cost of inventories sold		(246,127)	(230,825)
Staff costs		(314,761)	(295,778)
Depreciation and amortisation		(134,691)	(174,960)
Property rentals and related expenses		(54,122)	(26,683)
Fuel and utility expenses		(39,992)	(43,563)
Selling and distribution expenses		(44,064)	(46,141)
Other operating expenses		(151,258)	(140,902)
Finance costs	6	(10,544)	(14,493)
Share of profits of joint ventures		38,037	9,162
		<hr/>	<hr/>
PROFIT BEFORE TAX	7	34,747	61,855
Income tax expense	8	(1,777)	(5,975)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		32,970	55,880
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity shareholders of the Company		39,087	60,578
Non-controlling interests		(6,117)	(4,698)
		<hr/>	<hr/>
		32,970	55,880
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE	10		
Basic		HK2.86 cents	HK4.41 cents
Diluted		HK2.85 cents	HK4.38 cents
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	32,970	55,880
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	<u>(14,146)</u>	<u>(25,886)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>18,824</u>	<u>29,994</u>
Attributable to:		
Equity shareholders of the Company	24,941	34,692
Non-controlling interests	<u>(6,117)</u>	<u>(4,698)</u>
	<u>18,824</u>	<u>29,994</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		157,879	175,735
Investment properties		91,214	98,967
Right-of-use assets		198,560	258,877
Intangible assets		2,158	2,835
Investments in joint ventures		75,853	37,816
Prepayments and deposits paid in advance for purchase of property, plant and equipment and intangible assets		819	13,227
Non-current deposits and other receivables		<u>53,939</u>	<u>66,258</u>
 Total non-current assets		 <u>580,422</u>	 <u>653,715</u>
CURRENT ASSETS			
Inventories		9,214	8,695
Trade receivables	<i>11</i>	2,636	4,162
Prepayments, deposits and other receivables		60,335	83,936
Tax recoverable		204	216
Restricted cash		2,500	2,500
Non-pledged time deposits		–	100,000
Cash and cash equivalents		<u>235,013</u>	<u>186,395</u>
 Total current assets		 <u>309,902</u>	 <u>385,904</u>
CURRENT LIABILITIES			
Trade payables	<i>12</i>	37,107	28,170
Other payables and accruals		94,586	119,603
Lease liabilities		97,127	126,992
Tax payable		<u>13,663</u>	<u>14,732</u>
 Total current liabilities		 <u>242,483</u>	 <u>289,497</u>
 NET CURRENT ASSETS		 <u>67,419</u>	 <u>96,407</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		 <u>647,841</u>	 <u>750,122</u>

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Other payables and accruals	12,816	10,142
Lease liabilities	147,455	204,636
Deferred tax liabilities	2,256	1,184
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Total non-current liabilities	162,527	215,962
	<hr/>	<hr/>
Net assets	485,314	534,160
	<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES		
Equity attributable to equity shareholders of the Company		
Issued capital	14,112	14,112
Reserves	493,169	535,898
	<hr/>	<hr/>
	507,281	550,010
	<hr/>	<hr/>
Non-controlling interests	(21,967)	(15,850)
	<hr/>	<hr/>
Total equity	485,314	534,160
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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 the Hong Kong Special Administrative Region ("**Hong Kong**") of the People's Republic of China (the "**PRC**", the "**Mainland**" or the "**Mainland China**"), the Macau Special Administrative Region of the PRC ("**Macau**") and the Republic of Singapore ("**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 have 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 HKICPA has issued a number of new and amended HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The HKICPA has also issued a new HKICPA guidance on the accounting implication of the mandatory provident fund and long service payment ("**LSP**") offsetting mechanism in July 2023. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance. There is no material impact to the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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, which are not yet effective for the Year 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, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

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 2024 by geographical area.

(a) *Revenue from external customers*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	505,713	471,503
Mainland China	431,348	367,587
Others*	<u>17,067</u>	<u>6,707</u>
	<u><u>954,128</u></u>	<u><u>845,797</u></u>

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 (2023: Nil), no information about major customers is presented.

* Mainly represents revenue derived from the sale of food to joint ventures of the Group.

(b) *Non-current assets*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	169,029	226,297
Mainland China	281,601	323,344
Others	75,853	37,816
	<u>526,483</u>	<u>587,457</u>

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 follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers (within the scope of HKFRS 15)		
Income from restaurant operations transferred at a point in time	934,692	830,075
Sale of food transferred at a point in time	19,436	15,722
	<u>954,128</u>	<u>845,797</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Bank interest income	7,917	1,278
Rental income (<i>note (a)</i>)	4,797	5,172
Government grants (<i>note (b)</i>)	210	20,557
Compensation income	612	358
Others	7,054	5,800
	<u>20,590</u>	<u>33,165</u>
Other gains		
Gain on early termination of leases	17,551	405
Gain on lease modification	–	62,427
	<u>17,551</u>	<u>62,832</u>
	<u>38,141</u>	<u>95,997</u>

Notes:

- (a) Rental income from investment properties less direct outgoings of HK\$1,575,000 (2023: HK\$1,436,000) amounted to HK\$3,222,000 (2023: HK\$3,736,000).
- (b) These mainly represented subsidies granted by the Hong Kong Government under the Anti-epidemic Fund and Employment Support Scheme of HK\$210,000 (2023: HK\$20,557,000). There were no unfulfilled conditions or other contingencies attaching to the subsidies and the government grant that had been recognised by the Group.

5. GAIN ON DISPOSAL OF ASSETS 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) at a total consideration of HK\$264,044,650, 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.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank loans	13	385
Interest on lease liabilities	<u>10,531</u>	<u>14,108</u>
	<u><u>10,544</u></u>	<u><u>14,493</u></u>

7. PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	246,127	230,825
Depreciation of property, plant and equipment	43,596	45,927
Depreciation of right-of-use assets	87,275	124,921
Depreciation of investment properties	3,129	3,302
Amortisation of intangible assets	691	810
Write-off of property, plant and equipment	1,639	1,415
Impairment of property, plant and equipment	18,928	12,079
Impairment of right-of-use assets	25,881	32,948
Foreign exchange differences, net	<u>1,071</u>	<u>241</u>
Lease payments not included in the measurement of lease liabilities	5,421	5,359
Variable lease payment not included in the measurement of lease liabilities	<u>22,424</u>	<u>1,298</u>
	<u><u>27,845</u></u>	<u><u>6,657</u></u>
Employee benefit expenses (excluding Directors' and chief executive's remuneration):		
Wages and salaries	285,721	260,863
Retirement benefit scheme contributions	<u>26,880</u>	<u>27,519</u>
	<u><u>312,601</u></u>	<u><u>288,382</u></u>
Gain on disposal of property, plant and equipment	–	612
Auditor's remuneration		
— audit services	2,956	2,298
— other services	<u>180</u>	<u>247</u>
	<u><u>3,136</u></u>	<u><u>2,545</u></u>

8. 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% (2023: 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	538	3,023
Underprovision/(Overprovision) in prior years	366	(135)
Current — Elsewhere		
Charge for the year	3,189	1,181
Underprovision in prior years	–	5,031
Deferred tax	<u>(2,316)</u>	<u>(3,125)</u>
Total tax charge for the year	<u>1,777</u>	<u>5,975</u>

9. DIVIDENDS

On 26 June 2023, a special dividend of HK4.0 cents per share for Year 2023 had been declared by the Directors and it was paid in cash to the shareholders of the Company (the “**Shareholders**”) on 21 July 2023 (2022: Nil).

The first interim dividend of HK1.0 cent per share in respect of the Year (the “**First Interim Dividend**”) (2023: Nil), amounting to approximately HK\$14,112,000 (2023: Nil), was paid in cash to the Shareholders on 22 December 2023.

The Board has resolved to declare the payment of the second interim dividend of HK2.5 cents per share for the Year (the “**Second Interim Dividend**”) (2023: Nil), amounting to approximately HK\$35,280,000 (2023: Nil), to those Shareholders whose names will appear in the Company’s register of members (the “**Register of Members**”) on Wednesday, 17 July 2024. It is expected that the Second Interim Dividend will be paid in cash on or about Wednesday, 31 July 2024.

Together with the First Interim Dividend, the total dividends for the Year will be HK3.5 cents per share (2023: Nil).

10. EARNING PER SHARE

The calculation of the basic and diluted earnings per share is as follows:

(a) Basic earnings per share

	2024	2023
Profit attributable to ordinary equity shareholders of the Company (<i>HK\$'000</i>)	<u>39,087</u>	<u>60,578</u>
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	<u>(44,220,652)</u>	<u>(37,400,115)</u>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,367,005,798</u>	<u>1,373,826,335</u>
Basic earnings per share	<u>HK2.86 cents</u>	<u>HK4.41 cents</u>

(b) Diluted earnings per share

	2024	2023
Profit attributable to ordinary equity shareholders of the Company (<i>HK\$'000</i>)	<u>39,087</u>	<u>60,578</u>
Weighted average number of ordinary shares used in calculating basic earnings per share	1,367,005,798	1,373,826,335
Effect of shares granted under the share award scheme	<u>4,000,000</u>	<u>7,000,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,371,005,798</u>	<u>1,380,826,335</u>
Diluted earnings per share	<u>HK2.85 cents</u>	<u>HK4.38 cents</u>

11. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	<u>2,636</u>	<u>4,162</u>

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 (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than one month	1,624	1,567
One to two months	219	891
Two to three months	500	249
Over three months	<u>293</u>	<u>1,455</u>
	<u>2,636</u>	<u>4,162</u>

Generally, trade receivables are written off if past due for more than one year and not subject to enforcement activity. As at 31 March 2024 and 2023, 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.

12. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than one month	18,979	20,544
One to two months	17,256	5,585
Over two months	<u>872</u>	<u>2,041</u>
	<u>37,107</u>	<u>28,170</u>

The trade payables are non-interest-bearing and generally have payment terms of 45 days (2023: 45 days).

INDUSTRY OVERVIEW

The anti-pandemic measures over the world were basically fully lifted in 2023, which has provided an immensely help to a recovery of the global economy. Given the full resumption of normal travel between Hong Kong and Mainland (the “**Travel Resumption**”) in the 1st quarter of 2023, the number of inbound visitors increased during the Year.

According to the data maintained with the Census and Statistics Department of Hong Kong, for the first quarter of 2024, the total restaurant receipts increased by HK\$637 million from HK\$27,445 million for the fourth quarter of 2023 to HK\$28,204 million for the first quarter of 2024, representing an increase of approximately 2.8%. Notwithstanding the increase, in the long run, the business environment of the catering industry in Hong Kong remains challenging, with rising costs of food, rent and utilities, putting continued pressure on profit margins. Customers are more price-sensitive, and with the trend of Hong Kong residents travelling to Mainland China for consumption after the Travel Resumption, it poses a challenge towards the catering industry in Hong Kong. Besides, competition for quality personnel is still an issue. On 13 June 2023, the Chief Executive-in-Council endorsed to enhance the coverage and operation of the Supplementary Labour Scheme to alleviate the manpower shortage across different sectors, including catering sector, which may reduce the pressure in the catering industry.

BUSINESS REVIEW

With the three-year-long pandemic over, all anti-pandemic measures were finally lifted and the borders reopened in February 2023, the habit of people dining out has basically returned, which has given the Group’s business the impetus to recover. As at 31 March 2024, a total of 72 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore. During the Year, the Group recorded revenue of approximately HK\$954.1 million, representing an increase of approximately 12.8% against last year, with profit attributable to owners of Company reaching approximately HK\$39.0 million. It is worth noting that in the previous year, the Group recorded a one-time revenue of HK\$84.2 million from the sale of certain properties in Hong Kong. If that being excluded, the results of the Group in the Year would had improved markedly when compared with that of last year.

Hong Kong

After three years of hardship due to the pandemic, all pandemic prevention measures in Hong Kong were officially lifted in February 2023. Business for our Group has gradually recovered, but with the Travel Resumption, a trend of Hong Kong people traveling north to Mainland China to consume has emerged. As a result, the flow of people spending in Hong Kong during holidays has been weakened, especially during Christmas, Chinese New Year, and Easter, where the number of Hong Kong people traveling north was far greater than incoming tourists. This has affected our business. Fortunately, some of the Group's restaurants have benefited from this trend, such as those at the Hong Kong International Airport and on Hong Kong-Zhuhai-Macau Bridge, where business tends to increase during holidays. However, overall, the Group's business in Hong Kong has been somewhat impacted.

On 22 April 2024, the first phase of Hong Kong's single-use plastic control measures was officially implemented. For environmental protection, the Group has always been supportive and will fully support and cooperate with the arrangements made by the Hong Kong government.

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)" and "From Seed to Wish", etc. After a review of the Group's restaurant network, during the Year, the Group had closed down 8 restaurants in Hong Kong and had opened 3 restaurants under the brands of "Homurice (揚食屋)" and "Ging Sun Ho King of Bun (堅信號上海生煎皇)" in Hong Kong.

Mainland China

In the current year, the mainland catering market is still full of challenges. In the first half of the Year, the market experienced a strong recovery after the full opening post-pandemic, benefiting the Group's mainland branches. However, in the second half of the Year, there have been noticeable changes as the market returns to normal. With downward consumer spending affecting the market, the entire catering market has shrunk, leading to fierce price competition and a "price war" heating up. In response to the rapidly changing market, the Group has made timely adjustments with a cautious strategy. Throughout the Year, the Group's performance has remained stable. In the fiercely competitive market environment, the management approach of "one store, one strategy" has been implemented to create more reasonable profits through cost control and revenue growth. Internal operational management and brand promotion continue to be optimized, with the long-term mission of enhancing brand value. In the current year, we seek break throughs by collaborating with cross-border brands to increase the recognition of younger customers. We are also committed to online platform cooperation, marketing, and promotion to attract new customers and maintain customer loyalty. As for takeaway sales, the percentage has remained steady, with our flagship product Hainan chicken rice becoming a must-order item in the mainland market, proving our commitment to prioritizing product quality and meeting customer expectations. In line with the development of the Greater Bay Area, 7 restaurants were closed during the Year upon the expiry of their respective leases, while 3 Tsui Wah restaurants and 1 Tsui Wah Express restaurant were opened in the Greater Bay Area, following the core strategy of one flagship restaurant per region and multiple Tsui Wah Express restaurants. We remain confident about the future and will continue to develop steadily with a cautious attitude.

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 operates four restaurants in Singapore, having opened an outlet in January 2024 at Clarke Quay Central. After the relaxation of the novel coronavirus disease 2019 (the “**COVID-19**”) measures, Singapore sales quickly rebounded to pre-pandemic levels. The ease of border restrictions worldwide, including visa-free travel between Singapore and China, has further contributed to the boost in sales within 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.

In terms of Macau, the number of tourists visiting Macau in 2023 has surged, with various industries in Macau flourishing. Galaxy Hotel opened its Galaxy Arena in April 2024, hosting several large-scale exhibitions, concerts and events, attracting a large number of people and further enhancing the Group’s business in Macau. In October 2023, the Group introduced a self-service ordering system for Macau restaurants, resulting in a significant increase in our table turnover rate.

In early May 2024, the National Immigration Bureau implemented six new policy measures to further facilitate the entry and exit of mainland Chinese personnel, which will lead to further growth in the number of visitors to Macau.

The Group’s restaurant at the third floor of the StarWorld Hotel will undergo renovations in or about the third quarter of 2024 and will move to the first floor of the StarWorld Hotel. Likewise, the Group’s restaurant at the Galaxy Hotel will also undergo renovations at the end of 2024, presenting a new look to solidify and attract new customers.

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.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year was approximately HK\$954.1 million, representing an increase of approximately 12.8% as compared with approximately HK\$845.8 million for the Year 2023. The increase in revenue was mainly attributable to the rebound of Hong Kong and China business as a result of the recovery from the negative impact of the COVID-19.

Cost of inventories sold

The cost of inventories sold for the Year was approximately HK\$246.1 million, representing an increase of approximately 6.6% as compared with approximately HK\$230.8 million for the Year 2023. The cost of inventories sold accounted for approximately 25.8% of the Group's revenue for the Year (2023: approximately 27.3%). 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\$708.0 million, representing an increase of 15.1% compared with approximately HK\$615.0 million for the Year 2023. The increase in gross profit was primarily a result of the proportional increase in revenue.

Staff costs and human resources and remuneration policy

As at 31 March 2024, the Group employed 2,104 employees. The Group's staff costs for the Year were approximately HK\$314.8 million, representing an increase of approximately 6.4% as compared with approximately HK\$295.8 million for the Year 2023. The increase in staff costs was primarily a result of the proportional increase in revenue.

Remuneration packages are generally determined by reference to market norms, individual qualifications, relevant experience and performance as well as the Group's results. The Company adopted a share award scheme on 9 August 2018 (the "**Share Award Scheme**") for the purpose of, amongst others, providing incentives and helping the Group in retaining its existing employees. The Group periodically reviews the remuneration of its employees. Since the expiry of its share option scheme on 25 November 2022, the Company has not adopted any share option scheme. In September 2022, the Company granted a total of 10,000,000 shares of the Company to certain Directors of the Company. 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\$47.4 million, equivalent to 5.0% of the Group's revenue (2023: approximately HK\$50.0 million, equivalent to 5.9% of the Group's revenue); and (ii) depreciation of right-of-use assets was approximately HK\$87.3 million, equivalent to 9.1% of the Group's revenue (2023: approximately HK\$124.9 million, equivalent to 14.8% of the Group's revenue). The aggregate amount of depreciation and amortisation was approximately HK\$134.7 million, equivalent to 14.1% of the Group's revenue (2023: approximately HK\$175.0 million, equivalent to 20.7% of the Group's revenue). The decrease in the ratio of depreciation and amortisation to the Group's revenue was mainly due to a decrease in the number of restaurants, as well as the impairment loss recognised for the Year 2023, which had reduced the net book value of the property, plant and equipment and right-of-use assets.

Property rentals and related expenses

During the Year, the Group did not receive any rent concession for the Year (2023: approximately HK\$15.3 million) and hence, the property rental and related expenses increased by 102.8% from approximately HK\$26.7 million for the Year 2023 to approximately HK\$54.1 million for the Year.

Other operating expenses

Other operating expenses increased by approximately 7.3%, from approximately HK\$140.9 million for the Year 2023 to approximately HK\$151.3 million for the Year, representing approximately 15.9% (2023: approximately 16.7%) of the Group's revenue for the Year. Given the possible adverse impact of the trends of Hong Kong residents travelling north to Mainland China for consumption after the Travel Resumption, 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\$25.9 million and HK\$18.9 million were recognised respectively during the Year (2023: approximately HK\$45.0 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\$1.6 million (2023: approximately HK\$1.4 million). Excluding the above-mentioned impairments and write-off, the other operating expenses for the Year were approximately HK\$104.9 million (2023: approximately HK\$94.5 million), increased by approximately 11.0% as compared with the Year 2023, representing approximately 11.0% of the Group's revenue (2023: approximately 11.2%). Such increase in the ratio of other operating expenses to the Group's revenue was mainly due to an increase which was corresponding to the increase in sales and business activities during the Year.

For the year ended
31 March
2024 2023
HK\$'000 **HK\$'000**

Other operating expenses included:

Tools and consumables	23,105	21,714
Logistic and transportation	16,678	12,514
Repairs and maintenance	9,414	10,075
Staff welfare	12,100	11,547
Sanitation	8,273	8,966
Foreign exchange differences, net	1,071	241
Auditor's remuneration	2,956	2,545
Write-off of property, plant and equipment	1,639	1,415
Impairment of property, plant and equipment	18,928	12,079
Impairment of right-of-use assets	25,881	32,948
Other operating related expenses	31,213	26,858
	151,258	140,902
	151,258	140,902

Finance costs

Finance costs which was mainly the interest on lease liabilities amounted to approximately HK\$10.5 million for the Year, representing a decrease of approximately HK\$3.6 million from the Year 2023.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK\$38.0 million for the Year, representing an increase of approximately HK\$28.8 million as compared with the Year 2023. The increase was primarily due to the business resurgence in Macau following their recovery from the COVID-19 pandemic.

Profit for the year

The Group's profit was approximately HK\$33.0 million for the Year (2023: HK\$55.9 million). The decrease was mainly due to a gain on disposal of certain properties of the Group in Hong Kong for Year 2023. The Group would have recorded a loss of approximately HK\$28.3 million for Year 2023 if such gain was not existed.

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 of Hong Kong Limited (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 2024, the Group had cash and cash equivalents and time deposits totally amounting to approximately HK\$235.0 million, representing a decrease of approximately HK\$51.4 million from approximately HK\$286.4 million as at 31 March 2023. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars, Renminbi and Singapore dollars.

As at 31 March 2024, the Group's total current assets and current liabilities were approximately HK\$309.9 million (2023: approximately HK\$385.9 million) and approximately HK\$242.5 million (2023: approximately HK\$289.5 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.3 times (2023: approximately 1.3 times).

As at 31 March 2024, the Group did 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 (the "**Shareholders**") and then multiplied by 100%, was 0% (2023: 0%).

Contingent liabilities

As at 31 March 2024, the Group had contingent liabilities of approximately HK\$2.9 million (2023: approximately HK\$3.7 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 Greater Bay Area, and strengthen marketing efforts to expand its customer base. The Group hopes to consolidate the presence of its brands 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.

As the economy gradually 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.

APPRECIATION

The Board would like to express its sincere gratitude to the Group's management and all its staff for their continuous support and contribution. What is more, the Board would also like to take this opportunity to thank all the Shareholders and the Group's investors, customers, business partners and associates for their loyal support and longstanding faith in the prospects of the Group.

OTHER INFORMATION

Dividends

A special dividend of HK4.0 cents per share for the Year 2023 had been declared by the Board on 26 June 2023 (2023: Nil), which was paid in cash to the Shareholders on 21 July 2023.

The first interim dividend of HK1.0 cent per share in respect of the Year (the "**First Interim Dividend**") (2023: Nil), amounting to approximately HK\$14,112,000 (2023: Nil), was paid in cash to the Shareholders on 22 December 2023.

The Board has resolved to declare the payment of the second interim dividend of HK2.5 cents per share for the Year (the “**Second Interim Dividend**”) (2023: Nil), amounting to approximately HK\$35,280,000 (2023: Nil), to those Shareholders whose names will appear in the Register of Members on Wednesday, 17 July 2024. It is expected that the Second Interim Dividend will be paid in cash on or about Wednesday, 31 July 2024.

Together with the First Interim Dividend, the total dividends for the Year will be HK3.5 cents per share (2023: Nil).

The Board has resolved not to recommend the payment of a final dividend for the Year (2023: Nil).

The Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

Closure of Register of Members

The Register of Members will be closed from Monday, 15 July, 2024 to Wednesday, 17 July 2024 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining the entitlement of the Shareholders to qualify for the Second Interim Dividend. Non-registered Shareholders must lodge all duly completed and stamped transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited for registration no later than 4:30 p.m. on Friday, 12 July 2024. The address of the Hong Kong Branch Share Registrar is Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong.

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 and devotes considerable efforts 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 C1 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 C3 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 such 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 Securities

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

There was no material event occurred after the end of the Year and up to the date of this announcement.

By order of the Board
Lee Yuen Hong
Chairman

Hong Kong, 27 June 2024

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.*