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翠華餐廳®
Tsui Wah Restaurant

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 2015**

FINANCIAL HIGHLIGHTS	Six-month period ended		% Change
	30 September	2014	
	2015	2014	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue	952,446	893,451	6.6%
Hong Kong [#]	668,256	623,420	7.2%
Mainland China	276,281	263,018	5.0%
Others ^{##}	7,909	7,013	12.8%
EBITDA	154,968	148,286	4.5%
Profit attributable to owners			
of the Company	81,266	88,862	(8.5%)
Basic earnings per share	HK5.75 cents	HK6.33 cents	(9.2%)
Number of restaurants including			
joint ventures			
(As at 30 September)			
Hong Kong	34	29	
Mainland China	21	17	
Macau	2	1	

[#] Revenue from external customers located in Hong Kong includes revenue derived from the sale of food to a joint venture of the Group amounting to approximately HK\$3,676,000 (six-month period ended 30 September 2014: approximately HK\$4,830,000).

^{##} Represents revenue derived from the sale of food to joint ventures of the Group.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Tsui Wah Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six-month period ended 30 September 2015 together with comparative figures for the corresponding period in 2014. The interim financial information for the six-month period ended 30 September 2015 has not been audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and the external auditors of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 September 2015

		Six-month period ended	
		30 September	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	952,446	893,451
Other income and gains		6,960	13,753
Cost of inventories sold		(270,195)	(277,870)
Staff costs		(263,052)	(243,969)
Depreciation and amortisation		(55,147)	(46,161)
Property rentals and related expenses		(147,150)	(135,197)
Fuel and utility expenses		(47,944)	(43,328)
Advertising and marketing expenses		(4,980)	(3,756)
Other operating expenses		(83,509)	(67,430)
Finance costs		(829)	(882)
Equity-settled share option expense		(1,321)	(3,146)
Share of profits of joint ventures		17,884	19,584
		<hr/>	<hr/>
PROFIT BEFORE TAX		103,163	105,049
Income tax expense	5	(21,352)	(16,478)
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		81,811	88,571
		<hr/>	<hr/>
Attributable to:			
Owners of the Company		81,266	88,862
Non-controlling interests		545	(291)
		<hr/>	<hr/>
		81,811	88,571
		<hr/>	<hr/>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	HK5.75 cents	HK6.33 cents
		<hr/>	<hr/>
Diluted	7	HK5.74 cents	HK6.22 cents
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 September 2015

	Six-month period ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	81,811	88,571
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(12,388)</u>	<u>3,984</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>69,423</u>	<u>92,555</u>
Attributable to:		
Owners of the Company	68,878	92,846
Non-controlling interests	<u>545</u>	<u>(291)</u>
	<u>69,423</u>	<u>92,555</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		30 September 2015 (Unaudited) <i>HK\$'000</i>	31 March 2015 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	8	627,290	643,244
Prepaid land lease payments		76,265	79,089
Intangible asset		2,446	2,752
Investments in joint ventures		50,679	55,199
Prepayments for purchases of property, plant and equipment		23,863	4,433
Non-current rental deposits		50,028	49,686
Deferred tax assets		17,239	17,626
		847,810	852,029
CURRENT ASSETS			
Inventories		24,842	23,416
Trade receivables	9	9,665	6,065
Prepayments, deposits and other receivables		71,514	60,238
Pledged time deposits		1,803	1,803
Cash and cash equivalents		601,402	620,637
		709,226	712,159
CURRENT LIABILITIES			
Trade payables	10	84,909	87,999
Other payables and accruals		155,336	151,607
Interest-bearing bank borrowings		79,249	81,784
Finance lease payables		268	291
Tax payable		14,854	9,027
		334,616	330,708
NET CURRENT ASSETS		374,610	381,451
TOTAL ASSETS LESS CURRENT LIABILITIES		1,222,420	1,233,480

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

As at 30 September 2015

	30 September	31 March
	2015	2015
	(Unaudited)	(Audited)
<i>Note</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES		
Finance lease payables	164	291
Deferred tax liabilities	1,132	983
	<hr/>	<hr/>
Total non-current liabilities	1,296	1,274
	<hr/>	<hr/>
Net assets	1,221,124	1,232,206
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	<i>11</i> 14,139	14,125
Reserves	1,206,156	1,217,797
	<hr/>	<hr/>
Non-controlling interests	1,220,295	1,231,922
	829	284
	<hr/>	<hr/>
Total equity	1,221,124	1,232,206
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM FINANCIAL INFORMATION

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.

During the period, 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 2015, 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:

<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these 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 2015 and certain non-current asset information as at 30 September 2015, by geographical area.

(a) *Revenue from external customers*

	Six-month period ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	668,256	623,420
Mainland China	276,281	263,018
Others*	7,909	7,013
	<u>952,446</u>	<u>893,451</u>

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

As no 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.

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

(b) *Non-current assets*

	As at	As at
	30 September	31 March
	2015	2015
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	376,124	366,614
Mainland China	362,523	372,487
Others	41,896	45,616
	<u>780,543</u>	<u>784,717</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 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Restaurant operations	940,861	881,608
Sale of food	11,585	11,843
	<u>952,446</u>	<u>893,451</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 2015 and 2014. 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 2015 and 2014 was 25% on their taxable profits.

	Six-month period ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	14,305	12,278
Current — Elsewhere		
Charge for the period	6,511	6,099
Deferred tax	536	(1,899)
	<u>21,352</u>	<u>16,478</u>
Total tax charge for the period		

6. INTERIM DIVIDEND

On 27 November 2015, the Board declared an interim dividend of HK2.0 cents per share (six-month period ended 30 September 2014: HK2.0 cents per share), totalling HK\$28,277,249 (six-month period ended 30 September 2014: HK\$28,096,140).

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 2015 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$81,266,000 (six-month period ended 30 September 2014: HK\$88,862,000) and the weighted average number of ordinary shares in issue of 1,413,667,779 (six-month period ended 30 September 2014: 1,404,727,805).

The calculation of diluted earnings per share amount for the six-month period ended 30 September 2015 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$81,266,000 (six-month period ended 30 September 2014: HK\$88,862,000). The weighted average number of ordinary shares used in the calculation is 1,415,772,555 (six-month period ended 30 September 2014: 1,428,120,646), which is the sum of 1,413,667,779 (six-month period ended 30 September 2014: 1,404,727,805) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 2,104,776 (six-month period ended 30 September 2014: 23,392,841) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of HK\$47,132,000 (six-month period ended 30 September 2014: HK\$97,595,000). There were disposals of property, plant and equipment of HK\$365,000 (six-month period ended 30 September 2014: Nil) and write-off of property, plant and equipment of HK\$1,246,000 (six-month period ended 30 September 2014: Nil) during the six-month period ended 30 September 2015.

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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within one month	4,884	3,331
One to two months	4,781	2,734
	<u>9,665</u>	<u>6,065</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\$3,478,000 (31 March 2015: HK\$2,786,000) as at 30 September 2015, 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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within one month	48,429	46,260
One to two months	36,480	41,739
	84,909	87,999

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

11. ISSUED CAPITAL

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
<i>Authorised:</i> 10,000,000,000 ordinary shares of HK\$0.01 each	100,000	100,000
<i>Issued and fully paid:</i> 1,413,862,450 (31 March 2015: 1,412,538,536) ordinary shares of HK\$0.01 each	14,139	14,125

During the current period, the subscription rights attaching to 1,323,914 (31 March 2015: 8,103,468) share options were exercised at the subscription price of HK\$2.27 (31 March 2015: HK\$2.27) per share, resulting in the issue of 1,323,914 (31 March 2015: 8,103,468) shares of HK\$0.01 each for a total consideration, before expenses, of HK\$3,006,000 (31 March 2015: HK\$18,395,000). An amount of HK\$1,321,000 (31 March 2015: HK\$2,273,000) was transferred from the share option reserve to the share premium account upon the exercise of the share options.

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 have been granted under the Share Option Scheme during the current and prior periods and no share options were outstanding under the Share Option Scheme as at 30 September 2015 and 31 March 2015.

(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/year:

	30 September 2015		31 March 2015	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At beginning of period/year	2.27	51,250	2.27	64,452
Exercised during the period/year	2.27	(1,324)	2.27	(8,103)
Forfeited during the period/year	2.27	(293)	2.27	(5,099)
At end of period/year	2.27	49,633	2.27	51,250

The weighted average share price at the date of exercise for share options exercised during the period was HK\$2.72 (year ended 31 March 2015: HK\$2.69).

During the period ended 30 September 2015, the Group recognised a share option expense of HK\$1,321,000 (six-month period ended 30 September 2014: HK\$3,146,000) in respect of the share options granted in the year ended 31 March 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 2015

Number of options '000	Exercise price* HK\$ per share	Exercise period
427	2.27	26-11-13 to 25-11-15
4,539	2.27	26-11-14 to 25-11-15
9,067	2.27	26-11-14 to 25-11-16
8,800	2.27	26-11-15 to 25-11-16
13,200	2.27	26-11-13 to 25-11-17
13,600	2.27	26-11-15 to 25-11-17
<u>49,633</u>		

31 March 2015

Number of options '000	Exercise price* HK\$ per share	Exercise period
573	2.27	26-11-13 to 25-11-15
6,010	2.27	26-11-14 to 25-11-15
9,067	2.27	26-11-14 to 25-11-16
8,800	2.27	26-11-15 to 25-11-16
13,200	2.27	26-11-13 to 25-11-17
<u>13,600</u>	2.27	26-11-15 to 25-11-17
<u><u>51,250</u></u>		

* 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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within one year	354,104	214,230
In the second to fifth years, inclusive	449,994	422,905
After five years	274,836	208,154
	<u>1,078,934</u>	<u>845,289</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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Contracted, but not provided for leasehold improvements	84,190	19,739
	<u>84,190</u>	<u>19,739</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:

	<i>Notes</i>	Six-month period ended	
		30 September	
		2015	2014
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Sale of food to joint ventures		11,585	11,843
Purchase of food from a joint venture		6	96
Rental fee paid and payable to:			
Fame City International Limited	<i>(a)</i>	–	400
Success Path Limited	<i>(a)</i>	2,400	2,222
Champion Stage Limited	<i>(a)</i>	1,170	950
Joy Express Limited	<i>(a)</i>	6,990	5,800
Cheermax Limited	<i>(b)</i>	1,718	–

The transactions were conducted on 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.

- (a) These related parties are controlled by the 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.
- (b) This related party is controlled by Ms. Chan Choi Fung, the spouse of Mr. Lee Yuen Hong.
- (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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	5,821	6,294
Equity-settled share option expenses	1,411	2,639
Post-employment benefits	65	77
	7,297	9,010

16. CONTINGENT LIABILITY

As at 30 September 2015, the Group had contingent liabilities of HK\$1,802,000 (31 March 2015: HK\$1,802,000) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

17. PLEDGE OF ASSETS

The Group's land and buildings with an aggregate carrying value of approximately HK\$223,987,000 (31 March 2015: HK\$227,746,000) were pledged to secure the Group's bank loans. The bank guarantee facilities are secured by the pledged time deposits of the Group amounting to HK\$1,803,000 (31 March 2015: HK\$1,803,000).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Director(s)**”) of Tsui Wah Holdings Limited (the “**Company**”, together with subsidiaries of the Company, the “**Group**” or “**Tsui Wah**”), I am pleased to announce the unaudited consolidated interim results of the Group for the six-month period ended 30 September 2015.

During the period under review, Hong Kong's retail market has become less active due to the decrease in tourist arrivals and recent stock market volatility. However, in light of the steady growth in the overall economy and low unemployment rate, the Group continued to leverage its brand reputation, solid foundation and extensive restaurant network and received support from its target customers with stable spending power in Hong Kong. In addition, with its quality food and service, Tsui Wah's business in the People's Republic of China (the “**PRC**”) has continued its steady development during the period under review.

The Group is devoted to push forward the stable growth of its restaurant network in Hong Kong and the PRC so as to achieve economies of scale and increase market penetration. The Group has continued to actively expand the three core operation areas including Hong Kong, Eastern China region, and Southern China region during the period under review. During the period under review, the Group opened six new restaurants in total and entered Nanjing region for the first time. The new restaurants are located in Shau Kei Wan, Hung Hom and Yuen Long in Hong Kong, Broadway Macau, Baoshan Touch Mall in Shanghai and Jinmao Place in Nanjing, respectively. The Group will speed up its pace of expansion in accordance with the Group's strategic plans in the next six months, with a goal to operate more than 80 restaurants by 2017, and to expand its restaurant network in other regions in the PRC. In compliance with its business development plan, the Group's new central kitchens in Hong Kong and Shanghai have already commenced operations. The central kitchens in both Hong Kong and Shanghai are expected to further strengthen the Group's centralised procurement and logistics management capabilities, achieve economies of scale and increase synergies.

The Group's restaurant on the Wellington Street in Hong Kong (the “**Wellington Branch**”) has been operated for more than 17 years since its establishment in 1998. In order to improve the dining environment, the Wellington Branch has been temporarily closed since mid-September 2015 to facilitate the renovation. The renovation is expected to be completed by December 2015 and the newly renovated Wellington Branch will be ready to provide dining service to a wide range of customers. In order to contribute to the community and to thank the loyal customers for their long-term support towards the Group, the Group donated all sales revenue generated by the Wellington Branch on 11 September 2015 to Charles K. Kao Foundation for Alzheimer's Disease Limited for charity purpose. Furthermore, the Group also offered free tea sets as a way to express its heartfelt gratitude to the public on the same day.

“Tsui Wah” has been a Hong Kong brand rooted in Hong Kong for 48 years. The Group had collaborated with Lai Yuen this summer by serving various limited nostalgic snacks and setting up the “Tsui Wah Coffee Cups”, an amusement park ride, at the Lai Yuen Super Summer 2015 held on the Central Harbourfront, Hong Kong. Through the restoration of Lai Yuen after its absence of 18 years, it recalled the pastime scenes and recollected the valuable collective memories together with the Hong Kong community.

In terms of the Group's management, the Board remains the same. Currently, the Board consists of four executive Directors, one non-executive Director and three independent non-executive Directors. All Directors are highly motivated and committed to their duties and responsibilities within the Group. For the six-month period ended 30 September 2015, the Group has earned a number of prestigious awards including "U Favorite Food Awards 2015 — My Most Favorite Cha Chaan Teng", "Yellow Pages Award — The Best Hong Kong Style Cafe" and "GREEN^{PLUS} Award Programme 2015 held by CLP — Prestige Honour Award".

In May 2015, the Group proudly presented its new menu to offer more diversified choices. In the meantime, through the "Supreme Catering" (至尊到會) facility, the Group is also committed to provide comprehensive on-site catering services to its valued customers. In order to allow its customers to enjoy Tsui Wah's cuisine at home, "Tsui Wah Delivery" (快翠送) services are available in more than half of the Group's restaurants.

In order to optimise its internal structure, the Group has established seven committees led by various senior management personnel to position the Group for sustainable development in the future. The committees will uphold the values of "three excellence culture" (三優文化) and optimise its internal structure through enhancing "production, environment and service". The Group has been actively building its talent pool and emphasises on its staff development and also endeavours to invest in human resources training. By offering competitive remuneration packages, promotion opportunities and training courses to its staff, the Group has made sufficient preparation for its future development. In addition to be recognised as the first batches of organisations by the government of Hong Kong to confer the courses under the "Qualifications Framework" in the catering industry, Tsui Wah also arranges employees from Hong Kong to second to other cities to broaden their horizon and enrich their experience. Tsui Wah has actively recruited and retained talents and encouraged more people to join the big family of Tsui Wah through the "Summer Internship Scheme". In recognition of the staff's loyalty as a member of "Tsui Wah Family" (翠華人家), the Group cares for their needs. Tsui Wah offers attractive remuneration package which includes paid marriage leave, compassionate leave and textbook fee subsidies to children of its staff.

In light of the growing awareness in food safety of consumers in the PRC and Hong Kong in recent years, the Group emphasises the importance of food quality. Tsui Wah has always adopted the use of supreme ingredients to maintain consistently high food quality and to ensure food safety. The Group procured all its meat and poultry products from qualified livestock farms. The Group will continue to monitor closely the sources and processing of its food so as to provide high quality food to its customers. The Group will also continue to adhere to the aim of "Healthy Eating with Ease" to fully match up with the growing awareness in food safety of customers.

Currently, system upgrades are carried out with a view to improve operation efficiency of the Group, for example, in the areas of human resources and supply chain management. Moreover, Tsui Wah is committed to fulfill its corporate social responsibilities and has always been focusing on environmental protection during the course of business development. In relation to its internal management, the Group will continue to implement its four growth strategies including (i) enhancement of food quality and research and development, (ii) strengthening of internal control, (iii) reinforcing procurement system, and (iv) establishment of the talent pool. The Group will continue to streamline its internal structure to execute the four growth strategies effectively and achieve synergy effects. By strengthening centralised procurement and continuously sourcing quality food products from reputable suppliers, the Group will improve its bargaining power thereby and tackle the issue of increasing costs while ensuring consistently high quality food for customers and cost control.

Looking forward, it is expected that the catering industry will still face various challenges and intense competition. In order to tackle “four high” (四高) (i.e. (i) increasingly high rental expenditure, (ii) raw material costs, (iii) public utility rates, and (iv) labour costs), which is a common issue faced by the catering industry, the Group will continue to control its costs through centralised procurement thereby bolstering its bargaining power.

Looking ahead, the Board is confident that the Group’s persistent focus on excellence in food and service quality and a comprehensive development plan will deliver a continued growth.

Lee Yuen Hong

Chairman and Executive Director

Hong Kong, 27 November 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Hong Kong operations

During the six-month period ended 30 September 2015, the Group opened three new restaurants in Hong Kong at Shau Kei Wan, Hung Hom and Yuen Long.

The Group's delivery service, "Tsui Wah Delivery" (快翠送), which covers most areas in Kowloon, has continued to expand to cover other areas of Kowloon as well as some areas on the Hong Kong Island and the New Territories during the six-month period ended 30 September 2015. It represents a potential source of long term profit and business growth for the Group.

In compliance with its business development, the Group's second central kitchen in Hong Kong has already commenced operations since February 2015. It is expected that the second central kitchen will further strengthen the Group's centralised procurement and logistics management capabilities, achieve economies of scale and increase synergies. Through its "Supreme Catering" (至尊到會) facility, the Group is also committed to provide comprehensive on-site catering services to its valued customers.

Mainland China operations

During the six-month period ended 30 September 2015, the Group has opened two new restaurants in the PRC with one in Baoshan Touch Mall, Shanghai and one in Jingmao Place, Nanjing. Through the opening of new restaurants in the PRC, the Group has expanded its footprint in Mainland China, further enhancing the brand awareness of "Tsui Wah".

Macau operations

During the six months ended 30 September 2015, the Group has opened one new restaurant in Broadway Macau.

As at 30 September 2015, the Group has two "Tsui Wah" restaurants in Macau and these restaurants have been operating under joint venture arrangement with the Group's joint venture partners.

AWARDS

During the six-month period ended 30 September 2015, the Group has been granted the following awards:

Date	Issuer of Award	Award
22 September	CPL (中電集團)	GREEN ^{PLUS} Award 2015 — Prestige Honour Awards (中電「環保節能機構」嘉許計劃2015 — 尊尚榮譽大獎)
21 September	PCCW Media Limited (電訊盈科媒體有限公司)	Yellow Pages Award — The Best Hong Kong Style Cafe (港人港情品牌大獎 — 最佳港式茶餐廳品牌大獎)
1 August	Hong Kong Tourism Board (香港旅遊發展局)	QTS Certification 2015–2016 (「優質旅遊服務計劃」2015–2016證書)
20 July	Hong Kong Brand Development Council (香港品牌發展局)	Hong Kong Top Brand (香港名牌標識(TOP嘜))
14 July	Tiptop Consultants Limited (天高管理發展有限公司)	Tiptop Service Award — Outlet of the Quarter (Apr– Jun 2015) (The Peak Branch) (天高服務獎季度傑出分店 (2015年4至6月)(山頂廣場分店))
14 July	Tiptop Consultants Limited (天高管理發展有限公司)	Tiptop Service Award — Outlet of the Quarter (Apr– Jun 2015) (Tai Po Branch) (天高服務獎季度傑出分店 (2015年4至6月)(大埔廣場分店))
14 July	Tiptop Consultants Limited (天高管理發展有限公司)	Tiptop Service Award — Outlet of the Quarter (Apr– Jun 2015) (Cannon Street Branch) (天高服務獎季度傑出分店 (2015年4至6月)(銅鑼灣景隆街分店))
7 May	Hong Kong Investor Relations Association (香港投資者關係協會)	HKIRA 1st Investor Relations Awards Best IR Company — Small Cap
7 May	Hong Kong Investor Relations Association (香港投資者關係協會)	HKIRA 1st Investor Relations Awards Best IR Chairman/CEO — Small Cap (Mr. LEE Yuen Hong)
7 May	Hong Kong Investor Relations Association (香港投資者關係協會)	HKIRA 1st Investor Relations Awards Best IR by CFO — Small Cap (Mr. YANG Dong John)

Date	Issuer of Award	Award
7 May	Hong Kong Investor Relations Association (香港投資者關係協會)	HKIRA 1st Investor Relations Awards Best IR Presentation Collaterals Tsui Wah Holdings Limited
6 May	OpenRice	OpenRice Best Restaurant Awards 2015 Online Voting in China — The Best Open Rice Hong Kong Restaurant (優秀開飯熱店大賞2015中國網民投選 — 最優秀香港開飯熱店翠華餐廳)
4 May	Quality Tourism Services Association (優質旅遊服務協會)	QTSA 21st Anniversary Annual Dinner cum 2015 Quality Tourism Services (QTS) Merchant & Service Staff Awards Presentation Ceremony — Gold Diamond Sponsor (優質旅遊服務協會21周年晚宴暨2015優質商戶及員工服務獎項頒獎典禮 — 金贊助機構)
17 April	U Magazine (U週刊)	U Favourite Food Awards 2015 — My Most Favourite Cha Chaan Teng (我最喜愛食肆2015 — 我最喜愛的茶餐廳)
15 April	Mystery Shopper Service Association (神秘顧客服務協會)	Certificate of Smiling Enterprise 2014–2015 (微笑企業大獎2014–2015)

These awards are recognitions of the Group’s quality operations and the efforts of the Group’s dedicated work force. The Board would like to express its gratitude and appreciation to the staff for their continuous efforts in bringing high quality food and services to customers in Hong Kong and the PRC.

PROSPECTS AND OUTLOOK

The Group has effectively implemented its restaurant-opening strategy in both Hong Kong and the PRC. During the six-month period ended 30 September 2015, the Group opened six new restaurants in Hong Kong, Macau and the PRC. The Group plans to further enhance its market share by expanding its restaurant network in Hong Kong and across different regions of the PRC. It will continue to execute its well-planned restaurant-opening strategy according to market condition with an aim to operate more than 80 restaurants in 2017. To further strengthen its business operations in Hong Kong, the Group has continued to expand the coverage of its delivery service “Tsui Wah Delivery” (快翠送) and is dedicated to increase and optimise the speed and ordering efficiency of its delivery service “Tsui Wah Delivery” (快翠送) in order to provide more convenient services to its customers. In addition, the Group will continue to provide its five-star catering service under the brand name of “Supreme Catering” (至尊到會) for the customers. 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 periods ended 30 September 2014 and 2015 was approximately HK\$893.5 million and HK\$952.4 million, respectively, representing an increase of approximately 6.6% as compared with the corresponding period in 2014. The increase in revenue was mainly due to revenue growth arising from the opening of new restaurants and some of the existing restaurants.

As at 30 September 2015, the Group operated 34 restaurants in Hong Kong, 21 restaurants in the PRC, and two restaurants in Macau.

Cost of inventories sold

For each of the six-month periods ended 30 September 2014 and 2015, the cost of inventories sold amounted to approximately HK\$277.9 million and HK\$270.2 million, respectively, representing approximately 31.1% and 28.4% of the Group's revenue for the respective periods. The cost of inventories sold in relation to the Group's revenue has slightly decreased as a result of economies of scale achieved through the implementation of centralised procurement with the increasing scale of the Group and cost-effectiveness of production gradually reflected due to the incorporation of the new central kitchen in Hong Kong early this year.

Gross profit

The Group's gross profit, which equals the revenue minus cost of inventories sold, for the six-month period ended 30 September 2015 was approximately HK\$682.2 million, representing an increase of approximately 10.8% from approximately HK\$615.6 million of the corresponding period of 2014. The gross profit margin of the Group for each of the six-month periods ended 30 September 2014 and 2015 was approximately 68.9% and 71.6%, respectively. The increase in gross profit was mainly attributable to economies of scale achieved from the centralised procurement and the central kitchens, and the revision of menu's cuisine during the period.

Staff costs

The staff costs for each of the six-month periods ended 30 September 2014 and 2015 were approximately HK\$244.0 million and HK\$263.1 million, respectively, representing approximately 27.3% and 27.6% of the Group's revenues in the corresponding periods. The slight increase in staff costs was mainly due to the hiring of new staff for the opening of new restaurants and the maintaining of the Group's competitiveness in human resources.

Depreciation and amortisation

For each of the six-month periods ended 30 September 2014 and 2015, the depreciation and amortisation was equivalent to approximately 5.2% and 5.8% of the Group's revenues for the respective periods. The increase was mainly due to the depreciation and amortisation of the

Shanghai office and the new central kitchens in Shanghai and Hong Kong, coupled with the increase in the costs of renovation materials during the period.

Property rentals and related expenses

The property rentals and related expenses amounted to approximately HK\$135.2 million and HK\$147.2 million, respectively for each of the six-month periods ended 30 September 2014 and 2015, representing approximately 15.1% and 15.5% of the respective periods' revenues. The increase in property rentals and related expenses for the six-month period ended 30 September 2015 was due to amortisation of pre-renovation rental upon the opening of new restaurants and the renewal of old lease agreements with rental adjustment based on the accounting policies.

Fuel and utility expenses

For each of the six-month periods ended 30 September 2014 and 2015, the fuel and utility expenses accounted for approximately 4.8% and 5.0%, respectively, of the Group's revenues for the respective periods.

Other operating expenses

Other operating expenses amounted to approximately HK\$67.4 million and HK\$83.5 million for each of the six-month periods ended 30 September 2014 and 2015, respectively, representing approximately 7.5% and 8.7% of the Group's revenues for the respective periods. The increase in other operating expenses in the six-month period ended 30 September 2015 was mainly due to the increased exchange losses arising from the downward adjustment of Renminbi exchange rate, coupled with the write-off of the fixed assets as a result of the renovation of the particular restaurant and the initial costs of new restaurants..

Share of profits of joint ventures

Share of the profits of joint ventures amounted to approximately HK\$19.6 million for the six-month period ended 30 September 2014 and approximately HK\$17.9 million for the six-month period ended 30 September 2015. The decrease was primarily due to the economic downturn in Macau, which in turn affected the local retail and catering performance during the period under review.

Profit before tax

The profit before tax decreased by approximately HK\$1.8 million, or approximately 1.7%, from approximately HK\$105.0 million for the six-month period ended 30 September 2014 to approximately HK\$103.2 million for the six-month period ended 30 September 2015. The decrease was mainly due to the increasing proportionate share of the above-mentioned expenses in relation to turnover, including the exchange losses arising from the depreciation of Renminbi and the increased expenses on the write-off of the fixed assets as a result of the restaurant renovation during the period.

Liquidity and financial resources

The Group finances its business with internally generated cash flows and proceeds received from the listing (the “**Listing**”) of shares of the Company (the “**Share(s)**”) on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). As at 30 September 2015, the Group had bank deposits and cash amounting to approximately HK\$601.4 million (as at 31 March 2015: approximately HK\$620.6 million), representing a decrease of approximately 3.1% from 31 March 2015. The decrease was mainly due to the increase in costs and prepayments of the restaurants’ opening and renovation. Most bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 30 September 2015, the Group’s total current assets and current liabilities were approximately HK\$709.2 million (as at 31 March 2015: approximately HK\$712.2 million) and approximately HK\$334.6 million (as at 31 March 2015: approximately HK\$330.7 million), respectively, while the current ratio was about 2.1 times (as at 31 March 2015: about 2.2 times).

The Group had finance lease payables of approximately HK\$0.4 million as at 30 September 2015 (as at 31 March 2015: approximately HK\$0.6 million) and interest-bearing bank borrowings of approximately HK\$79.2 million as at 30 September 2015 (as at 31 March 2015: approximately HK\$81.8 million). The interest-bearing bank borrowings are secured, repayable on demand, denominated in Hong Kong dollars and bear interest at a rate of 1 month Hong Kong Interbank Offered Rate +1.75%. During the six-month period ended 30 September 2015, no financial instruments were used for hedging purposes.

As at 30 September 2015, the gearing ratio of the Group, which was calculated based on the sum of interest-bearing bank borrowings and finance lease payables over equity attributable to owners of the Company, was approximately 6.5% (as at 31 March 2015: approximately 6.7%).

Material acquisition or disposal

For the six-month period ended 30 September 2015, the Group had not engaged in any material acquisition or disposal.

Foreign currency risk

The Group’s sales and purchases for the six-month period ended 30 September 2015 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. During the six-month ended 30 September 2015, the Group noted that there was a devaluation of Renminbi against Hong Kong dollars. The Group will continue to take proactive measures and monitor closely its exposure to such currency movement.

Contingent liabilities

As at 30 September 2015, the Group had contingent liabilities of approximately HK\$1.8 million (31 March 2015: approximately HK\$1.8 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Charges on assets

Save as disclosed in note 17 to interim financial information, there was no other charges on the Group's assets.

Human resources

As at 30 September 2015, the Group (excluding its joint ventures) employed approximately 3,959 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 2015, various training activities, such as training on operational safety, management skills as well as mentorship program, had 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 of the Group for 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 2015 payable on Thursday, 24 December 2015 to all shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 15 December 2015.

Closure of register of members

The register of members of the Company will be closed from Monday, 14 December 2015 to Tuesday, 15 December 2015, 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 22 Level, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 11 December 2015.

Use of proceeds

The Shares were listed on the Main Board of the Stock Exchange on 26 November 2012 (the “**Listing**”) with net proceeds from the global offering of the Company of approximately HK\$794.4 million (after deducting underwriting fees and related expenses).

The use of net proceeds from the Listing as at 30 September 2015 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK\$ million)	Amount utilised (in HK\$ million)	Amount remaining (in HK\$ million)
Opening new restaurants and delivery centers and launch of catering service in Hong Kong	20%	158.9	(141.6)	17.3
Opening new restaurants in China	35%	278.0	(259.9)	18.1
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	(79.4)	79.5
Upgrading information technology systems	5%	39.8	(9.9)	29.9
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–
Total	100%	794.4	(649.6)	144.8

Appointment of chief executive officer and extension of his tenure

Upon the expiry of the service contract of Mr. Lock Kwok On Anthony on 30 April 2015, Mr. Ho Ting Chi was appointed as the chief executive officer with effect from 1 May 2015. In relation to the appointment aforesaid, Mr. Ho Ting Chi entered into an addendum to his existing Director’s service contract for a term commencing from 1 May 2015 till 4 November 2015. On 25 June 2015, the Board approved the extension of the tenure of Mr. Ho Ting Chi as the chief executive officer for a further three-year term commencing from 5 November 2015 till 4 November 2018. Details of the appointment and extension of tenure aforesaid are set out in the announcements of Company dated 26 March 2015 and 25 June 2015, respectively.

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 of Hong Kong Limited (the “**Listing Rules**”) for the six-month period ended 30 September 2015. 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 had fully complied with the required standard set out in the Model Code throughout the six-month period ended 30 September 2015.

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 2015 has 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 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this interim results announcement, the Company has maintained sufficient prescribed public float of the issued Shares as required under the Listing Rules.

Events after the reporting period

There is no material subsequent event undertaken by the Company or by the Group after 30 September 2015 and up to the date of this interim results announcement.

Publication of the interim report

The interim report of the Company for the six-month period ended 30 September 2015 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 and Executive Director

Hong Kong, 27 November 2015

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