Tsui Wah Holdings Limited
翠華控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1314)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		% Change
	2024	2023	
	(Unaudited)	(Unaudited)	
	HK$'000	*HK$'000*	
Revenue	**448,320**	497,285	(9.8)%
Hong Kong	**241,856**	258,472	(6.4)%
Mainland China	**195,861**	231,276	(15.3)%
Others*	**10,603**	7,537	40.7%
EBITDAˆ	**69,685**	75,681	(7.9)%
Profit attributable to owners of the Company	**6,423**	6,747	(4.8)%
Basic earnings per share	**HK0.47 cent**	HK0.49 cent	(4.1)%

NUMBER OF RESTAURANTS INCLUDING JOINT VENTURES

	As at 30 September 2024	As at 31 March 2024	As at 30 September 2023
Hong Kong	**28**	29	32
Mainland China	**34**	36	35
Macau	**3**	3	3
Singapore	**4**	4	3
Total:	**69**	72	73

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

ˆ Means earnings before interest, tax, depreciation and amortisation.

INTERIM RESULTS

The board of directors of Tsui Wah Holdings Limited (the "**Company**", the "**Director(s)**" and the "**Board**", respectively) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2024 (the "**Review Period**") together with relevant comparative audited or unaudited figures. The interim financial information for the Review Period has not been audited, but has been reviewed by the audit committee of the Board (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**448,320**	497,285
Other income and other gains		**8,047**	16,046
Cost of inventories sold		**(115,602)**	(131,041)
Staff costs		**(152,641)**	(162,055)
Depreciation and amortisation		**(22,160)**	(21,728)
Depreciation of right-of-use assets		**(41,315)**	(48,344)
Property rentals and related expenses		**(29,069)**	(24,943)
Fuel and utility expenses		**(19,516)**	(22,919)
Selling and distribution expenses		**(22,415)**	(22,559)
Other operating expenses		**(62,621)**	(89,835)
Finance costs		**(4,752)**	(5,150)
Share of profit of joint ventures		**17,522**	19,781
PROFIT BEFORE TAX	*5*	**3,798**	4,538
Income tax expense	*6*	**(791)**	(1,719)
PROFIT/(LOSS) FOR THE PERIOD		**3,007**	2,819
Attributable to:			
Owners of the Company		**6,423**	6,747
Non-controlling interests		**(3,416)**	(3,928)
		3,007	2,819
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*8*	**HK0.47 cent**	HK0.49 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**3,007**	2,819
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,099**	(14,251)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**6,106**	(11,432)
Attributable to:		
Owners of the Company	**9,522**	(7,504)
Non-controlling interests	**(3,416)**	(3,928)
	6,106	(11,432)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	**As at 30 September 2024 (Unaudited)** ***HK$'000***	As at 31 March 2024 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**141,398**	157,879
Investment properties		**92,181**	91,214
Right-of-use assets	*9*	**191,748**	198,560
Intangible assets		**1,947**	2,158
Investments in joint ventures		**93,355**	75,853
Prepayments and deposits paid in advance for purchases of property, plant and equipment and intangible assets		**10,414**	819
Non-current deposits and other receivables		**57,145**	53,939
Total non-current assets		**588,188**	580,422
CURRENT ASSETS			
Inventories		**9,951**	9,214
Trade receivables	*10*	**4,027**	2,636
Prepayments, deposits and other receivables		**66,316**	60,335
Tax recoverable		**124**	204
Restricted cash		**2,500**	2,500
Cash and cash equivalents		**169,528**	235,013
Total current assets		**252,446**	309,902

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 September 2024

	Notes	As at 30 September 2024 (Unaudited) HK$'000	As at 31 March 2024 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	*11*	**30,272**	37,107
Other payables and accruals		**90,874**	94,586
Lease liabilities		**84,042**	97,127
Tax payable		**13,774**	13,663
Total current liabilities		**218,962**	242,483
NET CURRENT ASSETS		**33,484**	67,419
TOTAL ASSETS LESS CURRENT LIABILITIES		**621,672**	647,841
NON-CURRENT ASSETS			
Other payable and accruals		**12,931**	12,816
Lease liabilities		**152,419**	147,455
Deferred tax liabilities		**2,224**	2,256
Total non-current liabilities		**167,574**	162,527
Net assets		**454,098**	485,314
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**14,112**	14,112
Reserves		**465,369**	493,169
		479,481	507,281
Non-controlling interests		**(25,383)**	(21,967)
Total equity		**454,098**	485,314

NOTES TO INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 29 May 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 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 Review Period, the Company acted as an investment holding company and its subsidiaries were principally engaged in the provision of food catering services through restaurants and bakery shops in the Hong Kong Special Administrative Region ("**Hong Kong**") of the People's Republic of China ("**PRC**"), Mainland China, the Macau Special Administrative Region of Macau ("**Macau**") of the PRC and the Republic of Singapore ("**Singapore**").

2. BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Company's interim report for the Review Period (the "**Interim Report**") but are extracted from the report.

The unaudited consolidated financial statements of the Group for the Review Period (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). They have been prepared under the historical cost convention. These Interim Financial Statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise stated.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, as well as income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the Group's audited annual consolidated financial statements for the year ended 31 March 2024 (the "**2024 Annual Financial Statements**"), except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2025.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2024 Annual Financial Statements, except as disclosed below.

Changes in accounting policies and disclosures

In the current interim period, the Group has applied the following amendments to the Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through restaurants and bakery shops. Information reported to the Group's management for the purpose of resources 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 Review Period and certain non-current assets information as at 30 September 2024 by geographical area.

(a) Revenue from external customers

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	*HK\$'000*
Hong Kong	**241,856**	258,472
Mainland China	**195,861**	231,276
Others*	**10,603**	7,537
	448,320	497,285

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 has accounted for 10% or more of the Group's total revenue during both periods, no information about major customers is presented.

* "Others" mainly represents revenue derived from the sale of food to a joint venture of the Group.

(b) Non-current assets

	As at 30 September 2024 (Unaudited)	As at 31 March 2024 (Audited)
	HK$'000	*HK$'000*
Hong Kong	**157,430**	169,029
Mainland China	**280,258**	281,601
Others	**93,355**	75,853
	531,043	526,483

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

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)
	HK$'000	*HK$'000*
Revenue		
Income from restaurant operations transferred at a point in time under HKFRS 15	**436,436**	487,263
Sales of food transferred at a point in time under HKFRS 15	**11,884**	10,022
	448,320	497,285

Performance obligation

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

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

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**115,602**	131,041
Depreciation of items of property, plant and equipment	**20,286**	19,807
Depreciation of right-of-use assets	**41,315**	48,344
Depreciation of investment properties	**1,560**	1,560
Amortisation of intangible assets	**314**	361
Impairment of property, plant and equipment	**3,722**	13,214
Impairment of right-of-use assets	**8,832**	23,366
Foreign exchange differences, net	**(77)**	570
Employee benefit expenses (including Directors' and chief executive's remuneration):		
Wages and salaries	**139,428**	148,664
Retirement benefit scheme contributions	**13,213**	13,391
	152,641	162,055
Government subsidies (included in other income and other gains) *(Note)*	**(449)**	(177)
COVID-19-related rent concessions received	**–**	(737)

Note:

For the Review Period, these HK$449,000 represented the subsidies granted by the PRC government.

For the six months ended 30 September 2023 (the "**Previous Review Period**"), these HK$177,000 represented the funding granted by the Hong Kong Government under the Technology Voucher Programme. There were no unfulfilled conditions or other contingencies attaching to the subsidies and the Government grant that had been recognised by the Group.

6. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands. It is tax exempted as no business was carried out in the Cayman Islands under the tax laws of the Cayman Islands during both periods.

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of a qualifying group entity established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 16.5%). The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5% (2023: 16.5%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Elsewhere		
Charge for the period	**825**	1,753
Deferred tax	**(34)**	(34)
Total tax charge for the period	**791**	1,719

7. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$1.0 cent per share to the shareholders of the Company (the "**Shareholders**") for the Review Period (the Previous Review Period: HK$1.0 cent). This dividend is not reflected as a dividend payable in the Interim Financial Statements, but will be reflected as an appropriation of reserves for the year ending 31 March 2025.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the Review Period is based on the profit for the period of approximately HK$6,423,000 (the Previous Review Period: approximately HK$6,747,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary shares of the Company for the Review Period (the Previous Review Period: 1,411,226,450 ordinary shares of the Company) in issue deducting the weighted average number of shares held under the Share Award Scheme of 46,683,000 ordinary shares (the Previous Review Period: 44,221,000 ordinary shares of the Company).

The Group had no potentially dilutive ordinary shares in issue during both periods. Accordingly, diluted earnings per share for both periods was the same as the basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the Review Period, the Group acquired property, plant and equipment of HK$2,721,000 (the Previous Review Period: HK$17,427,000). No write-off of items of property, plant and equipment was recognised.

10. TRADE RECEIVABLES

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

	As at 30 September 2024 (Unaudited) *HK$'000*	As at 31 March 2024 (Audited) *HK$'000*
Less than one month	**1,218**	1,624
One to two months	**1,374**	219
Over two months to three months	**129**	500
Over three months	**1,306**	293
	4,027	2,636

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

Included in the Group's trade receivables are amounts due from the Group's joint-ventures of HK$1,672,000 as at 30 September 2024 (31 March 2024: HK$1,308,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

11. TRADE PAYABLES

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

	As at 30 September 2024 (Unaudited) ***HK$'000***	As at 31 March 2024 (Audited) *HK$'000*
Less than one month	**21,772**	18,979
One to two months	**7,742**	17,256
Over two months	**758**	872
	30,272	37,107

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

12. ISSUED CAPITAL

	As at 30 September 2024 (Unaudited) ***HK$'000***	As at 31 March 2024 (Audited) *HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
1,411,226,450 ordinary shares of HK$0.01 each	**14,112**	14,112

13. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	As at 30 September 2024 (Unaudited) ***HK$'000***	As at 31 March 2024 (Audited) *HK$'000*
Contracted, but not provided for:		
Leasehold improvements	**7,327**	7,406
	7,327	7,406

14. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions detailed elsewhere in the Interim Financial Statements, the Group had the following material transactions with related parties during the periods:

		Six months ended 30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Sale of food to joint ventures	*(a)*	**10,239**	7,472
Laundry service fee paid and payable to a related party	*(b)*	**205**	200

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary and usual course of business of the Group.

Notes:

(a) The selling prices of food sold to joint ventures were mutually agreed between the parties, which approximated the market rates.

(b) The related party is controlled by a close family member of certain Directors. The service fee was mutually agreed between the parties, which approximately the market rate.

(ii) Compensation of key management personnel of the Group, including the remuneration of the Directors and the chief executive, is as follows:

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short term employee benefits	**6,033**	4,020
Post-employment benefits	**73**	70
	6,106	4,090

15. FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 September 2024 and 31 March 2024, all the financial assets and liabilities of the Group were at amortised cost.

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost were not materially different from the fair values as at 30 September 2024 and 31 March 2024.

16. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the Interim Financial Statements were as follows:

	As at 30 September 2024 (Unaudited) ***HK$'000***	As at 31 March 2024 (Audited) *HK$'000*
Bank guarantees in favour of landlords in lieu of rental deposits (unsecured)	**1,705**	2,871
	1,705	2,871

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the Interim Financial Statements.

BUSINESS REVIEW

During the Review Period, the operating environment for the food and beverages (F&B) as well as retail sectors across Mainland China and Hong Kong remained distinctly challenging. Market sentiment continued to be subdued, with the industry experiencing profound structural transformations driven by multifaceted challenges. Key dynamics included diminished local consumption, intensified competitive landscapes, and significant shifts in consumer behaviors, particularly the growing trend of cross-border and overseas spending. Escalating operational costs — encompassing food procurement, rental, utilities, and labor expenses — further compounded the operational complexities faced by the industry players.

In response to this highly volatile market landscape, the Group's business has inevitably been impacted, with revenue for the Review Period declining by 9.8% to approximately HK$448.3 million. Profit attributable to the Company's owners maintained at a stable level of approximately HK$6.4 million. Demonstrating strategic resilience, we have implemented a cautious management approach, compelling a comprehensive reassessment of our strategic positioning and operational efficiency.

For the Tsui Wah brand, the Group's operations across Mainland China, Hong Kong and Macau have maintained stability, with sub-brands demonstrating steady growth. Leveraging our diversified brand portfolio, we have strategically positioned ourselves to capitalize on emerging market trends, particularly the growing demand for smaller-format restaurants and simplified catering experiences favoured by younger consumers.

A notable milestone in our expansion strategy has been the successful launch of our first overseas outlet of Ging Sun Ho King Of Bun at the beginning of October 2024 in Singapore. This international debut has been particularly promising, receiving enthusiastic reception from local customers and validating our brand's potential for overseas market penetration.

OUTLOOK

Looking ahead, with governments actively launching economic stimulus initiatives and tourism enhancement strategies, the Group maintains an optimistic yet prudent perspective on our operational landscape. We are strategically expanding our restaurant portfolio to capitalize on emerging market opportunities.

As a committed stakeholder in Hong Kong, Tsui Wah Restaurant is strategically repositioning itself by re-establishing presence in key tourist districts of Central and Tsim Sha Tsui. These revitalized locations will feature a refreshed brand aesthetic and exclusive, limited-edition products, signaling our adaptive approach to market dynamics. In a strategic expansion move, the Group will launch a Tsui Wah Restaurant within Fudan University in Shanghai, China, specifically adjacent to its EMBA building. This pioneering campus-based restaurant represents our first venture into university dining and presents a unique opportunity to introduce authentic Hong Kong cuisine to a diverse, academic audience, potentially enhancing our brand recognition and cultural culinary exchange.

Our another key expansion strategy focuses on brand and market diversification. Specifically, we are set to launch “Nijuuichi Don (廿一堂)” in a new Kowloon Bay location by the end of 2024. Furthermore, we will open our 5th Tsui Wah Restaurant in Singapore. These initiatives demonstrate our commitment to innovation, market responsiveness and sustainable growth across multiple brands and geographical markets.

AWARDS AND RECOGNITIONS

During the Review Period, we received a number of major awards and recognitions, including

1. Global Brand Award Winners 2024 — Best Traditional Restaurant Chain Hong Kong — Tsui Wah Group;

2. Market Leadership Award 2023/2024 — Market Leadership in Greater Bay Area Fast Casual Restaurant — Tsui Wah Group;

3. 2024–2025 Quality Tourism Services Scheme — Accredited Merchant; and

4. 2024–2025 Caring Company Scheme — A certificate of 10 Years Plus Caring Company — Tsui Wah Restaurant/Tsui Wah Holdings Limited.

APPRECIATION

I would like to take this opportunity to relay my sincere gratitude to all shareholders and investors, customers, suppliers, as well as business partners for supporting the Group. I would also like to thank our management team and colleagues for their dedication and contribution to the Group's business during the Review Period.

Lee Yuen Hong
Chairman and Executive Director

Hong Kong, 22 November 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Throughout the Review Period, the Group's operations in Hong Kong, Mainland China, Macau, and Singapore exhibited varying levels of performance. While Macau and Singapore continued to demonstrate consistent performance, the sluggish economy had impacted the Group's businesses in Hong Kong and Mainland China. In response, the Group has adopted strategic measures and prudent practices to mitigate the adverse effects of the economic downturn. The Group remains confident that our safety strategies will endure through this challenging economic climate.

As at 30 September 2024, a total of 69 restaurants were operated by the Group in Hong Kong, Macau, Mainland China and Singapore. During the Review Period, the Group recorded revenue of approximately HK$448.3 million, representing a decrease of approximately 9.8% against the Previous Review Period, with profit attributable to owners of the Company reaching approximately HK$6.4 million.

Hong Kong

During the Review Period, the Group launched a brand rejuvenation initiative that successfully engaged the younger generation through the creation of the iconic "Tsui Wah Junior" cartoon character. In addition, the Group has pursued cross-industry collaborations, forming a strategic partnership with Hong Kong Express Airways to offer the signature pan-fried pork soup bun of Ging Sun Ho to airline passengers, effectively broadening the brand's reach. The response has been positive, leading to an extension of this collaboration with the airline. At the same time, the Group's existing outlets at the Hong Kong International Airport have benefitted from a surge in cross-border passenger traffic, reinforcing its market position and promoting Hong Kong's local cuisine to a wider audience.

The Group's brands in Hong Kong include "Tsui Wah (翠華)", "Nijuuichi Don (廿一堂)", "Homurice (揚食屋)", "Kami Toriyaki (神鳥燒)", "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 Review Period, the Group had closed down 2 restaurants in Hong Kong and 2 restaurants in Mainland China, while we had opened 1 restaurant in Hong Kong.

Mainland China

During the Review Period, the catering industry faced significant challenges due to the unfavourable economic environment. Factors such as downgraded consumption have intensified the price wars in the industry. At the same time, costs related to labour and ingredients have been continuously rising, impacting operating profits and increasing operational pressure. In this adverse environment, the Group has timely adjusted its response strategies: first, by optimizing products and simultaneously creating off-peak periods (morning market and tea market) to attract customers and drive foot traffic; as well as innovating business models and service methods to adapt to market changes and meet consumers' demands; secondly, by continuously optimizing online platform marketing and promotion to enhance core competitiveness in response to market fluctuations, thereby increasing new customer sources and maintaining customer loyalty through traffic and effectiveness; and finally, by enhancing operational capabilities to achieve cost reduction and efficiency improvement goals, ensuring sustained and steady development.

Given the current market situation, it is foreseeable that more challenges will arise in the future. The Group remains confident, implementing a core strategy of one flagship store in each region along with multiple Tsui Wah Express outlets. We will adhere to stable development through traditional market growth and adopt a careful approach to seize opportunities in specialized markets for new store development, continuing to pursue a steady growth with prudence.

Others

In Singapore, the Group remains committed to its strategic partnership with Jumbo Group Limited ("**Jumbo**"), continuing to operate the Hong Kong-style Cha Chaan Teng (茶餐廳) brand "Tsui Wah" there. With Jumbo's established presence in the local market, the Group is optimistic about furthering Tsui Wah's reputation among Singapore's growing population of 6 million. This collaboration remains an important pillar of our strategy to strengthen our foothold in Singapore.

Currently, the Group operates four Tsui Wah outlets across Singapore, with the latest outlet having been launched in January 2024 at Clarke Quay Central. The new location has seen a steady growth in foot traffic and sales since its opening, contributing positively to the brand's presence. Looking ahead, we continue to actively explore opportunities for expansion, identifying key locations to further grow our footprint.

While the overall performance in Singapore remains encouraging, we are mindful of the challenges posed by rising operational expenses — particularly in the areas of manpower, rental and utilities — as well as ongoing labour shortage. Additionally, the unpredictable global economic outlook requires us to remain cautious in our approach, ensuring a sustainable growth amidst these conditions.

In Macau, the tourism industry has been continually developing and maintaining a positive trend in 2024. The increase in the number of tourists has brought more customers to the dining industry. As a well-known Hong Kong-style tea restaurant brand, Tsui Wah Restaurant has attracted a large number of visitors. This is particularly appealing to tourists who enjoy experiencing Hong Kong's culinary culture.

With various large concerts and events held locally, along with the tourist peak season, the flow of customers has significantly increased. As tourism infrastructure continues to improve, it is expected that more domestic and international tourists will come, bringing tremendous market opportunities. We plan to further deepen our cooperation with local tourism agencies and business partners, developing products that are more aligned with Macau's market characteristics, thereby enhancing our brand's visibility and influence in the region to meet the growing market demand.

We hope to continue consolidating and expanding our business in Macau in the future. On one hand, we aim to continually optimize internal operations, improve service quality and product standards and efficiency, reduce costs, and enhance product competitiveness. On the other hand, we will closely monitor market dynamics and changes in consumer demand, actively innovate to adapt to Macau's rapidly developing business environment, and ensure that we maintain a leading position in an increasingly competitive market, creating more substantial returns for the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Review Period was approximately HK$448.3 million, representing an decrease of approximately 9.8% as compared with approximately HK$497.3 million for the Previous Review Period. The decline in the Group's revenue was primarily due to the economic downturn in Hong Kong and Mainland China.

Cost of inventories sold

The cost of inventories sold for the Review Period was approximately HK$115.6 million, representing a decrease of approximately 11.8% as compared with approximately HK$131.0 million for the Previous Review Period. The cost of inventories sold accounted for approximately 25.8% of the Group's revenue for the Review Period (the Previous Review Period: approximately 26.4%). The decrease in ratio of cost of inventories sold in proportion to the Group's revenue was mainly attributable to the effectiveness of the Group's strategies in controlling and reviewing the prices of food materials applied since the Previous Review Period.

Gross profit

The Group's gross profit (equivalent to revenue minus the cost of inventories sold) for the Review Period was approximately HK$332.7 million, representing a decrease of 9.1% compared with approximately HK$366.2 million for the Previous Review Period. The decrease was primarily due to the economic downturn in Hong Kong and Mainland China.

Staff costs

The Group's staff costs for the Review Period were approximately HK$152.6 million, representing a decrease of approximately 5.9% as compared with approximately HK$162.1 million for the Previous Review Period. The cost reduction was due to the adoption of a more prudent management and control over employee-related expenses.

Depreciation and amortisation

During the Review Period, (1) depreciation and amortisation were approximately HK$22.2 million, equivalent to approximately 5.0% of the Group's revenue (the Previous Review Period: approximately HK$21.7 million, equivalent to 4.4% to the Group's revenue); and (2) depreciation of right-of-use assets was approximately HK$41.3 million, equivalent to 9.2% of the Group's revenue (the Previous Review Period: approximately HK$48.3 million, equivalent to 9.7% to the Group's revenue). The decrease in the combined expenses of depreciation and amortisation and depreciation of right-of-use assets to the Group's revenue was mainly due to the decrease in the number of restaurants, as well as the impairment loss recognised for the year ended 31 March 2024, which had reduced the net book value of the property, plant and equipment and right-of-use assets.

Other operating expenses

Other operating expenses for the Review Period decreased by approximately 30.3% as compared with those of the Previous Review Period, from approximately HK$89.8 million for the Previous Review Period to approximately HK$62.6 million for the Review Period, which represented approximately 14.0% of the Group's revenue for the Review Period. The decrease was mainly attributable to the reduction of impairment of right-of-use assets and property, plant and equipment.

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other operating expenses included:		
Tools and consumables	**10,665**	12,077
Logistic and transportation	**6,740**	8,034
Repair and maintenance	**4,595**	5,979
Staff welfare	**7,689**	7,051
Sanitation	**4,478**	5,140
Foreign exchange differences, net	**(77)**	570
Impairment of property, plant and equipment	**3,722**	13,214
Impairment of right-of-use assets	**8,832**	23,366
Other operating related expenses	**15,977**	14,404
	62,621	89,835

Finance costs

Finance costs amounted to HK$4.8 million for the Review Period, representing a decrease of HK$0.4 million from the Previous Review Period.

Share of profit from joint ventures

There was share of profit from joint ventures amounting to approximately HK$17.5 million for the Review Period, as compared with that of approximately HK$19.8 million for the Previous Review Period.

Profit for the Review Period

The Group's profit attributable to owners of the Company amounted to approximately HK$6.4 million for the Review Period, as compared with HK$6.7 million in the Previous Review Period.

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 (the "**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 30 September 2024, the Group had cash and cash equivalents amounting to approximately HK$169.5 million, representing a decrease of approximately HK$65.5 million from approximately HK$235.0 million as at 31 March 2024. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 30 September 2024, the Group's total current assets and current liabilities were approximately HK$252.4 million (31 March 2024: approximately HK$309.9 million) and approximately HK$219.0 million (31 March 2024: approximately HK$242.5 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.2 times (31 March 2024: approximately 1.3 times).

As at 30 September 2024, the Group had no interest-bearing bank borrowings and hence, the gearing ratio was 0% (the Previous Review Period: 0%).

Material acquisitions and disposals

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Review Period.

Significant investments and plans for material investments or capital assets

Save as disclosed elsewhere in the Interim Financial Statements, the Group did not have any significant investments or any other plans for material investments or capital assets as at 30 September 2024.

Foreign currency risk

The Group's sales and purchases for the Review Period were mostly denominated in Hong Kong dollars and Renminbi. The Renminbi is not a freely convertible currency. Future exchange rates of the Renminbi could vary significantly from the current or historical exchange rates as a result of capital controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes both domestically and internationally, and the demand and supply of the Renminbi. The appreciation or depreciation of the Renminbi against Hong Kong dollars may have an impact on the Group's results. The Group will continue to take proactive measures and closely monitor its exposure to any currency movements. The Group has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

Contingent liabilities

As at 30 September 2024, the Group had contingent liabilities of approximately HK$1.7 million (31 March 2024: approximately HK$2.9 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

Charge on assets

There was no charge on the Group's assets as at 30 September 2024.

Human resources and remuneration policy

As at 30 September 2024, the Group employed approximately 1,619 (30 September 2023: approximately 1,700) employees. The Group's staff costs decreased by approximately 5.8% from approximately HK$162.1 million for the Previous Review Period to approximately HK$152.6 million for the Review Period.

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.

During the Review Period, the Group had provided comprehensive training programmes and development initiatives pertaining to operational and occupational safety as well as customer services for relevant employees in order to enhance the quality of services expected from customer-facing staff and ensure the effective implementation of the Group's business ethos.

PROSPECTS AND OUTLOOK

Customer satisfaction

In the face of multiple challenges, the Group has maintained vigilance, examining ways to best adapt to market dynamics. The Group will continue to implement its core strategy of prioritising its customers' dining experience by maintaining stringent food safety and diversifying the menu to suit seasonal changes in order to attract a broader base of customers whilst ensuring that its signature dishes will continue to be served at the highest quality. The Group has always endeavoured to provide high-quality food for its customers in a comfortable and hygienic Cha Chaan Teng environment. Furthermore, we trust that the Group will strive to build customer satisfaction by diversifying the Group's business under new brand names.

Corporate social responsibility

The Group is committed to adhering to its core corporate values and social responsibilities. The Group has been strongly encouraging all its employees to participate in charitable activities organised by and associated with the Group such as the Hong Kong Community Chest's fundraising activities. The Group has also promoted environmental protection initiatives, bolstered its green procurement and energy saving policies, and provided customers with friendly reminders to reduce food waste. The Group continues to take a proactive role in giving back to the community.

Outlook

Looking ahead, the respective governments of Mainland China, Hong Kong, Macau and Singapore are taking steps to implement a range of promotional strategies aimed at boosting local consumption and drawing in more tourists. The Group is optimistic that these initiatives will have a positive impact on its operations. To capitalize on this opportunity, the Group is strategically planning to expand its retail network.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK1.0 cent per Share in respect of the Review Period (the "**Interim Dividend**") (the Previous Review Period: HK1.0 cent) to the Shareholders whose names will appear on the register of members of the Company (the "**Register**") at the close of business on Thursday, 19 December, 2024. It is expected that the Interim Dividend will be paid in cash on or about Tuesday, 31 December 2024.

CLOSURE OF REGISTER

For the purpose of the Interim Dividend, the Register will be closed from Monday, 16 December 2024 to Thursday, 19 December 2024 (both days inclusive), during which period no transfer of the Shares will be registered. In order to qualify for the Interim Dividend, non-registered Shareholders must lodge all properly completed and stamped transfer forms accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 13 December 2024.

USE OF NET PROCEEDS

The net proceeds from the Listing (the "**Net Proceeds**") were approximately HK$794.4 million (after deducting the underwriting fees and all related expenses).

The use of the Net Proceeds up to 30 September 2024 was approximately as follows:

Use of Net Proceeds	Percentage of Net Proceeds	Net Proceeds *(in HK$ million)*	Aggregate amount utilised as at 1 April 2024 *(in HK$ million)*	Amount utilised during Review Period *(in HK$ million)*	Amount remaining as at 30 September 2024 *(in HK$ million)*
Opening new restaurants and delivery centres and launch of catering service in Hong Kong	20%	158.9	(158.9)	–	–
Opening new restaurants in Mainland China	35%	278.0	(278.0)	–	–
Construction of new central kitchen in Hong Kong	10%	79.4	(79.4)	–	–
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	(108.3)	–	50.6
Upgrading information technology systems	5%	39.8	(39.8)	–	–
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–	–
Total	100%	794.4	(743.8)	–	50.6

The unused Net Proceeds of HK$50.6 million (the "**Unused Proceeds**") were mainly intended to be applied to construction of new central kitchens in Shanghai and Southern China (the "**Unmaterialized Plan**"). However, given the unfavourable factors and impact of the pandemic, the Directors were of the view that it was relatively not a good timing for taking further steps in pursuing the Unmaterialized Plan. As the Group has a total of 27 restaurants in the Southern China and their business performance has been stable since the subsiding of the pandemic, it is the Board's view that establishment of a new central kitchen in the area is appropriate and the Company is in the course of seeking an appropriate location in Southern China as its new central kitchen (the "**SC Kitchen**"). It is expected that the location of the SC Kitchen will be determined soon and that approximately HK$30 million out of the Unused Proceeds will be utilized by the fourth quarter of 2025 when the SC Kitchen is in full operation, while the remaining balance of HK$20.6 million will be reserved for, if materialized, its new central kitchen in Shanghai (the "**Shanghai Kitchen**"). Given the fact that only a small portion of the Group's restaurants in Mainland China is located in Shanghai or its vicinity at this moment, the Board considers that there is no urgency for the Company to establish the Shanghai Kitchen. By the year ending 31 March 2025, the Board will further assess as to whether it is still in the interest of the Group to establish the Shanghai Kitchen. If it is determined by the Board that it would be in the interest of the Group and the Shareholders to reallocate the portion of the Unused Proceeds intended to be used for the Shanghai Kitchen, the Company will inform the Shareholders by making a further announcement.

CORPORATE GOVERNANCE

The Company had adopted the principles and complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**") for the Review Period. The Company will continue to review and enhance its corporate governance practices to ensure strict compliance with the CG Code from time to time.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as its own code of conduct governing the Directors' securities transactions in the listed securities of the Company.

Following the specific enquiries made to the Directors by the Company, all of them confirmed that they had fully complied with the standards as set out in the Model Code for the Review Period.

AUDIT COMMITTEE

The Interim Financial Statements have not been audited nor reviewed by the independent auditors of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as certain of its internal control matters and has also reviewed and confirmed the Interim Financial Statements. The existing members of the Audit Committee comprise Mr. So Chi Man ("**Mr. So**") and Mr. Yim Kwok Man, both independent non-executive Directors (the "**INEDs**"), and Mr. Wong Chi Kin, a non-executive Director (the "**NED**"). Mr. So is the chairman of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Review Period, the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the aforesaid scheme, purchased on the Stock Exchange a total of 16,922,000 Shares with a total consideration of approximately HKD3.89 million equivalent.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Review Period.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

No material events have occurred after the end of the Review Period and up to the date of this announcement.

PUBLICATION OF THE INTERIM REPORT

The Interim Report containing all the information required by the Listing Rules (including the Interim Financial Statements) will be published on the respective websites of the Company (www.tsuiwah.com) and the Stock Exchange (www.hkexnews.hk).

By order of the Board
Tsui Wah Holdings Limited
Lee Yuen Hong
Chairman and Executive Director

Hong Kong, 22 November 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 NEDs; and

(c) Messrs. Tang Man Tsz, Yim Kwok Man and So Chi Man as INEDs.