翠華集團®
TSUI WAH GROUP

Tsui Wah Holdings Limited
翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1314)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		% Change
	2018	2017	
	(HK$'000)	*(HK$'000)*	
Revenue	**1,839,754**	1,845,405	(0.3)%
Hong Kong#	**1,194,111**	1,247,390	(4.3)%
Mainland China	**624,478**	579,262	7.8%
Others##	**21,165**	18,753	12.9%
Profit for the year	**80,770**	90,698	(10.9)%
Attributable to:			
Owners of the Company	**80,205**	90,483	(11.4)%
Non-controlling interests	**565**	215	162.8%
Earnings per share			
Basic	**HK5.68 cents**	HK6.41 cents	(11.4)%
Diluted	**N/A**	HK6.41 cents	N/A
No. of restaurants including joint ventures	**As at 31 March**		
	2018	2017	
Hong Kong	**33**	32	
Mainland China	**34**	29	
Macau	**3**	3	

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$8,778,000 (2017: approximately HK$8,937,000).

Represents revenue derived from the sale of food to a joint venture of the Group.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of Tsui Wah Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 (the "**Year**"), together with the comparative figures for the year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
REVENUE	4	**1,839,754**	1,845,405
Other income and gains	4	**12,580**	15,277
Cost of inventories sold		**(512,382)**	(512,097)
Staff costs		**(530,965)**	(531,072)
Depreciation and amortisation		**(106,456)**	(110,628)
Property rentals and related expenses		**(338,537)**	(315,279)
Fuel and utility expenses		**(86,465)**	(90,429)
Selling and distribution expenses		**(41,761)**	(30,761)
Other operating expenses		**(166,740)**	(172,770)
Finance costs	5	**(1,645)**	(1,559)
Share of profits of joint ventures		**39,378**	31,893
PROFIT BEFORE TAX	6	**106,761**	127,980
Income tax expense	7	**(25,991)**	(37,282)
PROFIT FOR THE YEAR		**80,770**	90,698
Attributable to:			
Owners of the Company		**80,205**	90,483
Non-controlling interests		**565**	215
		80,770	90,698
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	9	**HK5.68 cents**	HK6.41 cents
Diluted	9	**N/A**	HK6.41 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**80,770**	90,698
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	**53,400**	(28,914)
Reclassification adjustments for foreign operations deregistered during the year	**(596)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**133,574**	61,784
Attributable to:		
Owners of the Company	**133,009**	61,569
Non-controlling interests	**565**	215
	133,574	61,784

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**502,671**	603,690
Investment properties		**128,704**	–
Prepaid land lease payments		**25,576**	67,595
Intangible assets		**7,521**	5,501
Investments in joint ventures		**68,681**	64,497
Prepayments and deposits paid in advance for purchase of property, plant and equipment		**66,941**	35,377
Non-current deposits		**99,714**	49,052
Deferred tax assets		**22,332**	18,950
Total non-current assets		**922,140**	844,662
CURRENT ASSETS			
Inventories		**19,062**	18,312
Trade receivables	11	**8,134**	7,641
Prepayments, deposits and other receivables		**92,008**	98,352
Tax recoverable		**5,805**	9,048
Pledged time deposits		**9,102**	8,098
Cash and cash equivalents		**509,987**	496,604
Total current assets		**644,098**	638,055
CURRENT LIABILITIES			
Trade payables	12	**89,104**	77,044
Other payables and accruals		**141,520**	151,303
Interest-bearing bank borrowings	13	**66,832**	71,485
Finance lease payables		**196**	–
Tax payable		**5,614**	4,200
Total current liabilities		**303,266**	304,032
NET CURRENT ASSETS		**340,832**	334,023
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,262,972**	1,178,685

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Other payable and accruals		**42,620**	17,294
Finance lease payables		**529**	–
Deferred tax liabilities		**3,808**	1,083
Total non-current liabilities		**46,957**	18,377
Net assets		**1,216,015**	1,160,308
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*14*	**14,112**	14,112
Reserves		**1,200,293**	1,144,901
		1,214,405	1,159,013
Non-controlling interests		**1,610**	1,295
Total equity		**1,216,015**	1,160,308

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Tsui Wah Holdings Limited was incorporated in the Cayman Islands on 29 May 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the Year, the Company acted as a holding investment company and its subsidiaries were principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong, the People's Republic of China (the "**PRC**" or "**Mainland China**") and Macau.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Year. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote-holders of the investee;

(b) the rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date on which such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements.

Relevant disclosure has been made in the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 Year and certain non-current assets information as at 31 March 2018, by geographical area.

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
Hong Kong#	**1,194,111**	1,247,390
Mainland China	**624,478**	579,262
Others*	**21,165**	18,753
	1,839,754	1,845,405

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

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

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$8,778,000 (2017: approximately HK$8,937,000).

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

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**344,692**	347,622
Mainland China	**397,775**	375,140
Others	**57,627**	53,898
	800,094	776,660

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

4. REVENUE, OTHER INCOME AND GAINS

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, other income and gains is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Restaurant operations	**1,809,811**	1,817,715
Sale of food	**29,943**	27,690
	1,839,754	1,845,405
Other income and gains		
Bank interest income	**3,729**	3,292
Rental income	**2,530**	3,370
Government grants *(note)*	**2,602**	5,693
Gain on deregistration of subsidiaries	**596**	–
Others	**3,123**	2,922
	12,580	15,277

Note:

Government grants have been received by the Group from government authorities in Mainland China for financial support to the newly set-up enterprises in Shanghai. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans	**1,618**	1,556
Interest on finance leases	**27**	3
	1,645	1,559

6. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Cost of inventories sold	**512,382**	512,097
Depreciation of investment properties	**869**	–
Depreciation of items of property, plant and equipment	**101,763**	107,165
Amortisation of land lease payments	**1,691**	1,962
Amortisation of intangible assets	**2,133**	1,501
Minimum lease payments under operating leases	**253,009**	244,722
Contingent rents under operating leases	**44,318**	33,988
	297,327	278,710
Employee benefit expenses (excluding Directors' and chief executive's remuneration):		
Wages and salaries	**481,039**	475,610
Retirement benefit scheme contributions*	**40,483**	45,357
	521,522	520,967
Auditor's remuneration	**2,280**	2,530
Write-off of items of property, plant and equipment	**5,008**	448
Write-off of prepayments, deposits and other receivables	**520**	3,479
Foreign exchange differences, net	**(6,600)**	2,994

* At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2017: Nil).

7. INCOME TAX EXPENSE

	2018 *HK$'000*	2017 *HK$'000*
Current — Hong Kong		
Charge for the year	**10,890**	16,548
Under/(over)provision in prior years	**(3,067)**	1,471
Current — Elsewhere		
Charge for the year	**17,653**	14,231
Underprovision in prior years	**291**	1,002
Deferred tax	**224**	4,030
Total tax charge for the year	**25,991**	37,282

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2017: 16.5%) during the Year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

8. DIVIDENDS

	2018 *HK$'000*	2017 *HK$'000*
Interim — HK2.0 cents (2017: HK2.0 cents) per ordinary share	**28,224**	28,225
Final dividend proposed after the end of the reporting period — HK1.5 cents (2017: HK1.5 cents) per ordinary share	**21,168**	21,168
Special dividend proposed after the end of the reporting period — HK1.5 cents (2017: HK2.0 cents) per ordinary share	**21,168**	28,225
	70,560	77,618

The proposed final and special dividends for the Year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 24 August 2018.

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

The calculation of the basic earnings per share amount for the Year is based on the profit for the Year of HK$80,205,000 (2017: HK$90,483,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary shares (2017: 1,411,226,450 ordinary shares) in issue.

The Group had no potentially dilutive ordinary shares in issue during the Year. Accordingly, there was no diluted earnings per share for the Year.

In the prior year, the calculation of the diluted earnings per share amount was based on the profit for the year of HK$90,483,000 attributable to ordinary equity holders of the Company, and the weighted average number 1,411,246,904 of ordinary shares in issue in the prior year as used in the basic earnings per share calculation.

10. PROPERTY, PLANT AND EQUIPMENT

During the Year, there were additions of items of property, plant and equipment of approximately HK$61,501,000 (2017: HK$86,434,000). There was a write-off of items of property, plant and equipment of approximately HK$5,008,000 (2017: HK$448,000).

11. TRADE RECEIVABLES

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**8,134**	7,641

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

	2018	2017
	HK$'000	*HK$'000*
Less than one month	**4,101**	4,699
One to two months	**4,033**	2,942
	8,134	7,641

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

Included in the Group's trade receivables were amounts due from the Group's joint ventures of HK$4,340,000 (2017: HK$4,144,000) as at 31 March 2018, which were repayable on credit terms similar to those offered to the major customers of the Group.

12. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Less than one month	**56,013**	51,994
One to two months	**33,091**	25,050
	89,104	77,044

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

13. INTEREST-BEARING BANK BORROWINGS

	2018			2017		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
Current						
Bank loans — secured	**1 Month Hong Kong Interbank Offer Rate ("HIBOR") +1.00%**	**On demand**	**66,832**	1 Month HIBOR+1.75%	On demand	71,485

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**66,832**	71,485

The Group's bank loans are secured by mortgages over the Group's land and buildings, which had an aggregate carrying value at the end of the reporting year of approximately HK$205,192,000 (2017: approximately HK$212,710,000).

All the Group's bank loans as at 31 March 2018 containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable on demand.

The amounts payable based on the maturity terms of the loans are analysed as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Bank loans:		
Within one year	**4,037**	5,087
In the second year	**4,105**	5,197
In the third to fifth years, inclusive	**12,759**	16,333
Beyond five years	**45,931**	44,868
	66,832	71,485

14. ISSUED CAPITAL

	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares *HK$'000*
Authorised:		
As at 31 March 2017 and 31 March 2018	10,000,000,000	100,000
Issued and fully paid:		
As at 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	1,411,226,450	14,112

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation. In the opinion of the Directors, this presentation would in a way reflect the financial performance of the Group.

16. EVENT AFTER THE REPORTING PERIOD

On 9 March 2018, Kang Wang Holdings Limited ("**Kang Wang**"), a wholly-owned subsidiary of the Group, entered into a joint venture agreement with Jumbo F&B Services Pte. Ltd. ("**Jumbo**"), an indirect wholly-owned subsidiary of Jumbo Group Limited which is listed on the Catalist Board of Singapore Exchange Securities Trading Limited, in respect of the opening of restaurants in Singapore through the formation of a joint venture Vista F&B Services Pte. Ltd ("**Vista**"). In addition, Tsui Wah International Patent Limited; a wholly-owned subsidiary of the Company, and Vista entered into a franchise agreement (the "**Franchise Agreement**") in relation to setting up and operating Hong Kong styled *Cha Chaan Teng* restaurant outlet(s) in Singapore under the Tsui Wah brand. Pursuant to the Franchise Agreement, Kang Wang and Jumbo subscribed for shares in Vista in the proportion of 51% and 49% respectively, and the investment cost of Kang Wang of approximately S$255,000 (equivalent to approximately HK$1,526,000) and the first interest-free loan of approximately S$1,275,000 (equivalent to approximately HK$7,670,000) were settled in cash. The formation of the joint venture became effective on 24 April 2018 upon the allotment of shares in Vista.

CHAIRMAN'S STATEMENT

On behalf of the Board, I announce the annual results of the Group for the Year.

In the past Year, the retail market in Hong Kong experienced a progressive improvement. However, selling and distribution expenses as well as property rental and related expenses had increased, which has presented certain challenges to the Group's results. The PRC market benefitted from rising purchasing power amongst the general population, and the revenue from the Group's branches in Mainland China also correspondingly increased. After carefully examining the current regional market environment as well as the global economy, management actively adjusted the Group's development strategies in order to seize growth in the food services sector both locally and overseas.

In the past Year, based on its solid business foundation, the Group has further established new revenue streams by actively developing its new brands so as to achieve economies of scale in its operations and accelerate the Group's penetration rate in the relevant markets. During the Year, the Group launched two new self-developed brands, namely "BEAT Bakery", a bakery that uses flour imported from Japan with healthy eating as its core theme, and Nijuuichi Don (廿一堂), featuring Japanese fast-food. The Group has recently opened a new restaurant, Maomao Eat (輕。快翠), mainly serving authentic Hong Kong style snacks in the Tai Kwun Centre for Heritage and Arts, which is located in Central, Hong Kong. Maomao Eat also incorporates vegetarian elements in its menu by partnering with Green Monday, a non-profit organisation that promotes a healthy diet and sustainable living.

During the Year, the Group opened a total of eight new branches in Hong Kong and Mainland China under the brand of "Tsui Wah". Three were located in Eastern China (namely the Shanghai Lilacs Commerce Centre branch, Shanghai Changning Raffles City branch and Shanghai Vivo City branch, respectively) and three were located in Southern China (namely the Shenzhen Bao'an-uniwalk branch, Zhongshan Hai Gang Cheng branch and Guangzhou Huangsha branch, respectively). As at 31 March 2018, the Group operated a total of 70 branches. These included 68 restaurants that were owned by the Group and operated under the brand of "Tsui Wah", of which 31, 34 and three were respectively located in Hong Kong, Mainland China and Macau.

In addition to the expansion of its restaurant network, the Group's "Supreme Catering" (至尊到會) business and "Tsui Wah Delivery" (快翠送) services have been steadily growing. We believe that Supreme Catering and Tsui Wah Delivery will help us further penetrate the market to attract younger customers and further diversify the Group's business. The Group has been progressively introducing AliPay (支付寶) and WeChat Pay (微信支付), in order to align with global e-payment trends as well as provide more convenient services to its customers.

The Group has built a strong brand in Hong Kong and has been striving to promote Hong Kong-style food and culture globally. The Group was pleased to establish a strategic partnership with Jumbo Group Limited in Singapore, to open and operate a Hong Kong style *Cha Chaan Teng* under the brand of "Tsui Wah". This restaurant commenced operations in mid-June 2018. Leveraging on Jumbo's strong presence in Singapore, the Group is confident that this joint venture will be successful and will enable "Tsui Wah" and its products to establish an excellent international reputation among the 5.6 million residents living in Singapore.

Our commitment to excellence in providing high quality food and catering services to our customers has been widely acknowledged and it is our honour to receive the following awards and accreditations during the Year:

- Hong Kong Tourism Board's "Outstanding QTS Merchant Service Staff Award 2017 (Front-line Staff) — Chinese Cuisine Silver Award";

- Weekend Weekly Magazine's "2017 Best Ever Dining Awards — Best *Cha Chaan Teng*";

- South China Morning Post's "Enterprising Hong Kong Brand Awards — 2017 Best Hong Kong Travel and Hospitality Brand (Publicly-listed Company) — Special Commendation";

- World Green Organisation's "Green Office Award" and "2017 Sustainable Business Award";

- Federation of Hong Kong Industries and Bank of China (Hong Kong)'s "BOCHK Corporate Environmental Leadership Award 2016";

- The International Food Safety Association's "Food Safety Excellence Award 2017";

- Economic Digest's "Hong Kong Outstanding Enterprises 2017"; and

- Job Market and Sing Tao News Group's "Employer of Choice Award 2017".

The year 2017 has been a remarkable and challenging year for us. Looking ahead, the Group will continue to focus on revenue growth and cost control. The Group will also strengthen its marketing efforts to attract customers across all sectors of society as well as consolidate its brand positioning in Hong Kong, Macau and Mainland China by accelerating its business expansion beyond Hong Kong to other markets, especially in the Guangdong-Hong Kong-Macau Greater Bay Area. Meanwhile, the Group will also explore new markets with its new brands in order to increase its market share.

Last but not least, on behalf of my fellow Directors and all the staff of the Group, we would like to take this opportunity to express our heartfelt gratitude to our customers, shareholders, suppliers and business partners for their long term support and confidence in Tsui Wah. We shall continue to work harder as a token of our appreciation for the encouragement and support we have received from native Chinese people as well as foreign residents, who have continuously been enjoying the Group's meals and services for more than 50 years.

Lee Yuen Hong
Chairman and Executive Director

Hong Kong, 28 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Year, the Group continued to organically implement its restaurant expansion business plan by opening a total of eight new branches across Hong Kong and Mainland China. In Mainland China, the Group opened six new restaurants across Eastern and Southern China. The locations of the newly opened restaurants were chosen largely because they were situated in an area with higher customer traffic as well as other commercial considerations such as more favourable rental costs and convenience for customers. The Group also operated two new self-developed brands, namely "Nijuuichi Don (廿一堂)" which is a fast food restaurant that predominantly serves Japanese fast-food, and BEAT Bakery which is a bakery that uses flour imported from Japan with healthy eating as its core theme.

As at 31 March 2018, the Group operated 31 restaurants in Hong Kong, 34 restaurants in Mainland China, and three restaurants in Macau under the "Tsui Wah" brand, as well as branches under two sub-brands "Nijuuichi Don" and "BEAT Bakery" in Hong Kong. In total, the Group has 70 branches under its operation within these three jurisdictions. The Group will continue to adhere to a prudent and commercially viable strategy in respect of its site selection for the opening of new restaurants.

The industry continued to be challenged by substantially rising costs in raw ingredients, rent and labour. In order to maintain competitiveness, the Group has striven to implement and maintain a range of cost and expense control measures to stabilise the overall operating efficiencies. The continued use of centralised kitchens served to decrease the costs associated with food processing and streamlined the procurement and supply chain management, which sustained operational efficiency and enabled the gross profit margin of the Group to remain stable at 72.1% for the Year compared with that of 72.3% for the year ended 31 March 2017 (the "**Year 2017**"). The Group's net profit margin (profit for the year as a percentage of revenue) recorded a decrease from approximately 4.9% for the Year 2017 to approximately 4.4% for the Year, which was mainly attributable to an increase in sales and delivery costs, property rentals as well as initial start-up costs incurred by the opening of new restaurants.

Financial Review

Revenue

The revenue of the Group slightly decreased by approximately 0.3% from approximately HK$1,845.4 million for the Year 2017 to approximately HK$1,839.8 million for the Year. Although same store sales in Hong Kong recorded an increment during the Year as compared to previous year, revenue within the region generally dropped, owing to the closure of certain restaurants when leases expired during the Year 2017 and the Year.

Cost of inventories sold

Cost of inventories sold slightly increased by approximately HK$0.3 million, or approximately 0.06%, from approximately HK$512.1 million for the Year 2017 to approximately HK$512.4 million for the Year. The cost of inventories sold amounted to approximately 27.7% and 27.9% of the Group's revenue for the Year 2017 and the Year, respectively. The ratio of the cost of inventories sold in proportion to the Group's revenue for the Year remained rather stable as compared to the Year 2017, mainly attributable to various cost control measures on procurement adopted by the Group including, amongst others, a bulk procurement policy, more stringent control on the food preparation process and optimising the use of centralised kitchens.

Gross profit

The Group's gross profit (which is equivalent to revenue subtracting the cost of inventories sold) for the Year was approximately HK$1,327.4 million, representing a slight decrease of approximately 0.4% from approximately HK$1,333.3 million for the Year 2017. The slight decrease in gross profit corresponded with the decrease in revenue, mainly due to a decrease in sales as a result of the closure of certain branches in Hong Kong during the Year 2017. The gross profit margin for the Year remained stable as compared to Year 2017.

Human resources and remuneration policy

As at 31 March 2018, the Group (other than its joint ventures) employed 4,153 employees (2017: approximately 4,280). The Group's staff costs decreased by approximately HK$0.1 million, from approximately HK$531.1 million for the Year 2017 to approximately HK$531.0 million for the Year. The decrease was attributable to the improved control of labour costs.

The Group understands the importance of recruiting the right personnel and retaining experienced staff in the highly competitive labour market in order to maintain its operations and uphold its well-established standard of high-quality services across all of its restaurants. Staff costs as a percentage of the Group's revenue amounted to approximately 28.9% for the Year as compared to 28.8% for the Year 2017.

Remuneration packages are generally structured by reference to market norms, individual qualifications and relevant experience. The Group periodically reviews the remuneration of its employees and continued to implement slight increments to the base salary of its staff during the Year in line with the Group's historical practices.

Further, the Company adopted its pre-IPO share option scheme on 5 November 2012 (the "**Pre-IPO Share Option Scheme**"), where certain Directors, executives and employees of the Group (the "**Eligible Employees**") were entitled to share options to subscribe for the ordinary shares of the Company (the "**Shares**") as a reward for recognising the contribution of such Eligible Employees. Options comprising 26,800,054 underlying Shares granted under the Pre-IPO Share Option Scheme lapsed on 25 November 2017. As at 31 March 2018, no options (2017: options comprising approximately 26,800,000 underlying Shares) were outstanding under the Pre-IPO Share Option Scheme and no share options were exercised during the Year.

In addition, the Company adopted its share option scheme on 5 November 2012 (the "**Share Option Scheme**"), where certain eligible persons whose contributions have been beneficial to the performance, growth or success of the Group would be awarded a personal stake in the Company. Since the adoption of the Share Option Scheme, no options have been granted. As at 31 March 2018, no share options were outstanding under the Share Option Scheme and no options were exercised or lapsed during the Year.

Property rentals and related expenses

Property rentals and related expenses increased by approximately HK$23.2 million, or approximately 7.4%, from approximately HK$315.3 million for the Year 2017 to approximately HK$338.5 million for the Year. The increase was primarily attributable to (i) the commencement of leases for the respective newly opened restaurants during the Year and (ii) increases in rent for the renewed leases of certain existing restaurants. In order to ensure a better control of the cost from property rentals and related expenses, the Group negotiated rental agreements with longer lease terms with an average of at least three years, to maintain commercially stable rental costs.

Selling and distribution expenses

The selling and distribution expenses increased by approximately HK$11.0 million or approximately 35.7% from approximately HK$30.8 million for the Year 2017 to approximately HK$41.8 million for the Year. The increase was mainly due to a series of brand and marketing promotion during the Year and the increases in transportation and sales related costs during the Year.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK$39.4 million for the Year, representing an increase of approximately HK$7.5 million, or approximately 23.5% from approximately HK$31.9 million for the Year 2017. The increase was primary due to better performance of the joint ventures and a more favourable macroeconomic environment in Macau, as the number of tourists increased and thereby stimulated revenue in the food catering industry.

Income tax expense

Income tax expense decreased by approximately HK$11.3 million, or approximately 30.3%, from approximately HK$37.3 million for the Year 2017 to approximately HK$26.0 million for the Year.

Profit

Primarily due to the increases in the above-mentioned selling and distribution expenses as well as property rentals and related expenses, the profit for the Year decreased by approximately HK$9.9 million, or approximately 10.9%, from approximately HK$90.7 million for the Year 2017 to approximately HK$80.8 million for the Year.

Liquidity and financial resources

The Group financed its business with internally generated cash flows and the proceeds received from the initial listing of the issued Shares on the Main Board of the Stock Exchange on 26 November 2012 (the "**Listing**"). As at 31 March 2018, the Group had cash and cash equivalents amounting to approximately HK$510.0 million, representing an increase of approximately HK$13.4 million from approximately HK$496.6 million as at 31 March 2017. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2018, the Group's total current assets and current liabilities were approximately HK$644.1 million (31 March 2017: approximately HK$638.1 million) and approximately HK$303.3 million (31 March 2017: approximately HK$304.0 million) respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 2.1 times (31 March 2017: approximately 2.1 times).

As at 31 March 2018, the Group recorded interest-bearing bank borrowings of approximately HK$66.8 million (as at 31 March 2017: HK$71.5 million). The interest-bearing bank borrowings were secured, repayable on demand and denominated in Hong Kong dollars and bore interest at 1.0% (31 March 2017: 1.75%) above the one-month Hong Kong Interbank Offered Rate. During the Year, no financial instruments were used for hedging purposes.

As at 31 March 2018, the Group's gearing ratio, calculated based on the sum of interest-bearing bank borrowings and finance lease payables divided by the equity attributable to owners of the Company, was approximately 5.6% (31 March 2017: approximately 6.2%).

Material acquisitions and disposals

The Group had no material acquisitions or disposals of subsidiaries or associates during the Year.

Foreign currency risk

The Group's sales and purchases for the Year 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 capital controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes both domestically and internationally, and also from the demand and supply of the Renminbi. The appreciation or devaluation of the Renminbi against the Hong Kong dollar may have an impact on the Group's results. The Group will continue to take proactive measures and closely monitor its exposure to any currency movements.

Contingent liabilities

As at 31 March 2018, the Group had contingent liabilities of approximately HK$9.1 million (31 March 2017: approximately HK$8.1 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Charge on assets

As at 31 March 2018, save as those disclosed in note 13 to the financial statements above, deposits of approximately HK$9.1 million (31 March 2017: approximately HK$8.1 million) were pledged for bank guarantee facilities of the Group. There was no charge on the Group's other assets.

Training and continuing development

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

Prospects and Outlook

Customer satisfaction

In the foreseeable future, the Group will continue to effect its core strategy of prioritising its customers' dining experience by maintaining stringent food safety and diversifying the menu to suit seasonal changes in order to attract a broader base of customers whilst ensuring that its signature dishes will continue to be served to the highest quality. The Group has always endeavoured to provide high-quality food for its customers in a comfortable and hygienic *Cha Chaan Teng* environment.

Corporate social responsibility

The Group is resolutely committed in adhering to its core corporate values and social responsibilities. The Group has strongly encouraged all its employees to partake in the charitable activities organised by and associated with the Group such as the Community Chest fundraiser. The Group has also promoted environmental protection initiatives, bolstered its green procurement and energy saving policies, and provided customers with friendly reminders to reduce food waste. The Group continues to take an unwaveringly proactive role in giving back to the community. For example, the Group introduced the "Daydream Scholarship Scheme (白日夢獎學金計劃)", a scholarship programme for students to envisage what Tsui Wah would look like in 50 years to commemorate the Group's 50th anniversary through an art competition.

*Environmental, social and governance (**"ESG"**) performance*

The Group continually reviews its ESG efforts, corporate governance and risk management practices with an aim to create and deliver sustainable value to all its key stakeholders. The Group has been exploring more efficient opportunities to reduce the consumption of resources in order to reduce its impact on the environment.

Further, the Group has conducted a series of surveys by way of questionnaires with certain key stakeholders covering topics from the Group's environmental and social policies to governance issues. The surveys' results will serve as a solid foundation for the Group's upcoming ESG report. For more information regarding the Group's ESG performance for the Year, please refer to the Group's forthcoming ESG report, which can be viewed or downloaded from the Company's official website no later than three months after the publication of the Group's annual report.

Outlook

The Group will continue to implement its steady and prudent restaurant-opening strategy in Hong Kong, Macau and Mainland China. The Group plans to further enhance its market share by exploring the expansion of its restaurant network across different regions overseas. The Group will continue to execute its development strategy and closely monitor market conditions. To further strengthen its business operations, the Group is committed to the broadening of its platform as well as further introducing and developing new brands.

The Group will further expand the geographical coverage of Tsui Wah Delivery and will implement measures which facilitate the improvement of the efficiency of the delivery service in order to provide a more convenient service to its customers. In addition, the Group will continue to provide its customers with its five-star catering service under Supreme Catering. The Group has been striving to satisfy the needs of its customers by offering Chinese, Western and Southeast Asian cuisines for its catering services on various occasions such as weddings, business banquets, birthday parties as well as gatherings for family and friends. The Board is confident that the Group will continue to explore business opportunities and expand its restaurant network in both Hong Kong, Mainland China and overseas by leveraging on the determination and experience of its competent management team and staff.

Having successfully launched the two new self-developed brands, namely Beat Bakery and Nijuuichi Don during the Year, the Group will continue to conduct research on the feasibility of developing its brands in the hope of further increasing market share and raising revenue generating streams for the Group. In addition, having recently launched the first Tsui Wah restaurant with Jumbo in Singapore, the Group will explore other similar opportunities overseas, including in Southeast Asia. The Group will closely monitor the macroeconomic environment and continue to seize various growth opportunities to boost our brand reputation and maximise returns for shareholders of the Company (the "**Shareholders**").

OTHER INFORMATION

Annual general meeting

The forthcoming annual general meeting of the Company (the "**AGM**") is scheduled to be held on Friday, 24 August 2018. A notice convening the AGM will be issued and dispatched to the Shareholders in due course in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Final Dividend

The Board has recommended the payment of a final dividend of HK1.5 cents per share to the Shareholders whose names will appear on the register of members of the Company (the "**Register of Members**") on Friday, 31 August 2018, subject to the approval of the Shareholders at the AGM. If the resolution for the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on or around Thursday, 13 September 2018.

Special Dividend

The Board has also recommended the payment of a special dividend of HK1.5 cents per share to the Shareholders whose names will appear on the Register of Members on Friday, 31 August 2018, subject to the approval of the Shareholders at the AGM. If the resolution for the proposed special dividend is passed at the AGM, the proposed special dividend will be payable on or around Thursday, 13 September 2018.

Closure of Register of Members

For AGM

The Register of Members will be closed from Tuesday, 21 August 2018 to Friday, 24 August 2018 (both days inclusive), during which period no transfer of shares will be registered, in order to ascertain Shareholders' entitlement to attend the forthcoming AGM on Friday, 24 August 2018. In order to qualify for attending and voting at the AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 20 August 2018.

For dividends

The Register of Members will be closed on Thursday, 30 August 2018 and Friday, 31 August 2018, during which period no transfer of shares will be registered, in order to ascertain Shareholders' entitlement to receive the proposed final dividend and special dividend. In order to be eligible to receive the proposed final dividend and special dividend, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 29 August 2018.

Use of net proceeds from the Listing

The net proceeds from the global offering of the Company were approximately HK$794.4 million (after deducting underwriting fees and related expenses). The use of the net proceeds from the Listing as at 31 March 2018 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 centres and launch of catering service in Hong Kong	20%	158.9	(158.9)	–
Opening new restaurants in Mainland China	35%	278.0	(278.0)	–
Construction of new central kitchen in Hong Kong	10%	79.4	(79.4)	–
Construction of new central kitchens in Shanghai and Southern China	20%	158.9	(108.3)	50.6
Upgrading information technology systems	5%	39.8	(26.1)	13.7
Additional working capital and other general corporate purposes	10%	79.4	(79.4)	–
Total	100%	794.4	730.1	64.3

Change in Directors' information

During the Year and up to the date of this announcement, the following changes in the composition of the Board took place:

(i) the resignation of Mr. Cheng Yu Sang as a non-executive Director with effect from 2 April 2018; and

(ii) the resignation of Mr. Cheung Yu To as an executive Director with effect from 1 November 2017.

For further details, please refer to the announcements of the Company dated 5 January 2018 and 11 August 2017, respectively.

Compliance with the Corporate Governance Code

The Group maintained high standards of corporate governance which best suited the needs and requirements of its business and were in the best interests of the Shareholders. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the Year, the Company complied with all the code provisions of the CG Code.

The Directors will continue to periodically review the Company's corporate governance policies and compliance with the CG Code.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing the Directors' transactions of listed securities of the Company. Following a specific enquiry made by the Company with each of the Directors, all Directors confirmed that they had complied with the standards as set out in the Model Code for the Year.

Review of annual results by Audit Committee

The audit committee of the Company (the "**Audit Committee**") was established on 5 November 2012 with specific written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.3 of the CG Code. The written terms of reference were revised on 31 March 2016 in compliance with the requirements under 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 are Mr. Yim Kwok Man, Mr. Goh Choo Hwee and Mr. Wong Chi Kin, of which Mr. Yim Kwok Man and Mr. Goh Choo Hwee are independent non-executive Directors, and Mr. Wong Chi Kin is a non-executive Director. Mr. Yim Kwok Man is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's consolidated financial statements and annual results for the Year. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

Review of preliminary announcement by independent auditors

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2018, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Company's independent auditors (the "**Independent Auditors**") to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Independent Auditors in this regard did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Independent Auditors on this preliminary announcement.

Purchase, sale or redemption of listed securities

During the Year, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the Year and thereafter up to the date of this annual results announcement, the Company has maintained a sufficient public float (i.e. as least 25% of the issued Shares in public hands) for the issued Shares as required under the Listing Rules.

Events after the reporting period

Save as disclosed in note 16 to the financial statements of the Group for the year ended 31 March 2018 set out in this announcement, the Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

Publication of annual report

The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders 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 at the relevant time as prescribed by the Listing Rules.

Closing remarks

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their continuous support and contribution. The Board also takes this opportunity to thank the Company's loyal shareholders, investors, customers, independent 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, 28 June 2018

As at the date of this announcement, the Board comprises seven Directors: (a) Mr. Lee Yuen Hong (Chairman) and Mr. Lee Tsz Kin Kenji as executive Directors; (b) Mr. Cheng Chung Fan and Mr. Wong Chi Kin as non-executive Directors; and (c) Mr. Goh Choo Hwee, Mr. Tang Man Tsz and Mr. Yim Kwok Man as independent non-executive Directors.