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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2013

FINANCIAL HIGHLIGHTS

	Six-month period ended		% Change
	30 September		
	2013	2012	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue	694,910	486,968	42.7
Hong Kong*	529,244	401,495	31.8
Mainland China	158,972	80,432	97.6
Macau**	6,694	5,041	32.8
EBITDA	132,224	97,931	35.0
Profit attributable to owners of the Company	85,492	64,783	32.0
Basic earnings per share (HK cents)#	6.18	6.48	(4.6)
Number of restaurants including joint ventures			
Hong Kong	25	20	
Mainland China	9	4	
Macau	1	1	

* HK\$4,413,000 of the revenue from Hong Kong represents revenue derived from the sale of food to a joint venture of the Group in Hong Kong.

** Revenue from Macau represents revenue derived from the sale of food to a joint venture of the Group in Macau.

The basic earnings per share for the six-month period ended 30 September 2012 and 2013 was calculated based on the profit attributable to ordinary equity holders of the Company and the weighted average number of issued shares of the Company for the corresponding period. For the six-month period ended 30 September 2012 and 2013, the weighted average number of issued shares of the Company were 1,000,000,000 and 1,383,334,000 ordinary shares, respectively.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tsui Wah Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six-month period ended 30 September 2013 together with comparative figures for the corresponding period in 2012. The interim financial information for the six-month period ended 30 September 2013 has not been audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 September 2013

		Six-month period ended	
		30 September	
		2013	2012
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	4	694,910	486,968
Other income and gains		8,817	1,356
Cost of inventories sold		(210,024)	(147,511)
Staff costs		(192,357)	(131,786)
Depreciation		(28,683)	(16,281)
Property rentals and related expenses		(91,008)	(63,228)
Fuel and utility expenses		(34,401)	(24,062)
Advertising and marketing expenses		(2,413)	(1,955)
Other operating expenses		(49,921)	(32,346)
Finance costs		(32)	(33)
Equity-settled share option expense		(8,873)	–
Share of profits of joint ventures		17,494	10,495
PROFIT BEFORE TAX		103,509	81,617
Income tax expense	5	(18,013)	(15,138)
PROFIT FOR THE PERIOD		85,496	66,479
Attributable to:			
Owners of the Company		85,492	64,783
Non-controlling interests		4	1,696
		85,496	66,479
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	HK6.18 cents	HK6.48 cents
Diluted	7	HK5.97 cents	HK6.48 cents

Details of the dividend payable and proposed for the six-month period ended 30 September 2013 are disclosed in note 6 to the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 September 2013

	Six-month period ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	85,496	66,479
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>1,088</u>	<u>870</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>86,584</u>	<u>67,349</u>
Attributable to:		
Owners of the Company	86,580	65,653
Non-controlling interests	<u>4</u>	<u>1,696</u>
	<u>86,584</u>	<u>67,349</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

		30 September 2013 (Unaudited) <i>HK\$'000</i>	31 March 2013 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	8	167,040	147,941
Investments in joint ventures		29,147	31,837
Prepayments for purchases of property, plant and equipment		18,707	3,196
Non-current rental deposits		33,647	31,413
Deferred tax assets		8,798	7,578
		257,339	221,965
CURRENT ASSETS			
Inventories		16,152	13,043
Trade receivables	9	5,844	5,223
Prepayments, deposits and other receivables		38,596	32,978
Pledged time deposits		1,025	1,025
Pledged time deposit with original maturity of more than three months		441	438
Cash and cash equivalents		931,546	916,908
		993,604	969,615
CURRENT LIABILITIES			
Trade payables	10	67,811	55,222
Other payables and accruals		100,445	87,738
Finance lease payables		411	411
Tax payable		17,707	9,681
		186,374	153,052
NET CURRENT ASSETS		807,230	816,563
TOTAL ASSETS LESS CURRENT LIABILITIES		1,064,569	1,038,528

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 September 2013

	30 September 2013 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	31 March 2013 (Audited) <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Finance lease payables	735	913
Deferred tax liabilities	327	398
	<hr/>	<hr/>
Total non-current liabilities	1,062	1,311
	<hr/>	<hr/>
Net assets	1,063,507	1,037,217
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	<i>11</i> 13,833	13,833
Reserves	1,049,585	1,023,299
	<hr/>	<hr/>
Non-controlling interests	1,063,418	1,037,132
	89	85
	<hr/>	<hr/>
Total equity	1,063,507	1,037,217
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM FINANCIAL INFORMATION

30 September 2013

1. CORPORATE INFORMATION

The Company was incorporated as Tsui Wah Holdings Limited 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 Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 November 2012.

During the period, Tsui Wah Holdings Limited and its subsidiaries (together, 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. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial information are the same as those used in the Group's annual financial statements for the year ended 31 March 2013, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that are adopted for the first time in the current period:

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

The adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited condensed consolidated interim financial information.

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective, in this unaudited condensed consolidated interim financial information. However, the Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's financial information.

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

The following tables present revenue from external customers for the six-month period ended 30 September 2013 and certain non-current asset information as at 30 September 2013, by geographic area.

(a) *Revenue from external customers*

	Six-month period ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	529,244	401,495
Mainland China	158,972	80,432
Macau*	6,694	5,041
	694,910	486,968

The revenue information 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 period, no information about major customers is presented.

* *Revenue from external customers located at Macau represents revenue derived from the sale of food to a joint venture of the Group.*

(b) *Non-current assets*

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Hong Kong	88,565	98,557
Mainland China	82,566	55,079
Macau	25,056	25,990
	<u>196,187</u>	<u>179,626</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:

	Six-month period ended	
	30 September 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue		
Restaurant operations	682,752	476,955
Sale of food	12,158	10,013
	<u>694,910</u>	<u>486,968</u>

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% during the six-month periods ended 30 September 2013 and 2012. 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 being effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the six-month periods ended 30 September 2013 and 2012 was 25% on their taxable profits.

	Six-month period ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	13,638	10,934
Underprovision in prior years	–	36
Current — Elsewhere		
Charge for the period	5,666	4,394
Deferred tax	(1,291)	(226)
	<u>18,013</u>	<u>15,138</u>
Total tax charge for the period	<u>18,013</u>	<u>15,138</u>

6. INTERIM DIVIDEND

On 28 November 2013, the Board declared an interim dividend of HK2.0 cents per share, totalling HK\$27,666,680. During the six-month period ended 30 September 2012, the Company's subsidiaries paid interim dividends of HK\$117,856,000 to the then shareholders, but no dividends have been declared by the Company.

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

The calculation of the basic earnings per share amount for the six-month period ended 30 September 2013 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$85,492,000 (six-month period ended 30 September 2012: HK\$64,783,000) and the weighted average number of ordinary shares in issue of 1,383,334,000 (six-month period ended 30 September 2012: 1,000,000,000), and on the assumption that 1,000,000,000 ordinary shares had been in issue throughout the period ended 30 September 2012, comprising 200,000,000 ordinary shares of the Company upon completion of group reorganisation and 800,000,000 ordinary shares of the Company by capitalisation issue.

The calculation of diluted earnings per share amount for the six-month period ended 30 September 2013 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$85,492,000. The weighted average number of ordinary shares used in the calculation is the 1,383,334,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 49,337,521 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 six-month period ended 30 September 2012 as the Group had no potentially dilutive ordinary shares in issue during that period.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of HK\$47,304,000 (six-month period ended 30 September 2012: HK\$17,937,000).

9. TRADE RECEIVABLES

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

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Within 1 month	2,940	3,487
Over 1 month but less than 2 months	2,904	1,736
	<u>5,844</u>	<u>5,223</u>

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well established, corporate customers for which the credit term is generally 60 days. 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.

Included in the Group's trade receivables are amounts due from the Group's joint-ventures of HK\$3,150,000 (31 March 2013: HK\$2,366,000) as at 30 September 2013, which are repayable on similar credit terms to those offered to the major customers of the Group.

10. 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:

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Within 1 month	37,630	32,214
Over 1 month but less than 2 months	30,181	23,008
	<u>67,811</u>	<u>55,222</u>

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

11. ISSUED CAPITAL

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
<i>Authorised:</i> 10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i> 1,383,334,000 ordinary shares of HK\$0.01 each	<u>13,833</u>	<u>13,833</u>

12. SHARE OPTION SCHEMES

(a) Share option scheme

The Company operates a share option scheme (“**Share Option Scheme**”) for the purpose of motivating eligible persons to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing relationships with such eligible persons whose contributions are/will or expected to be beneficial to the Group. The Share Option Scheme became effective on 5 November 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

No share options were outstanding under the Share Option Scheme as at 30 September 2013 and 31 March 2013.

(b) Pre-IPO share option scheme

The Company operates a share option scheme (the “**Pre-IPO Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Pre-IPO Share Option Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company’s shareholders, and any non-controlling shareholder in the Company’s subsidiaries. The Pre-IPO Share Option Scheme became effective on 5 November 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the period:

	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>
At 1 April 2013	2.27	99,373
Lapsed during the period	2.27	<u>(621)</u>
At 30 September 2013	2.27	<u><u>98,752</u></u>

The fair value of the share options granted during the year ended 31 March 2013 was HK\$30,573,000 (HK\$0.3 each), of which the Group recognised a share option expense of HK\$8,873,000 during the six-month period ended 30 September 2013.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 September 2013

Number of options <i>'000</i>	Exercise price* <i>HK\$ per share</i>	Exercise period
9,376	2.27	26-11-13 to 25-11-15
9,376	2.27	26-11-14 to 25-11-15
13,200	2.27	26-11-13 to 25-11-16
13,600	2.27	26-11-14 to 25-11-16
13,200	2.27	26-11-15 to 25-11-16
13,200	2.27	26-11-13 to 25-11-17
13,200	2.27	26-11-14 to 25-11-17
13,600	2.27	26-11-15 to 25-11-17
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98,752		
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31 March 2013

Number of options <i>'000</i>	Exercise price* <i>HK\$ per share</i>	Exercise period
9,686	2.27	26-11-13 to 25-11-15
9,687	2.27	26-11-14 to 25-11-15
13,200	2.27	26-11-13 to 25-11-16
13,600	2.27	26-11-14 to 25-11-16
13,200	2.27	26-11-15 to 25-11-16
13,200	2.27	26-11-13 to 25-11-17
13,200	2.27	26-11-14 to 25-11-17
13,600	2.27	26-11-15 to 25-11-17
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99,373		
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* *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

13. OPERATING LEASE COMMITMENTS

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to ten years.

As at the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Within one year	113,004	95,889
In the second to fifth years, inclusive	145,817	112,228
After five years	17,658	19,017
	<u>276,479</u>	<u>227,134</u>

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and a contingent rent depending on the sales of these restaurants pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

14. COMMITMENTS

In addition to the operating lease commitments detailed in note 13 above, the Group had the following capital commitments at the end of the reporting period.

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Contracted, but not provided for:		
Leasehold improvements	4,874	–
Acquisition of land use right and buildings	29,134	–
Installation of a business management software	1,600	–
	<u>35,608</u>	<u>–</u>
Authorised, but not contracted for:		
Leasehold improvements	–	5,283
Renovation of the buildings	63,335	–
Acquisition of office premises	79,405	–
	<u>142,740</u>	<u>5,283</u>
Total capital commitments	<u>178,348</u>	<u>5,283</u>

15. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in the interim financial information, the Group had the following material transactions with related parties during the period:

	Six-month period ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sale of food to joint ventures	11,107	9,037
Purchase of food from a joint venture	92	359
Rental fee paid and payable to:		
Fame City International Limited	382	329
Success Path Limited	2,191	1,430
Champion Stage Limited	909	786
Joy Express Limited	5,553	4,800

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

Unless otherwise stated, all of the above related parties are controlled by the executive directors of the Company, namely Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui.

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

	Six-month period ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	8,217	5,214
Equity-settled share option expenses	7,424	–
Post-employment benefits	68	54
	<u>15,709</u>	<u>5,268</u>

16. CONTINGENT LIABILITY

As at 30 September 2013, the Group had contingent liabilities of HK\$1,463,000 (31 March 2013: HK\$1,463,000) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

17. EVENTS AFTER THE REPORTING PERIOD

On 25 October 2013, the Group entered into an agreement with a third party regarding the payment of deposit for the proposed acquisition of the office premises in Shanghai, the PRC.

The aggregate consideration for the proposed acquisition is RMB62,686,540 (equivalent to HK\$79,400,000). A deposit in the amount of RMB5,000,000 (equivalent to HK\$6,334,000) has been paid as deposit after the execution of the agreement. The remaining consideration shall be settled in the following manner: (i) upon execution of the formal sale and purchase agreement (“**Formal Agreement**”), 50% of the total consideration shall be payable to the third party (the deposit of RMB5,000,000 shall be applied as part payment); and (ii) the remaining 50% of the total consideration shall be payable to the third party on the date when the registration of transfer of ownership of the office premises is completed with the relevant government authority.

At the date of approval of this interim financial information, the Formal Agreement has not been signed and executed and the relevant registration of transfer of ownership of the office premises has not been completed.

18. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors on 28 November 2013.

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to announce the unaudited interim results of the Group for the six-month period ended 30 September 2013.

During the six-month period ended 30 September 2013, the Group has continued its expansion efforts with the successful openings of a total of three new restaurants in Hong Kong and the People's Republic of China (the "PRC" or "Mainland China"). In the South China region, the Group has established a subsidiary in Guangzhou with a view to begin establishing its restaurant network in the Pearl River Delta. The Group strived to strengthen quality and standardisation on food processing, enhance operating efficiency, unify quality testing and consolidate supply chain management by the establishment of central kitchens. The Group's first central kitchen in the PRC commenced its operation in June 2013. On 24 September 2013, the Group entered into a preliminary agreement for the acquisition of land-use right and buildings for establishing a larger central kitchen in Shanghai, the PRC. This proposed acquisition is aimed to support the Group's ever-expanding restaurant network in Yangtze River Delta.

Furthermore, for the six-month period ended 30 September 2013, the Group has been granted a number of significant awards in recognition of the Group's persistent focus on food and service quality and employee training effort.

Looking ahead, the Group plans to increase its market share by opening a number of restaurants in both Hong Kong and the PRC and at the same time continue to strengthen its supply chain management, food hygiene and operating efficiency. The Group endeavors to become an iconic *Cha Chaan Teng* (茶餐廳) chain around the Greater China Region and will continue to fully leverage on its own competitiveness to grow.

The Board is confident that the Group's relentless persistence in food quality, highly motivated work force and solid business strategies will enable the Group to continue to grow in the foreseeable future.

Lee Yuen Hong

Chairman

Hong Kong, 28 November 2013

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Hong Kong operations

During the six-month period ended 30 September 2013, the Group opened one new restaurant in Hong Kong.

The Group successfully established a business line, the delivery service “Tsui Wah Delivery” (快翠送) which covers the whole of Kowloon district. For the six-month period ended 30 September 2013, the delivery service has been expanded to cover areas on the Hong Kong Island, which enables more of its customers to enjoy scrumptious food provided by “Tsui Wah” with ease. This delivery service represents a long term profit and growth potential for the Group.

Mainland China operations

During the six-month period ended 30 September 2013, the Group opened one new restaurant in Shanghai and one new restaurant in Hangzhou. Since opening, these restaurants had recorded satisfactory results and had attracted wide media coverage which further enhanced the brand name of “Tsui Wah” in the PRC. In addition, the Group has successfully identified a suitable location for the establishment of a larger central kitchen in the PRC. On 24 September 2013, the Group entered into a preliminary agreement for the acquisition of land-use right and buildings for establishing a larger central kitchen in Shanghai, the PRC. This proposed acquisition is aimed to support the Group’s ever-expanding restaurant network in Yangtze River Delta.

Macau operations

Following an increase in the sales of the “Tsui Wah” restaurant in Macau, which is under a joint venture arrangement with its joint venture partner, the Group’s sale of food to “Tsui Wah” restaurant in Macau had increased accordingly during the six-month period ended 30 September 2013.

AWARDS

During the six-month period ended 30 September 2013, the Group has been granted the following awards:

Date	Issuer of Award	Award
17 September	China Media Network — Organising Committee of Individual Visit Scheme (中華傳媒聯合體 — 港澳自由行組委會)	Most Popular Hong Kong and Macao Brands Award — Golden Award (最受旅客歡迎 — 港澳卓越品牌金爵獎)
17 September	China Media Network — Organising Committee of Individual Visit Scheme (中華傳媒聯合體 — 港澳自由行組委會)	Most Favourite Brands for PRC Customers (最受內地遊客歡迎信譽標誌)

Date	Issuer of Award	Award
4 September	Cable News Network (美國有線電視新聞網)	World's most stomach-friendly 24-hour restaurants (全球最貼心的24小時營業餐廳)
27 July	HK 5-S Association (香港五常法協會)	The 4th 5-S Innovation Award (第四屆創意五常大獎 — 集團創意大獎)
5 June	Shanghai Times (上海申江服務導報)	The best Hong Kong style Cha Chaan Teng in Shanghai (上海最佳港式茶餐廳)
2 May	Open Rice	OpenRice Best Restaurant Awards 2013 — Hong Kong Style Tea Restaurant (Wellington Street Branch) (優秀開飯熱店大賞2013 — 最優秀開飯港式茶餐廳(威靈頓街分店))
18 April	Mystery Shopper Service Association (神秘顧客服務協會)	Certificate of Smiling Enterprise 2012-13 (微笑企業大獎2012-13)
11 April	U Magazine	U Favorite Food Awards 2013 — My Most Favorite Cha Chaan Teng (我最喜愛的茶餐廳)
3 April	Hong Kong Tourism Board (香港旅遊發展局)	Accredited Restaurant — Quality Tourism Services Scheme (優質旅遊服務計劃之認可餐館)

These awards are recognitions of the Group's operations and the efforts of the Group's dedicated work force. The Board would like to congratulate all the staff who had involved in the operations that were subjects to such awards, and encourages all the staff members to continue their great efforts in bringing quality food and services to customers in Hong Kong and the Greater China region.

PROSPECTS AND OUTLOOK

The Group has been able to implement its restaurant-opening strategy in both Hong Kong and the PRC. During the six-month period ended 30 September 2013, the Group opened one new restaurant in Hong Kong, Shanghai and Hangzhou, respectively. To further strengthen its business operations in Hong Kong, the Group has continued to expand its delivery service "Tsui Wah Delivery" to cover certain areas on Hong Kong Island. In addition, the Group will continue to promote its catering service under the brand name of "Supreme Catering" (至尊到會), enabling its customers to enjoy 5-star catering experience. To implement its expansion

plan in the Greater China region, the Group entered into a deposit payment agreement as a purchaser on 25 October 2013 and intended to acquire an office in Shanghai, the PRC. The proposed acquisition of an office is aimed to control the increase of rental costs, avoid frequent relocation and further enhance its brand name in the PRC. The Board is confident that the Group will continue to explore business opportunities and expand its restaurant network in both Hong Kong and the PRC.

FINANCIAL REVIEW

Revenue

The Group's revenue for each of the six-month period ended 30 September 2012 and 2013 was approximately HK\$487.0 million and HK\$694.9 million, respectively, representing an increase of approximately 42.7% as compared with the corresponding period in 2012. The increase in revenue was mainly due to the opening of new restaurants and the increase in revenue from existing restaurants.

As at 30 September 2013, the Group operated 25 restaurants in Hong Kong, nine restaurants in the PRC, and one restaurant in Macau.

Cost of inventories sold

For each of the six-month period ended 30 September 2012 and 2013, the cost of inventories sold amounted to approximately HK\$147.5 million and HK\$210.0 million, respectively, representing approximately 30.3% and 30.2% of the Group's revenue for the corresponding periods, respectively. The cost of inventories sold in properties to the Group's revenue remained stable.

Gross profit

The Group's gross profit (Gross profit equals revenue minus cost of inventories sold) for the six-month period ended 30 September 2013 was approximately HK\$484.9 million, representing an increase of approximately 42.8% from approximately HK\$339.5 million of the corresponding period of 2012. The increase was mainly due to contributions from new restaurants and the increase in gross profits from existing restaurants.

Gross profit margin

The gross profit margins of the Group for each of the six-month period ended 30 September 2012 and 2013 remained stable at approximately 69.7% and 69.8%, respectively.

Staff costs

The staff costs for each of the six-month period ended 30 September 2012 and 2013 were approximately HK\$131.8 million and HK\$192.4 million, respectively, representing approximately 27.1% and 27.7% of the respective periods' revenues. The increase in overall staff costs was mainly due to the increase in staff number of the Group with the increase in the number of restaurants.

Depreciation

For each of the six-month period ended 30 September 2012 and 2013, the depreciation accounted for approximately 3.3% and 4.1%, respectively of the Group's revenue for the respective periods.

Property rentals and related expenses

The property rentals and related expenses amounted to approximately HK\$63.2 million and HK\$91.0 million, respectively for each of the six-month period ended 30 September 2012 and 2013, representing approximately 13.0% and 13.1% of the respective periods' revenue. The increase in property rentals and related expenses for the six-month period ended 30 September 2013 was due to the opening of new restaurants.

Fuel and utility expenses

For each of the six-month period ended 30 September 2012 and 2013, the fuel and utility expenses accounted for approximately 4.9% and 5.0% respectively of the Group's revenue for the respective periods.

Other operating expenses

The other operating expenses amounted to approximately HK\$32.3 million and HK\$49.9 million for each of the six-month period ended 30 September 2012 and 2013, respectively, representing approximately 6.6% and 7.2% of the Group's revenue for the respective periods. The increase in other operating expenses to the six-month period ended 30 September 2013 was due to the increase of initial cost and logistics cost of new restaurants.

Share of profits of joint ventures

Share of profits of joint ventures amounted to approximately HK\$10.5 million for the six-month period ended 30 September 2012 and approximately HK\$17.5 million for the six-month period ended 30 September 2013. Such increase was primarily due to the increase in sales of the Group's joint ventures in Hong Kong and Macau.

Profits before tax

As a result of the increase in revenue and given that other costs remain rather stable, the profit before tax increased by approximately HK\$21.9 million, or approximately 26.8%, from approximately HK\$81.6 million for the six-month period ended 30 September 2012 to approximately HK\$103.5 million for the six-month period ended 30 September 2013.

Liquidity and financial resources

The Group finances its business with internally generated cash flows. At 30 September 2013, due to the increasing cash flow generated from its daily operation from time to time, the Group had bank deposits and cash amounting to approximately HK\$931.5 million (31 March 2013: approximately HK\$916.9 million), representing an increase of approximately 1.6% from 31 March 2013. Most bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 30 September 2013, the Group's total current assets and current liabilities were approximately HK\$993.6 million (as at 31 March 2013: approximately HK\$969.6 million) and approximately HK\$186.4 million (as at 31 March 2013: approximately HK\$153.1 million) respectively, while the current ratio was about 5.3 times (as at 31 March 2013: about 6.3 times).

Save for the finance lease payables of approximately HK\$1.1 million as at 30 September 2013 (as at 31 March 2013: approximately HK\$1.3 million), the Group has no further bank and other borrowings as at 30 September 2013 (as at 31 March 2013: nil). During the six-month period ended 30 September 2013, no financial instruments were used for hedging purposes.

The gearing ratio of the Group was approximately 0.11% as at 30 September 2013 (as at 31 March 2013: 0.13%), which was calculated based on the total interest-bearing bank and other borrowings over equity attributable to owners of the Company.

Material acquisition or disposal

On 24 September 2013, TW Catering Management Limited (翠華餐飲管理有限公司), an indirect wholly-owned subsidiary of the Company, entered into a preliminary agreement as a purchaser to acquire the land-use right and buildings in the total consideration of RMB30.0 million (equivalent to approximately HK\$38.0 million) for establishing a larger central kitchen in Shanghai, the PRC. The Directors consider that the proposed acquisition will complement the Group's expansion plan in the PRC.

The proposed acquisition is subject to the execution of the formal agreement. As at the date of this announcement, the formal agreement has not been signed and executed.

Foreign currency risk

The Group's sales and purchases for the six-month period ended 30 September 2013 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 the controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the Renminbi. The appreciation or devaluation of the Renminbi against Hong Kong dollars may have impact on the Group's results. Although foreign currency exposure did not pose significant risk for the Group during the six-month period ended 30 September 2013, the Group will continue to take proactive measures and monitor closely of its exposure to such currency movement.

Contingent liabilities

For each of the six-month period ended 30 September 2012 and 2013, the contingent liabilities of the Group in respect of bank guarantees given in favour of landlords in lieu of rental deposits remained stable at approximately HK\$1.5 million.

Human resources

As at 30 September 2013, the Group (other than its joint ventures) employed approximately 3,400 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications and experience. The Group has also implemented various share option schemes, details of such schemes are set forth in note 12 to the interim financial information.

During the six-month period ended 30 September 2013, 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 installation of the Group's business systems. The Group has continued to implement the Management Trainee Program to enhance the depth and breadth of the management staff of the Group for the purpose of their future career development.

OTHER INFORMATION

Dividend

The Board has resolved to declare an interim dividend of HK2.0 cents per share of the Company (the "**Shares**") for the six-month period ended 30 September 2013 payable on Tuesday, 31 December 2013 to all shareholders of the Company whose names appear on the register of members of the Company on Friday, 20 December 2013.

Closure of register of members

The register of members of the Company will be closed from Monday, 16 December 2013 to Friday, 20 December 2013, both dates inclusive, during which period no transfer of Shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 13 December 2013.

Use of proceeds from the global offering

The total net proceeds from the listing (the "**Listing**") of Shares on the main board of The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") on 26 November 2012 (the "**Listing Date**") which involved the issue of 383,334,000 ordinary Shares of HK\$0.01 each of the Company amounted to approximately HK\$794.4 million. During the period between the Listing Date and 30 September 2013, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the section headed "**Future Plans and Use of Proceeds**" in the prospectus of the Company dated 14 November 2012. The balance of fund would be utilised according to the use disclosed in the prospectus. The Group held the unutilised net proceeds in short-term deposits with licensed institutions in Hong Kong.

Corporate governance

The Company has adopted and complied with the code provisions (the "**Code Provisions**") in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the six-month period ended 30 September 2013. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code from time to time.

Model Code of Securities Transactions by Directors

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding the Directors' transactions of the listed securities of the Company.

In response to the specific enquiry made by the Company, all the Directors confirmed that they fully complied with the required standard set out in the Model Code throughout the six-month period ended 30 September 2013.

Audit committee

The Audit Committee was established on 5 November 2012 with specific written terms of reference in compliance with Rule 3.22 of the Listing Rules and Code Provision C.3 of the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of the Company. The existing members of the Audit Committee comprise Mr. Yim Kwok Man, Mr. Goh Choo Hwee and Mr. Wong Chi Kin, all of whom are independent non-executive Directors. Mr. Yim Kwok Man is the chairman of the Audit Committee.

The unaudited interim financial information for the six-month period ended 30 September 2013 had been reviewed by the Audit Committee and the external auditors, Ernst & Young.

Purchase, sale or redemption of listed securities

During the six-month period ended 30 September 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Events after the reporting period

Save as disclosed in note 17 to the interim financial information, there is no material subsequent event undertaken by the Company or by the Group after 30 September 2013 and up to the date of this interim announcement.

Publication of the interim report

The interim report of the Company for the six-month period ended 30 September 2013 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the website of the Company (www.tsuiwah.com) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

Appreciation

The Board would like to express sincere gratitude to the management of the Group and all the staff for their continuous support and contributions. The Board also takes this opportunity to thank its loyal shareholders, investors, customers, auditors, business partners and associates for their continued faith in the prospects of the Group.

By Order of the Board
Tsui Wah Holdings Limited
LEE Yuen Hong
Chairman

Hong Kong, 28 November 2013

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