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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 2013**

FINANCIAL HIGHLIGHTS

| | For the year ended 31 March | | Change in % |
|---|--------------------------------|--------------------|----------------|
| | 2013 (HK\$'000) | 2012 (HK\$'000) | |
| Revenue | 1,084,415 | 762,791 | 42.2 |
| Hong Kong | 870,223 | 675,293 | 28.9 |
| Mainland China | 203,965 | 80,915 | 152.1 |
| Macau* | 10,227 | 6,583 | 55.4 |
| Profit for the year | 131,297 | 110,429 | 18.9 |
| Attributable to: | | | |
| Owners of the Company | 129,598 | 103,910 | 24.7 |
| Non-controlling interests | 1,699 | 6,519 | |
| Earnings per share | | | |
| Basic | HK11.48 cents | HK10.39 cents | |
| Diluted | HK11.35 cents | HK10.39 cents | |
| No. of restaurants including jointly-controlled entities (As at 31 March) | | | |
| Hong Kong | 24 | 19 | |
| Mainland China | 7 | 2 | |
| Macau | 1 | 1 | |

* Revenue from Macau represents revenue derived from the sale of food to a jointly-controlled entity of the Group.

ANNUAL RESULTS

The board of directors (the “**Board**”) is pleased to announce the consolidated results of Tsui Wah Holdings Limited (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) for the year ended 31 March 2013, together with the comparative figures for the year ended 31 March 2012, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

| | <i>Notes</i> | 2013 <i>(HK\$'000)</i> | 2012 <i>(HK\$'000)</i> |
|--|--------------|----------------------------------|----------------------------------|
| REVENUE | 4 | 1,084,415 | 762,791 |
| Other income and gains | | 5,804 | 1,975 |
| Cost of inventories sold | | (331,973) | (236,463) |
| Staff costs | | (286,732) | (197,534) |
| Depreciation | | (40,851) | (21,887) |
| Property rentals and related expenses | | (152,944) | (96,171) |
| Fuel and utility expenses | | (49,749) | (34,805) |
| Advertising and marketing expenses | | (5,842) | (2,901) |
| Other operating expenses | | (80,430) | (49,543) |
| Finance costs | 5 | (111) | (161) |
| Equity-settled share option expense | | (5,422) | – |
| Share of profits of jointly-controlled entities | | 21,964 | 8,905 |
| | | <hr/> | <hr/> |
| PROFIT BEFORE TAX | 6 | 158,129 | 134,206 |
| Income tax expense | 7 | (26,832) | (23,777) |
| | | <hr/> | <hr/> |
| PROFIT FOR THE YEAR | | 131,297 | 110,429 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Attributable to: | | | |
| Owners of the Company | | 129,598 | 103,910 |
| Non-controlling interests | | 1,699 | 6,519 |
| | | <hr/> | <hr/> |
| | | 131,297 | 110,429 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 9 | | |
| Basic | | HK11.48 cents | HK10.39 cents |
| | | <hr/> | <hr/> |
| Diluted | | HK11.35 cents | HK10.39 cents |
| | | <hr/> | <hr/> |

Details of the dividends payable and proposed for the year are disclosed in note 8 below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

| | Notes | 2013 (HK\$'000) | 2012 (HK\$'000) |
|--|-------|--------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 147,941 | 87,221 |
| Investments in jointly-controlled entities | | 31,837 | 17,204 |
| Prepayments for purchase of property, plant and equipment | | 3,196 | – |
| Non-current rental deposits | | 31,413 | 19,614 |
| Deferred tax assets | | 7,578 | 5,824 |
| Total non-current assets | | <u>221,965</u> | <u>129,863</u> |
| CURRENT ASSETS | | | |
| Inventories | | 13,043 | 9,384 |
| Trade receivables | 11 | 5,223 | 2,964 |
| Prepayments, deposits and other receivables | | 32,978 | 33,183 |
| Due from directors | | – | 99,395 |
| Due from related companies | | – | 141,126 |
| Pledged time deposit | | 1,025 | – |
| Pledged time deposit with original maturity of more than three months | | 438 | – |
| Cash and cash equivalents | | 916,908 | 92,082 |
| Total current assets | | <u>969,615</u> | <u>378,134</u> |
| CURRENT LIABILITIES | | | |
| Trade payables | 12 | 55,222 | 38,923 |
| Other payables and accruals | | 87,738 | 49,850 |
| Finance lease payables | | 411 | 143 |
| Due to directors | | – | 44,609 |
| Due to related companies | | – | 78,906 |
| Tax payable | | 9,681 | 14,059 |
| Total current liabilities | | <u>153,052</u> | <u>226,490</u> |
| NET CURRENT ASSETS | | <u>816,563</u> | <u>151,644</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,038,528</u> | <u>281,507</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2013*

| | <i>Notes</i> | 2013 (HK\$'000) | 2012 (HK\$'000) |
|---|--------------|----------------------------------|---------------------------|
| NON-CURRENT LIABILITIES | | | |
| Finance lease payables | | 913 | 284 |
| Deferred tax liabilities | | 398 | 435 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 1,311 | 719 |
| | | <hr/> | <hr/> |
| Net Assets | | 1,037,217 | 280,788 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Issued capital | <i>13</i> | 13,833 | – |
| Reserves | | 1,023,299 | 258,632 |
| | | <hr/> | <hr/> |
| | | 1,037,132 | 258,632 |
| | | <hr/> | <hr/> |
| Non-controlling interests | | 85 | 22,156 |
| | | <hr/> | <hr/> |
| Total Equity | | 1,037,217 | 280,788 |
| | | <hr/> <hr/> | <hr/> <hr/> |

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands under the Cayman Islands Company Law with limited liability on May 29, 2012. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 November 2012 (the “**Listing Date**”).

The Company is an investment holding company. The Group is principally engaged in the provision of food catering services through a chain of Hong Kong style restaurants in Hong Kong and the People’s Republic of China (the “**PRC**” or “**Mainland China**”).

2.1 BASIS OF PRESENTATION

Pursuant to the group reorganisation (the “**Reorganisation**”) which rationalised the corporate structure in preparation for the listing of the Company’s shares on the Stock Exchange, the Company became the holding company of the companies then comprising the Group on 30 June 2012. Since the Company and the companies then comprising the Group were under common control of the controlling shareholders of the Company (the “**Controlling Shareholders**”) both before and after the Reorganisation, the Reorganisation was accounted for using the principles of merger accounting.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2013 and 2012 include the results and cash flows of all companies then comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2013 and 2012 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the Controlling Shareholders’ perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. Equity interests in subsidiaries held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

2.2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 April 2012, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements for the years ended 31 March 2013 and 2012.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

| | |
|--|--|
| HKFRS 1 Amendments | Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans ² |
| HKFRS 7 Amendments | Amendments to HKFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities ² |
| HKFRS 9 | Financial Instruments ⁴ |
| HKFRS 10 | Consolidated Financial Statements ² |
| HKFRS 11 | Joint Arrangements ² |
| HKFRS 12 | Disclosure of Interests in Other Entities ² |
| HKFRS 13 | Fair Value Measurement ² |
| HKFRS 10, HKFRS 11 and HKFRS 12 Amendments | Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Transition Guidance ² |
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments | Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities ³ |
| HKAS 1 Amendments | Amendments to HKAS 1 Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income ¹ |
| HKAS 19 (2011) | Employee Benefits ² |
| HKAS 27 (2011) | Separate Financial Statements ² |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures ² |
| HKAS 32 Amendments | Amendments to HKAS 32 Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities ³ |
| HK(IFRIC)-Int 20 | Stripping Costs in the Production Phase of a Surface Mine ² |
| Annual Improvements 2009-2011 Cycle | Amendments to a number of HKFRSs issued in June 2012 ² |

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants. 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

(a) Revenue from external customers

| | 2013 (HK\$'000) | 2012 (HK\$'000) |
|----------------|--------------------|--------------------|
| Hong Kong | 870,223 | 675,293 |
| Mainland China | 203,965 | 80,915 |
| Macau | 10,227 | 6,583 |
| | <u>1,084,415</u> | <u>762,791</u> |

The revenue above is based on the location of the customers.

As no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during the year, no information about major customers is presented.

(b) Non-current assets

| | 2013 (HK\$'000) | 2012 (HK\$'000) |
|----------------|--------------------|--------------------|
| Hong Kong | 98,557 | 71,805 |
| Mainland China | 55,079 | 18,209 |
| Macau | 25,990 | 6,665 |
| | <u>179,626</u> | <u>96,679</u> |

The non-current asset information above is based on the location of the assets and excludes financial instruments and deferred tax assets.

4. REVENUE

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants and the sale of food, net of sales related taxes. An analysis of revenue is as follows:

| | 2013 (HK\$'000) | 2012 (HK\$'000) |
|-------------------------|--------------------|--------------------|
| Revenue | | |
| — Restaurant operations | 1,063,503 | 748,322 |
| — Sale of food | 20,912 | 14,469 |
| | <u>1,084,415</u> | <u>762,791</u> |

5. FINANCE COSTS

| | 2013 (HK\$'000) | 2012 (HK\$'000) |
|---|--------------------|--------------------|
| Interest on bank loans wholly repayable within five years | 41 | 134 |
| Interest on finance leases | 70 | 27 |
| | <u>111</u> | <u>161</u> |

6. PROFIT BEFORE TAX

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

| | 2013 (HK\$'000) | 2012 HK\$'000 |
|--|--------------------|------------------|
| Cost of inventories sold | 331,973 | 236,463 |
| Depreciation | 40,851 | 21,887 |
| Lease payments under operating leases in respect of land and buildings: | | |
| Minimum lease payments | 123,122 | 74,687 |
| Contingent rents | 20,238 | 14,841 |
| | <u>143,360</u> | <u>89,528</u> |
| Employee benefit expenses (excluding directors' and chief executive's remuneration): | | |
| Wages and salaries | 267,493 | 184,606 |
| Equity-settled share option expense | 1,792 | – |
| Retirement benefit scheme contributions | 10,474 | 7,823 |
| | <u>279,759</u> | <u>192,429</u> |
| Auditors' remuneration | 3,027 | 981 |
| Write-off of items of property, plant and equipment | 374 | – |
| Gain on disposal of items of property, plant and equipment | – | (2) |
| Foreign exchange differences, net | (737) | (650) |
| Bank interest income | (1,428) | (79) |
| | <u>(1,428)</u> | <u>(79)</u> |

7. INCOME TAX EXPENSE

| | 2013 (HK\$'000) | 2012 (HK\$'000) |
|---|--------------------|--------------------|
| Current — Hong Kong | | |
| Charge for the year | 20,398 | 19,303 |
| (Overprovision)/underprovision in prior years | (736) | 23 |
| Current — Elsewhere | | |
| Charge for the year | 8,961 | 3,181 |
| Deferred tax | (1,791) | 1,270 |
| | <u>26,832</u> | <u>23,777</u> |

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2012:16.5%) during the year. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the locations in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the year was 25% (2012: 25%) on their taxable profits.

8. DIVIDENDS

| | 2013 <i>(HK\$'000)</i> | 2012 <i>(HK\$'000)</i> |
|--|----------------------------------|---------------------------|
| Final dividend proposed after the end of the reporting period —HK5.0 cents (2012: Nil) per ordinary share | <u>69,167</u> | <u>—</u> |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year, the Company's subsidiaries paid interim dividends of HK\$117,856,000 (2012: HK\$15,289,000) to the then shareholders. In October 2012, the Company declared a special dividend of HK\$53,474,000 to its then shareholders. Investors becoming shareholders of the Company after the listing of the Company on the Stock Exchange are not entitled to such special dividend.

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

The calculation of the basic earnings per share amount for the year ended 31 March 2013 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$129,598,000 (2012: HK\$103,910,000) and the weighted average number of ordinary shares in issue of 1,129,178,312 (2012: 1,000,000,000), on the assumption that the Reorganisation and the capitalisation issue had been completed on 1 April 2011.

The calculation of diluted earnings per share amount for the year ended 31 March 2013 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$129,598,000. The weighted average number of ordinary shares used in the calculation is the 1,129,178,312 ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 12,311,073 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amount for the year ended 31 March 2012 as the Group had no potentially dilutive ordinary shares in issue during that year.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2013, there were additions of items of property, plant and equipment of approximately HK\$101,711,000 (2012: HK\$63,255,000). There were no disposals of items of property, plant and equipment during the year ended 31 March 2013 (2012: disposal of fixed assets of HK\$11,000).

11. TRADE RECEIVABLES

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. 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 enhancement over its trade receivable balances. Trade receivables are non-interest bearing.

| | 2013 <i>(HK\$'000)</i> | 2012 <i>(HK\$'000)</i> |
|-------------------|----------------------------------|---------------------------|
| Trade receivables | <u>5,223</u> | <u>2,964</u> |

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

| | 2013 <i>(HK\$'000)</i> | 2012 <i>(HK\$'000)</i> |
|----------------|----------------------------------|---------------------------|
| Within 1 month | 3,487 | 2,054 |
| 1 to 2 months | <u>1,736</u> | <u>910</u> |
| | <u>5,223</u> | <u>2,964</u> |

12. TRADE PAYABLES

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

| | 2013 <i>(HK\$'000)</i> | 2012 <i>(HK\$'000)</i> |
|-------------------------------------|----------------------------------|---------------------------|
| Within 1 month | 32,214 | 21,360 |
| Over 1 month but less than 2 months | <u>23,008</u> | <u>17,563</u> |
| | <u>55,222</u> | <u>38,923</u> |

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

13. ISSUED CAPITAL

The Company is a limited liability company incorporated in the Cayman Islands on 29 May 2012. The authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each.

There was no authorised and issued capital as at 31 March 2012 since the Company had not yet been incorporated.

| | As at 31 March 2013 (HK\$'000) |
|--|---|
| Issued and fully paid: | |
| On incorporation | – |
| Increase in issued share capital on 29 June 2012 | 2,000 |
| Capitalisation issue of shares | 8,000 |
| Issuance of new shares on 26 November 2012 | 3,333 |
| Issuance of new shares on 19 December 2012 | 500 |
| | <hr/> |
| As at 31 March 2013 | 13,833 <hr/> <hr/> |

CHAIRMAN'S STATEMENT

I am pleased to present to you the annual results of the Group for the year ended 31 March 2013. This is the first annual results announcement of the Group since the Company's listing (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 November 2012.

The year ended 31 March 2013 means a lot to the Group. During the year, the Company marked a new milestone in its development history by obtaining an official listing on the Stock Exchange. Although uncertainties of the global economy, such as Euro debt crisis, lingering concerns over the recovery and quantitative easing monetary policy adopted by the government of the United States of America as well as the slowdown in economic growth in the PRC, have dampened consumer confidence over the past year, the Group managed to maintain a healthy growth in its business development. This is attributed to the Group's more than 45 years of operation during which it encountered economic cycles and challenges arising from macro-economy and succeeded in winning word of mouth, trust and recognition from consumers due to its renowned brand name and strict control on food safety and quality.

Review of the year ended 31 March 2013

During the reporting period, the Group recorded revenue of approximately HK\$1,084.4 million, representing a growth of approximately 42.2% over the year ended 31 March 2012. Its net profit for the year ended 31 March 2013 amounted to approximately HK\$131.3 million, representing a growth of approximately 18.9% over the year ended 31 March 2012. The board (the "**Board**") of directors (the "**Directors**") of the Company recommended the payment of a final dividend of HK5.0 cents per ordinary share in respect of the year ended 31 March 2013.

For the year ended 31 March 2013, the Group, sticking to its stated blueprint, successfully implemented its store-opening strategy, in a cautious but proactive manner, both in Hong Kong and the PRC. New restaurants were opened at the terminal of Hong Kong International Airport, Hung To Road in Ngau Tau Kok, Shatin Plaza, Pitt Street in Yau Ma Tei and Harbour Crystal Centre in Tsim Sha Tsui East. Meanwhile, it also launched the business of "Tsui Wah Delivery" (快翠送) serving the entire area of Kowloon where customers may conveniently enjoy the Group's delicacies without leaving their homes. During the year under review, the Group also opened several restaurants as planned in various districts of Shanghai, namely, Xuhui District (Ri Yue Guang Plaza and Yong Xin Fang), Putuo District (Changshou Road) and Yangpu District (Wujiaochang) and a restaurant in Wuhan. All the new restaurants are operating at the budgeted investment costs and progressing well on schedule. So far the Group has 32 restaurants (includes one restaurant in Hong Kong and one restaurant in Macau owned by our jointly-controlled entities) operating in Hong Kong, Shanghai, Macau and Wuhan and a work force of over 2,850 staff, to enhance our brand recognition and capacity in sales and marketing.

While enhancing its competitiveness, the Group also places high importance on the promotion of Hong Kong's unique food culture. In the South China region, it has established a subsidiary in Guangzhou to promote the food culture of Tsui Wah. At the same time, it continued to implement the mission of "Tsui Wah Family" (翠華人家), placing importance on the development of its staff by providing them with enhancement training, such as the management trainee program, courses offered by culinary school and etc. The ultimate goal is to make Tsui Wah's distinguished corporate culture into a model for Hong Kong eateries.

In November 2012, the Group successfully obtained the listing approval from the Stock Exchange, thereby laying a solid foundation for its future development of the Group. The funds raised from the capital markets bode well for the Group in enhancing its brand awareness, corporate size and competitiveness. Aiming at becoming an iconic *Cha Chaan Teng* chain around the Greater China Region, the Group will continue to fully leverage on its own competitiveness to grow.

Outlook

Looking ahead into the future, it is believed that the catering industry will be full of opportunities. The deepening of urbanisation and increase of per capita disposable income in the PRC will become the driving force behind the on-going development of the local catering industry and foster stronger demand for quality food and beverages in the domestic market. Well-known food chains that provide quality food and services such as Tsui Wah will be in a better position to capitalise on the immense opportunities in the PRC market. In recent years, food safety has become a hot social topic in the PRC. With its first central kitchen in the PRC commenced its operation in June 2013, the Group will further strengthen standardisation on food processing, enhance operating efficiency, unify quality testing and consolidate supply chain management with the aim of promoting customers' confidence in the Group by minimising food safety hazards. The unique gastronomic features of the indigenous *Cha Chaan Teng* in Hong Kong offered by the Group have gained popularity among customers from across the border, evidenced by the wide-spread coverage of our gastronomic style and cuisines by the mainland media. Such recommendation and recognition is beneficial to the Group's future development. In addition to our existing network in the financial district of Shanghai, the Group also actively preparing to develop in the South China region and begins to develop in other cities in the East China region.

Regarding Hong Kong, the Group will continue to leverage on the brand recognition of Tsui Wah to maintain a stable store-opening process for the coming year. Meanwhile, it will expand the coverage of our "Tsui Wah Delivery" into other areas of Hong Kong, enabling more customers to enjoy the steaming hot delicacies by Tsui Wah without leaving their homes. In addition, the Group also commits to promoting its catering service under the brand name of "Supreme Catering" (至尊到會), offering 5-star catering experience for its customers who may enjoy a wide variety of delicacies, east and west, with satisfaction.

Moreover, the Group will continue to adhere to its own corporate culture and core values. It shoulders the corporate social responsibilities by addressing the needs of its staff and contributing to the community. Therefore, the Group will continue to accept application for “Textbook Subsidies” from staff in need and implement the “Summer Internship Scheme” and “Food Waste Control Scheme”. The Group will also continue to strictly comply with the environmental protection policies, solid waste charging scheme and other operation regulations.

Looking ahead, the Group will continue to operate under the corporate philosophy of “Relaxed Eating, Healthy Eating” and elevate its brand awareness and core competitive strengths, in order to further enhance our performance and optimise the return for its shareholders.

Last but not least, I would like to extend, on Tsui Wah’s behalf, my heart-felt gratitude to the shareholders of the Company, members of the Board, management of the Group, the staff and business associates.

Lee Yuen Hong
Chairman

Hong Kong, 25 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Over the past year, the global economy has faced numerous uncertainties and unprecedented headwinds, such as the Europe economic crisis, slow recovery and the debt crisis in the United States of America, which led to a general decrease in consumer's confidence level across the globe. Nonetheless, with over 45 years of operating history in the food and catering sector, the Group had managed to sail through several economic cycles in the past and so as the current downturn. With the experienced Board and management of the Group, "Tsui Wah" has managed to overcome various challenges, increased the public recognition of the brand, and maintained as the leading *Cha Chaan Teng* chain owner and operator in Hong Kong mainly through its stringent quality control in monitoring the safety and quality of the food.

BUSINESS REVIEW

In the year ended 31 March 2013, the Group opened 10 new restaurants, as compared to 3 in the year ended 31 March 2012. The opening of new restaurants in Hong Kong and the PRC was in line with the Group's development blueprint and was not significantly affected by the economic slowdown. The new restaurants in Hong Kong include, the Hong Kong International Airport Terminal shop, Hung To Road shop in Ngau Tau Kok, Shatin Plaza shop, Yau Ma Tei shop and Tsim Sha Tsui East shop. Whilst in the PRC, the Group opened 4 new restaurants in Shanghai Xuhui district, Putuo district and Yangpu district and 1 in Wuhan. The satisfactory performance of the Group's new restaurants was attributed to its strategic restaurant development planning and site selection.

The Group successfully established a new business line, the delivery service "Tsui Wah Delivery" (快翠送) which covers the whole of Kowloon district, enabling its customers to enjoy scrumptious food provided by Tsui Wah with ease. Within a short period of time, this new delivery service was very well received by its customers. This service represents a long term profit and growth potential for "Tsui Wah".

Moreover, cost management was achieved for the year ended 31 March 2013 as the Group effectively and efficiently controlled and strengthened the procurement and supply chain management. In addition, by reducing wastage during food preparation, the gross profit margin of the Group has remained stable without sacrificing the quality and safety of its food. However, the Group's net profit margin (profit for the year as a percentage of revenue) recorded a decrease from approximately 14.5% for the year ended 31 March 2012 to approximately 12.1% for the year ended 31 March 2013, which was mainly owing to the initial start up labour cost and property rental expenses from new restaurants during the year under review.

FINANCIAL REVIEW

Revenue

A strong operating and financial performance has been achieved for the year ended 31 March 2013. Revenue increased by approximately 42.2% from approximately HK\$762.8 million for the year ended 31 March 2012 to approximately HK\$1,084.4 million for the year ended 31 March 2013 and net profit rose by approximately 18.9%, to approximately HK\$131.3 million, in comparing to approximately HK\$110.4 million in the preceding financial year. This was mainly attributable to the strong growth in restaurant sales and the establishment of new restaurants. Profit attributable to owners of the Company increased by approximately 24.7% from approximately HK\$103.9 million for the year ended 31 March 2012 to approximately HK\$129.6 million for the year ended 31 March 2013.

The business environment for catering and restaurant industry has become increasingly harsh and challenging due to the rising food, rental and labour costs in the recent years. However, the Group has strived to maintain a good cost and expense controls and improved the overall operating efficiencies by adopting a variety of effective cost control measures.

Cost of inventories sold

Cost of inventories sold increased by approximately HK\$95.5 million, or approximately 40.4%, from approximately HK\$236.5 million for the year ended 31 March 2012 to approximately HK\$332.0 million for the year ended 31 March 2013. Cost of inventories sold as a percentage of the Group's revenue remains stable for the year ended 31 March 2013 is primarily reflecting that i) the Group's policy in large volume and bulk purchases of food, beverage and other operating items for the restaurant operation from suppliers in order to enjoy a better price on the purchase of the above items has been successful; and ii) the Group has successfully implemented better management and controlling measures over the food preparation process, thus reducing the amount of food wastage.

Gross profit

Gross profit, which equals to revenue minus cost of inventories sold, of the Group for the year ended 31 March 2013 was approximately HK\$752.4 million, representing an increase of approximately 43.0% from approximately HK\$526.3 million for the year ended 31 March 2012. The increase was mainly contributed by same restaurant sales growth and sales by new restaurants for the year ended 31 March 2013.

Staff costs

Staff costs of the Group increased by approximately HK\$89.2 million, or approximately 45.2%, from approximately HK\$197.5 million for the year ended 31 March 2012 to approximately HK\$286.7 million for the year ended 31 March 2013. Staff costs as a percentage of the Group's revenue increased from 25.9% for the year ended 31 March 2012 to 26.4% for the year ended 31 March 2013. The salary level of employees in the food and catering industry has been generally increasing in recent years. The increase was also attributable to that more staff was employed for the sake of the opening of 10 new restaurants. The Group is of the opinion that retention of experienced staff is vital to the continued success and expansion of the Group for it to improve and maintain the well-established high service standard across all of its restaurants.

Property rentals and related expenses

The property rental and related expenses increased by approximately HK\$56.8 million, or approximately 59.0%, from approximately HK\$96.2 million for the year ended 31 March 2012 to approximately HK\$152.9 million for the year ended 31 March 2013, primarily because of i) new restaurants premises leased during the year; and ii) increase in rent when renewing leases. In order to realise a better control in the property rental and related expenses, the Group has decided to enter into long-term rental agreements so as to maintain the rentals at a reasonable level.

Share of profits of jointly-controlled entities

Share of profits of jointly-controlled entities amounted to approximately HK\$22.0 million for the year ended 31 March 2013, representing an increase of approximately HK\$13.1 million, or approximately 146.6% from approximately HK\$8.9 million for the year ended 31 March 2012. Such increase was mainly due to improved performance in the Group's jointly-controlled entities in Hong Kong and in Macau.

Income tax expense

Income tax expense increased by approximately HK\$3.0 million, or approximately 12.8%, from approximately HK\$23.8 million for the year ended 31 March 2012 to approximately HK\$26.8 million for the year ended 31 March 2013 because of the increase in the Group's taxable profit.

Profit before tax

As a result of the higher revenue attributable to the strong growth in restaurant sales and the establishment of new restaurants, the profit before tax increased by approximately HK\$23.9 million, or approximately 17.8%, from approximately HK\$134.2 million for the year ended 31 March 2012 to approximately HK\$158.1 million for the year ended 31 March 2013.

Liquidity and financial resources

The Group finances its business with internally generated cash flows and proceeds from the Company's Listing. As at 31 March 2013, the Group had cash and cash equivalents amounting to approximately HK\$916.9 million, representing an increase of approximately HK\$824.8 million from approximately HK\$92.1 million as at 31 March 2012. This was mainly attributable to the receipt of proceeds from the Listing. Most bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2013, the Group's gearing ratio, which is expressed as a percentage of interest bearing bank and other borrowings over capital was 0.13%.

Foreign currency risk

The Group's sales and purchases for the year ended 31 March 2013 were mostly denominated in Hong Kong dollars and Renminbi. As the Renminbi is a not a freely convertible currency, any fluctuation in the exchange rate of Hong Kong dollars against Renminbi may have impact on the Group's results. Although foreign currency exposure did not pose significant risk for the Group, we will continue to take proactive measures and monitor closely of our exposure to such currency movement.

Contingent liabilities

As at 31 March 2013, the Group had contingent liabilities of HK\$1,463,000 (31 March 2012: Nil) in respect of bank guarantee given in favour of landlords in lieu of rental deposits.

Human resources

As at 31 March 2013, the Group (other than the jointly-controlled entities) employed approximately 2,850 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience.

During the year under review, various training activities, such as training on operational safety, management skills as well as mentorship program, have been conducted to improve the front-end quality of services as well as to ensure the smooth and effective implementation of the Group's business policies.

The Group has continued to implement its Management Trainee Program to enhance the depth and breadth of the management staff for the purpose of their further career development.

PROSPECTS AND OUTLOOK

Customer satisfaction

Going forward, food safety and satisfactory dining experience will remain the Group's core focuses. The Group aims to provide its customers with safe quality food and value for money dining experience. To achieve that, the Group's first central kitchen in PRC commenced its operation in June 2013 which will further strengthen the Group's quality and safety standard, increase the operation efficiency and standardize its quality control and management. The management of the Company will ensure that food safety and customer satisfaction remains as the Group's top priority.

Restaurant openings

In the forthcoming year, the Group is planning to add 12 restaurants in cities where it is currently operating, of which 4 will locate in Hong Kong, 5 will locate in the East China region, 1 will locate in the Central China region and 2 will locate in the South China region. This will inevitably increase the Group's market share in these regions.

Corporate social responsibility

Adhering to its core corporate value and belief, the Group will continue to contribute to the society and look after the need of its employees. For those employees in need, they can continue to apply for books and stationery allowance for their children which would help alleviate the financial burden of the respective employees of the Group. At the same time, the Group's summer internship program and food wastage control program together with other meaningful programs will continue to run. The Group is always ready to take a proactive role in giving back what it could afford to the society.

Outlook

For the PRC market, the Group is expected to be benefited from i) the continuing urbanisation in the PRC; ii) increase in disposable income by the country's burgeoning middle class; and iii) increase in awareness and needs for quality restaurant. The Group will continue to explore any expansion possibility.

In addition, while focusing on food safety, the Group will also strengthen its operational system by retaining experienced staff and encourage creative product development. These improvements, along with enhanced marketing and brand recognition, will secure the Group's ability in generating revenue and profit.

In view of the above, the Board believes that "Tsui Wah" has the resources, vision and reputation to capitalise any future opportunity in the view of continuing expansion in the enormous PRC market and reap attractive returns for the shareholders.

OTHER INFORMATION

Material Acquisition and Disposal

Save as the reorganisation stated in the Prospectus, the Group has no other material acquisition and disposal for the year ended 31 March 2013.

Annual General Meeting

The annual general meeting of the Company (the "AGM") for the year ended 31 March 2013 is scheduled to be held on 19 August 2013. A notice convening the AGM will be issued and disseminated to shareholders of the Company in due course in the manner required by the Listing Rules.

Dividend

The Board has resolved to recommend the distribution of a final dividend of HK5.0 cents per ordinary share to the Company's shareholders whose names appear on the register of members of the Company on 27 August 2013, subject to the approval of the shareholders of the Company at the AGM. If the resolution for the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on or around 9 September 2013.

Closure of Register of Members

The Company's register of members will be closed from Thursday, 15 August 2013 to Monday, 19 August 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered, for ascertaining shareholders' entitlement to attend the forthcoming AGM to be held on Monday, 19 August 2013, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 14 August 2013.

The register of members of the Company will be closed from Friday, 23 August 2013 to Tuesday, 27 August 2013 (both days inclusive), during which period no transfer of shares will be registered, for ascertaining shareholders' entitlement to receive the proposed final dividend. In order to be eligible to receive the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 22 August 2013.

Compliance Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Since the Listing Date and up to 31 March 2013, the Company has been in compliance with all the code provisions of the CG Code.

Compliance with the Model Code for Securities Transactions

The Company has adopted a code of conduct (the "**Code of Conduct**") regarding directors' securities transactions on terms based on the required standard as set out in the Model Code for Securities Transactions by Directors contained in Appendix 10 to the Listing Rules. Having made specific enquiry with all the Directors, the Directors confirmed that they had been in compliance with the dealing requirements set out in the Code of Conduct from the Listing Date to 31 March 2013.

Purchase, Sale or Redemption of Securities

Since the Listing Date and up to 31 March 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Review of Annual Results

The Company has established an audit committee (the "**Audit Committee**") on 5 November 2012 with terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The Audit Committee comprises Mr. Yim Kwok Man, Mr. Goh Choo Hwee and Mr. Wong Chi Kin. Mr. Yim Kwok Man has been appointed as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's consolidated financial statements and annual results for the year ended 31 March 2013. The Audit Committee is of the view that these financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

Publication of Annual Report

The annual report for the year ended 31 March 2013 containing all relevant information required by the Listing Rules will be despatched to shareholders of the Company and published on the Company's website (www.tsuiwah.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

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

Hong Kong, 25 June 2013

As at the date of this announcement, the Board comprises Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui as executive Directors; and Mr. Goh Choo Hwee, Mr. Wong Chi Kin and Mr. Yim Kwok Man, as independent non-executive Directors.