*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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 2020

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		% Change
	2020 *(HK$'000)*	2019 *(HK$'000)*	
Revenue	**1,381,479**	1,786,756	(22.7)%
Hong Kong#	**877,161**	1,156,619	(24.2)%
Mainland China	**488,490**	613,428	(20.4)%
Others##	**15,828**	16,709	(5.3)%
Profit/(loss) for the year	**(319,724)**	4,709	N/A
Attributable to:			
Owners of the Company	**(317,389)**	4,741	N/A
Non-controlling interests	**(2,335)**	(32)	N/A
Earnings/(loss) per share			
Basic and diluted	**HK(22.49) cents**	HK0.34 cent	N/A
Number of restaurants including joint ventures	**As at 31 March**		
	2020	2019	
Hong Kong	**42**	44	
Mainland China	**36**	35	
Macau	**3**	3	
Singapore	**2**	1	

\# Revenue from external customers located in the Hong Kong Special Administrative Region ("**Hong Kong**") of the People's Republic of China (the "**PRC**" or "**Mainland China**") includes revenue derived from the sale of food to a joint venture of the Group amounting to approximately HK$5,734,000 (2019: approximately HK$6,868,000).

\## Represents revenue derived from the sale of food to joint ventures 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**" or "**Tsui Wah**") for the year ended 31 March 2020 (the "**Year**"), together with the comparative figures for the year ended 31 March 2019 (the "**Year 2019**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
REVENUE	*4*	**1,381,479**	1,786,756
Other income	*4*	**17,925**	17,505
Cost of inventories sold		**(402,376)**	(497,497)
Staff costs		**(504,209)**	(575,462)
Depreciation and amortisation		**(309,069)**	(104,520)
Property rentals and related expenses		**(89,594)**	(313,897)
Fuel and utility expenses		**(70,393)**	(86,206)
Selling and distribution expenses		**(32,756)**	(35,629)
Other operating expenses		**(286,916)**	(201,876)
Finance costs	*5*	**(27,992)**	(1,628)
Share of profits of joint ventures		**23,193**	34,138
PROFIT/(LOSS) BEFORE TAX	*6*	**(300,708)**	21,684
Income tax expense	*7*	**(19,016)**	(16,975)
PROFIT/(LOSS) FOR THE YEAR		**(319,724)**	4,709
Attributable to:			
Owners of the Company		**(317,389)**	4,741
Non-controlling interests		**(2,335)**	(32)
		(319,724)	4,709
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*9*	**HK(22.49) cents**	HK0.34 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(319,724)**	4,709
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(24,977)**	(29,722)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(344,701)**	(25,013)
Attributable to:		
Owners of the Company	**(342,366)**	(24,981)
Non-controlling interests	**(2,335)**	(32)
	(344,701)	(25,013)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**301,843**	531,617
Investment properties		**106,392**	117,333
Prepaid land lease payments		**–**	23,300
Right-of-use assets	*2.2*	**719,842**	–
Intangible assets		**4,836**	6,108
Goodwill		**–**	4,354
Investments in joint ventures		**45,644**	65,345
Prepayments and deposits paid in advance for purchase of property, plant and equipment		**19,433**	20,729
Non-current deposits and other receivables		**82,324**	55,399
Deferred tax assets		**3,448**	17,895
Total non-current assets		**1,283,762**	842,080
CURRENT ASSETS			
Inventories		**18,197**	19,431
Trade receivables	*11*	**3,131**	6,238
Prepayments, deposits and other receivables		**86,779**	126,345
Tax recoverable		**6,946**	6,063
Pledged time deposits		**1,505**	9,206
Cash and cash equivalents		**237,392**	424,480
Total current assets		**353,950**	591,763
CURRENT LIABILITIES			
Trade payables	*12*	**30,166**	70,733
Other payables and accruals		**125,441**	141,403
Interest-bearing bank borrowings	*13*	**59,251**	62,990
Finance lease payables		**–**	209
Lease liabilities	*2.2*	**216,342**	–
Tax payable		**3,350**	4,671
Total current liabilities		**434,550**	280,006
NET CURRENT ASSETS/(LIABILITIES)		**(80,600)**	311,757
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,203,162**	1,153,837

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT LIABILITIES			
Other payable and accruals		**5,762**	41,577
Finance lease payables		**–**	320
Lease liabilities		**491,891**	–
Deferred tax liabilities	*2.2*	**2,457**	2,154
Total non-current liabilities		**500,110**	44,051
Net assets		**703,052**	1,109,786
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*14*	**14,112**	14,112
Reserves		**687,405**	1,091,460
		701,517	1,105,572
Non-controlling interests		**1,535**	4,214
Total equity		**703,052**	1,109,786

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 an investment holding company and its subsidiaries were principally engaged in the provision of food catering services through restaurants and a bakery shop in Hong Kong, the PRC, the Macau Special Administrative Region of the PRC ("**Macau**") and the Republic of Singapore ("**Singapore**").

2.1 BASIS OF PREPARATION

These Consolidated 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 Consolidated Financial Statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 March 2020, the Group had net current liabilities of HK$80,600,000 which included the current portion of lease liabilities of HK$216,342,000. The Directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the consolidated financial statements of the Group for the Year (the "**Consolidated Financial Statements**")are prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect to these adjustments has not been reflected in the Consolidated Financial Statements.

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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for 2019 was not restated and continues to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land and properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (the "**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing on 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in lease liabilities. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 April 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets as a component of property, plant and equipment, prepaid land lease payments and right-of-use assets in the consolidated statement of financial position.

For the leasehold buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

As a lessee — Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 April 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under HKAS 17.

Financial impacts at 1 April 2019

The impacts arising from the adoption of HKFRS 16 at 1 April 2019 are as follows:

	Increase/ (decrease) *HK$'000*
Assets	
Increase in right-of-use assets	891,227
Decrease in prepaid land lease payments	(23,300)
Decrease in payments, deposits and other receivables	(696)
Decrease in property, plant and equipment	(136,495)
Decrease in investments in joint ventures	(2,774)
Increase in deferred tax assets	4,330
Increase in total assets	732,292
Liabilities	
Increase in lease liabilities	826,278
Decrease in finance lease payables	(529)
Decrease in other payables and accruals	(45,536)
Increase in total liabilities	780,213
Equity	
Decrease in retained profits	(47,577)
Decrease in non-controlling interests	(344)
Decrease in total equity	(47,921)

	HK$'000
Operating lease commitments as at 31 March 2019	735,287
Weighted average incremental borrowing rate as at 1 April 2019	3.43%
Discounted operating lease commitments as at 1 April 2019	667,169
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(34,642)
Commitments relating to leases of low-value assets	(48)
Add: Commitments relating to leases previously classified as finance leases	529
Payments for optional extension periods not recognised as at 31 March 2019	193,270
Lease liabilities as at 1 April 2019	826,278

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the year are as follows:

	Right-of-use assets *HK$'000*	Lease liabilities *HK$'000*
As at 1 April 2019	891,227	826,278
Additions	159,273	159,273
Depreciation provided during the period	(206,074)	–
Interest expenses	–	26,266
Payments	–	(212,727)
Impairment	(31,510)	–
Disposal	(49,481)	(53,584)
Lease modification	(14,094)	(14,094)
Exchange realignment	(29,499)	(23,179)
As at 31 March 2020	719,842	708,233

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services through restaurants and a bakery shop. 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 2020, by geographical area.

(a) Revenue from external customers

	2020	2019
	HK$'000	*HK$'000*
Hong Kong#	**877,161**	1,156,619
Mainland China	**488,490**	613,428
Others*	**15,828**	16,709
	1,381,479	1,786,756

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$5,734,000 (2019: approximately HK$6,868,000).

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

(b) Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**651,181**	380,039
Mainland China	**502,829**	330,433
Others	**43,980**	58,314
	1,197,990	768,786

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

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from restaurant operations transferred at a point in time	**1,359,917**	1,763,179
Sale of food transferred at a point in time	**21,562**	23,577
	1,381,479	1,786,756

Performance obligation

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

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

An analysis of other income is as follows:

	2020	2019
	HK$'000	*HK$'000*
Other income		
Bank interest income	**3,195**	3,775
Rental income	**4,022**	5,098
Government grants *(note)*	**–**	241
Others	**10,708**	8,391
	17,925	17,505

Note:

In the prior year, government grants had been received by the Group from government authorities in Mainland China for financial support to the newly set-up enterprises in Shanghai. There were no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank loans	**1,726**	1,592
Interest on finance leases	**–**	36
Interest on lease liabilities	**26,266**	–
	27,992	1,628

6. PROFIT/(LOSS) BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Cost of inventories sold	**402,376**	497,497
Depreciation of items of property, plant and equipment	**98,030**	97,298
Depreciation of right-of-use assets	**206,074**	–
Depreciation of investment properties	**3,275**	3,408
Amortisation of land lease payments	**–**	694
Amortisation of intangible assets	**1,690**	3,120
Write-off of items of property, plant and equipment	**7,077**	3,131
Impairment of items of property, plant and equipment	**81,029**	–
Impairment of right-of-use assets	**31,510**	–
Impairment of intangible asset	**–**	6,004
Impairment of goodwill	**4,354**	–
Foreign exchange differences, net	**8,078**	11,795
Minimum lease payments under operating leases	**–**	269,076
Lease payments not included in the measurement of lease liabilities	**31,198**	–
Contingent rents under operating leases	**16,858**	14,562
	48,056	283,638
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	**455,868**	521,358
Retirement benefit scheme contributions*	**42,579**	46,544
	498,447	567,902
Gain on disposal of leases	**(4,103)**	–
Write-off of inventories	**980**	–
Auditor's remuneration	**2,320**	2,524

* 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 (2019: Nil).

7. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**682**	9,398
Overprovision in prior years	**(349)**	(478)
Current — Elsewhere		
Charge for the year	**955**	6,334
Underprovision/(overprovision) in prior years	**(309)**	193
Deferred tax	**18,037**	1,528
Total tax charge for the year	**19,016**	16,975

Hong Kong profits tax was provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2019: 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

	2020	2019
	HK$'000	*HK$'000*
Interim — Nil (2019: HK1.0 cent) per ordinary share (the "**Share**")	**–**	14,112
Final dividend proposed after the end of the reporting period — Nil (2019: HK1.0 cent) per Share	**–**	14,112
	–	28,224

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount for the Year is based on the loss for the Year of HK$317,389,000 (2019: profit of HK$4,741,000) attributable to ordinary equity holders of the Company and the weighted average number of 1,411,226,450 ordinary shares (2019: 1,411,226,450 Shares) in issue.

The Group had no potentially dilutive Shares in issue during the Year and Year 2019. Accordingly, there was no diluted earnings per share amounts for the Year and Year 2019.

10. PROPERTY, PLANT AND EQUIPMENT

During the Year, there were additions of items of property, plant and equipment of approximately HK$104,072,000 (2019: HK$139,255,000). There was a write-off of items of property, plant and equipment of approximately HK$7,077,000 during the Year (2019: HK$3,131,000). There was impairment of items of property, plant and equipment of approximately HK$81,029,000 during the Year (2019: Nil).

11. TRADE RECEIVABLES

	As at 31 March	
	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**3,131**	6,238

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

	2020	2019
	HK$'000	*HK$'000*
Less than one month	**1,967**	2,268
One to two months	**1,164**	3,970
	3,131	6,238

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$697,000 (2019: HK$2,988,000) as at 31 March 2020, 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:

	2020	2019
	HK$'000	*HK$'000*
Less than one month	**17,477**	45,304
One to two months	**9,295**	25,429
Over two months	**3,394**	–
	30,166	70,733

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

13. INTEREST-BEARING BANK BORROWINGS

	2020			2019		
	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**	**59,251**	1 Month Hong Kong Interbank Offer Rate ("HIBOR") +1.00%	On demand	62,990

	As at 31 March	
	2020	2019
	HK$'000	*HK$'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**59,251**	62,990

The Group's bank loans are secured by mortgages over the Group's buildings and right-of-use assets, which had an aggregate carrying value at the end of the reporting year of approximately HK$59,716,000 and HK$130,455,000, respectively (2019: land and buildings of approximately HK$197,675,000).

All the Group's bank loans as at 31 March 2020 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	
	2020	2019
	HK$'000	*HK$'000*
Bank loans:		
Within one year	**3,718**	3,619
In the second year	**3,812**	3,715
In the third to fifth years, inclusive	**12,026**	11,718
Beyond five years	**39,695**	43,938
	59,251	62,990

14. ISSUED CAPITAL

	Number of ordinary shares of HK$0.01 each	**Nominal value of ordinary shares**
		HK$'000
Authorised:		
As at 31 March 2019 and **31 March 2020**	**10,000,000,000**	**100,000**
Issued and fully paid:		
As at 1 April 2018, 31 March 2019, 1 April 2019 and **31 March 2020**	**1,411,226,450**	**14,112**

CHAIRMAN'S STATEMENT

Dear Shareholders:

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

BUSINESS REVIEW

The Year was a very challenging year for the Group. The uncertain global economic environment and China-US trade tensions exerted varying degrees of impact on the economies of Mainland China and Hong Kong. Attributable to ongoing social movements in Hong Kong in the second half of 2019 and the global outbreak of the novel coronavirus disease 2019 (COVID-19) (the "**Epidemic**"), the catering sector around the world, including Hong Kong, Macau, Mainland China and Singapore, has been severely affected. Also, the rise in costs of food ingredients and manpower has made the business more difficult during the period.

Given the unfavourable factors and impact, the Group's financial performance was inevitably affected. For the Year, the Group recorded revenue of approximately HK$1,381.5 million, representing a decrease of approximately 22.7% as compared with approximately HK$1,786.8 million for Year 2019. The Group recorded a loss after tax of approximately HK$319.7 million during the Year. If taking out the non-cash items such as a one-off impairment and write-off of property, furniture and equipment, right-of-use assets, goodwill and inventory amounting to HK$125.0 million, the Group incurred a loss after tax of approximately HK$194.7 million during the Year, whereas profit after tax amounting to approximately HK$4.7 million was recorded for Year 2019.

Despite facing unprecedented challenges and uncertainties, the Group has quickly formulated strategies and implemented counter-measures to control its operating costs. As the first step in cost control, all members of the Board and senior management of the Group took the lead in cutting their salaries by 30% as from 1 February 2020. The Group has adjusted its restaurant network in a timely manner according to actual market demand, shortened the business hours or even temporarily suspended the business of some of its restaurants and actively promoted takeaway services to confront unprecedented challenges. Also, we were very grateful that some of our landlords have taken the initiative to offer rental reductions; our suppliers have provided discounts; all the staff of each branch have performed their duties diligently and implemented proper sanitary and anti-epidemic measures during this difficult time.

Despite the challenges, the Group has been able to maintain a solid financial position with its on-going prudent financial management policies. The Group still has sufficient cash on hand, coupled with unutilized banking facilities, to meet its business needs.

OUTLOOK

As the number of confirmed cases of the Epidemic in Mainland China, Hong Kong, Macau and Singapore continues to decline, local governments have slowly eased restrictions and consumers have begun to dine out, especially in Mainland China, where the business has rebounded significantly since the end of March 2020. We are also glad to see that businesses in Hong Kong, Macau and overseas markets have started to recover and some restaurants have gradually resumed operations. Looking forward, the Group will continue to put in more efforts in promoting its takeaway services and explore other new business models to cope with the change in the market. In term of costs control, we shall put additional effort to identify all feasible solutions or approaches that could reduce operating costs, including but not limited to negotiating with the landlords for a more competitive rent.

I would like to express that we have been rooted in Hong Kong for over 50 years and have a deep affection towards Hong Kong. Over the years, we have experienced several economic cycles with Hong Kong. Despite the current unfavourable environment, we believe that our management will overcome all such difficulties and bring into play the spirit of solidarity to get through the hard times together.

AWARDS AND RECOGNITIONS

In recognizing our efforts and contribution during the Year, we have obtained a number of major awards/recognitions, including the Supreme Gourmet Restaurant Gold Award and the Most Popular Hong Kong and Macau Brands in the 10th Most Popular Hong Kong and Macau Brands Award Competition organized by China Media Network; the Best in ESG Award — Small Cap 2019 and the Best in Reporting Award — Small Cap 2019 awarded by BDO Limited; HKIM Market Leadership Award 2018/2019 awarded by Hong Kong Institute of Marketing; Asian Local Top Cuisine Award conferred by Asian Cuisine Festival; Green Office Awards label issued by World Green Organisation; No. 1 Cha Chaan Teng awarded by Headline Daily and Smiling Employer Outstanding Award awarded by Mystery Shopper Service Association, etc.

APPRECIATION

I would take this opportunity to thank all of the shareholders of the Company (the "**Shareholders**") and all investors, customers, suppliers and partners of our Group for their unwavering support. I would also like to extend my appreciation to the management team and fellow staff members of the Group for their devoted commitment and contributions.

By order of the Board
Tsui Wah Holdings Limited
Mr. Lee Yuen Hong
Chairman

30 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

According to the figures released by Census and Statistics Department of Hong Kong, the aggregate revenue generated by restaurants in Hong Kong in the fourth quarter of 2019 was estimated at HK$26 billion, representing a year-on-year (the "**YoY**") decrease of 14.3%. The total purchases during the same period was estimated at HK$8.4 billion, representing a YoY decrease of 13.0%.

The YoY decline in restaurant revenue in the fourth quarter of 2019 intensified. It has been the largest drop since the outbreak of the Severe Acute Respiratory Syndrome (SARS) in the second quarter of 2003. The drop mainly reflects the adverse effect on the catering business caused by local social events in Hong Kong since mid-June 2019. In addition, under the threat of the outbreak of the Epidemic globally, the catering sector worldwide faces a more severely unfavorable environment. The future prospects of the catering business would depend on how the Epidemic evolves.

Business Review

Amid continued outbreak of the Epidemic, the Group has been paying close attention and has been treating the Epidemic with its utmost concern. In February 2020, the Board formed a crisis management committee (the "**Committee**") to assess the impact of the Epidemic on the Group's operation and financial performance and take any preventive and emergency measures as necessary. The Committee comprises two non-executive Directors and one independent non-executive Director. The Committee is responsible for providing strategic direction and formulating strict preventive measures to minimize the risks of the Epidemic and mitigate the negative impact on the healthcare and safety of the Group's customers and employees, and coordinating with senior management and different departments of the Group to implement any measures to be taken in response to the Epidemic on a weekly basis. Besides, the Group has implemented a 30% reduction in the remuneration of all members of the Board and senior management for an initial period of 3 months with effect from 1 February 2020 as the very first step of cost regulation measures, which has been extended for another 3 months thereafter.

Due to a decrease in the number of local diners, the Group reviewed its restaurant network in Hong Kong and the Mainland China, integrated restaurants with overlapping geographic coverage, shortened the business hours or even temporarily suspended the business of some of its restaurants and maximized its operational efficiency to ensure effective cost control. During the Year, the Group had closed down 9 restaurants in Hong Kong and 4 restaurants in Mainland China. As of 31 March 2020, a total of 83 restaurants were operated by the Group in Mainland China, Hong Kong, Macau and Singapore. During the Year, we had opened a total of 13 restaurants (7 restaurants in Hong Kong, 5 in Mainland China and 1 in Singapore).

Since the outbreak of the Epidemic, the Group has been actively promoting its takeaway service. Besides improving its takeaway and delivery team "Tsui Wah Delivery (快翠送)", the Group also accepted customers to order food via other online takeaway platforms to ensure that customers were provided with a fast, safe and high-quality catering service. Also, the Group offered discounts on takeaways, which has made a solid contribution to our business.

At this difficult time, the Group received rent reductions from some landlords. Suppliers also provided discounts for orders. The staff of each branch performed their duties diligently, implemented proper sanitary and anti-epidemic measures and provided quality services to customers.

The Group has been paying close attention to the development of the Epidemic and the market conditions and closely monitoring our restaurant network strategy.

Financial Review

Revenue

The revenue of the Group decreased by approximately 22.7% from approximately HK$1,786.8 million for Year 2019 to approximately HK$1,381.5 million for the Year. The decrease in revenue was mainly attributable to the weak market sentiment in Hong Kong last year and the sharp decline in visitors and local diners since the outbreak of the Epidemic in the fourth quarter of the Year.

Cost of inventories sold

Cost of inventories sold decreased by approximately HK$95.1 million, or approximately 19.1%, from approximately HK$497.5 million for Year 2019 to approximately HK$402.4 million for the Year. The cost of inventories sold accounted for approximately 27.8% and 29.1% of the Group's revenue for Year 2019 and the Year respectively. The ratio of the cost of inventories sold in proportion to the Group's revenue for the Year increased as compared to Year 2019, mainly attributable to the rising cost of overall food materials in the past year, especially the price of pork, one of the main ingredients used by the Group. Besides, in response to the Epidemic, the Group offered takeaway discounts for customers during the Year, which also led to a corresponding increase in the ratio of the cost of inventories sold.

Gross profit

Due to the decrease in revenue and the increase in the proportion of the cost of inventories sold, the Group's gross profit (which is equivalent to revenue subtracting the cost of inventories sold) for the Year was approximately HK$979.1 million, representing a 24.1% decrease from approximately HK$1,289.3 million for Year 2019.

Human resources and remuneration policy

As at 31 March 2020, the Group employed 3,029 employees. The Group's staff costs decreased by approximately HK$71.3 million from approximately HK$575.5 million for Year 2019 to approximately HK$504.2 million for the Year. Since the outbreak of the Epidemic, all members of the Board and senior management of the Group have voluntarily reduced their salaries by 30% as from 1 February 2020. The Group also formed the Committee to provide strategic direction and formulate preventive measures, including adjusting business hours of restaurants and rearranging manpower accordingly, to mitigate the negative impact on the healthcare and safety of the Group's customers and employees and adjust costs to offset the impact of the Epidemic on income reduction. The Group will continue to integrate restaurants with overlapping geographic coverage, promote the optimization of corporate structure and upgrade the internal operating system of the Group through technological development so as to promote the productivity of employees and enhance the management and communication efficiency.

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

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 2020, no share options were outstanding under the Share Option Scheme and no options were exercised, cancelled or lapsed during the Year.

Further, the Company adopted a share award scheme on 9 August 2018 (the "**Share Award Scheme**") for the purposes of, amongst others, providing incentives and helping the Group in retaining its existing employees. Since the adoption of the Share Award Scheme and up to 31 March 2020, none of the issued Shares purchased has been awarded under the Share Award Scheme.

Depreciation and amortisation

If excluding the depreciation of right-of-use assets of HK$206.1 million of the newly adopted HKFRS 16 "Leases" during the Year, for the Year and Year 2019, depreciation and amortisation were HK$103.0 million and HK$104.5 million, equivalent to approximately 7.5% and 5.8% of the Group's revenue for the corresponding years, respectively. The increase in the ratio of depreciation and amortisation to the Group's revenue was mainly due to a decrease in turnover during the Year.

Property rentals and related expenses

As a result of the adoption of the new accounting policy – HKFRS 16 "Leases", lease expenses in the consolidated income statement have been reflected by amortisation of right-of-use assets and related finance cost starting from 1 April 2019, with higher expenses to be incurred in the early years of the lease terms, diminishing over the lease's duration and eventually resulting in lower expenses in the latter part of the terms. For Year 2019 and the Year, the Group's amortisation of right-of-use assets amounted to HK$0.0 and HK$206.1 million, respectively, with related finance costs and tax impact of HK$0.0 and HK$26.3 million, respectively. Property rentals and related expenses amounted to approximately HK$313.9 million and HK$89.6 million, respectively, for Year 2019 and the Year. If the impact from the adoption of HKFRS 16 "Leases" was excluded, rental and related expenses for the Year were HK$322.0 million and accounted for approximately 23.3% of the revenue as compared with 17.6% for Year 2019. The increase in the ratio was primarily due to a decrease in revenue during the Year. The Group will continue to closely negotiate a lease adjustment with landlords and strive to seek a waiver of/reduction in lease rent.

Selling and distribution expenses

The selling and distribution expenses decreased by approximately HK$2.8 million or approximately 7.9%, from approximately HK$35.6 million for Year 2019 to approximately HK$32.8 million for the Year. The decrease was mainly due to reduced turnover during the Year, which resulted in a reduction of the Group's selling and distribution expenses.

Other operating expenses

Other operating expenses increased by approximately HK$85.1 million, or approximately 42.1%, from approximately HK$201.9 million for Year 2019 to approximately HK$287.0 million for the Year, representing approximately 20.8% of the Group's revenue. Given the possible adverse impact of the Epidemic on the performance of the Group's restaurants, the management conducted impairment assessments to assets of the restaurants with impairment indicators, including property, plant and equipment. There was impairment of items of property, plant and equipment as well as goodwill of approximately HK$81.0 million and HK$4.4 million respectively for the Year (Year 2019: nil). Besides, as some restaurants ceased operations during the Year, there was a one off write-off of items of property, plant and equipment of approximately HK$7.1 million for the Year (Year 2019: HK$3.1 million), a write-down of inventories of approximately HK$0.98 million (2019: nil) and a write-off on right-of-use assets of approximately HK$31.5 million for the Year (Year 2019: nil). Excluding the impairment and write-off, the operating expenses for the Year were approximately HK$162.02 million, decreasing by HK$36.8 million as compared to approximately 198.8 million (excluding asset write-off) for Year 2019, representing approximately 11.7% of the Group's revenue. The decrease in other operating expenses was due to the decrease of revenue during the Year and the fact that the Group strictly reduced operating costs and simplified operating procedures.

Finance costs

Finance costs amounted to HK$28.0 million for the Year, representing an increase of HK$26.3 million from Year 2019, which was mainly due to the interest on lease liabilities of approximately HK$26.3 million resulting from the initial adoption of HKFRS16 "Leases".

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK$23.2 million for the Year, representing a decrease of approximately HK$10.9 million, or approximately 32%, from approximately HK$34.1 million for Year 2019. The decrease was primarily due to the decrease in contributions from joint ventures caused by the impact of the Epidemic on the performance of restaurants operated by certain joint ventures during the Year.

Income tax expense

Income tax expense increase by approximately HK$2.0 million, or approximately 11.8%, from approximately HK$17.0 million for Year 2019 to approximately HK$19.0 million for the Year, mainly attributable to the increase in deferred tax expense as a result of the reversal on some deferred tax assets which were recognised as at 1 April 2019 for the adoption of HKFRS 16 "Leases".

Profit/(loss) for the year

Primarily owing to the decrease in revenue from operations due to the continuing challenging business environment faced by the Group and the fact that non-cash items such as a one-off write-off and impairment losses were recorded on certain assets during the Year and amortization of non-cash right-of-use assets and finance cost arising from the adoption of HKFRS 16 "Lease" were recognized in the consolidated statement of profit and loss for the Year, the Group turned from profit after income tax expenses of approximately HK$4.7 million for Year 2019 to loss after income tax expenses of approximately HK$319.7 million for the Year. To exclude the one-off impairment and write-off of HK$125.0 million (Year 2019: approximately HK$3.1 million) mentioned above, the Group incurred a loss after income tax of approximately HK$194.7 million for the Year.

Liquidity, financial resources and capital structure

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 2020, the Group had cash and cash equivalents amounting to approximately HK$237.4 million, representing a decrease of approximately HK$187.1 million from approximately HK$424.5 million as at 31 March 2019. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2020, the Group's total current assets and current liabilities were approximately HK$354.0 million (Year 2019: approximately HK$591.8 million) and approximately HK$434.6 million (Year 2019: approximately HK$280.0 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 0.8 times. If excluding the current portion of lease liabilities of HK$216.3 million of the newly adopted HKFRS 16 "Leases" during the Year, the current ratio was approximately 1.6 times (31 March 2019: approximately 2.1 times).

As at 31 March 2020, the Group recorded interest-bearing bank borrowings of approximately HK$59.3 million (as at 31 March 2019: approximately HK$63.0 million). The interest-bearing bank borrowings were secured, repayable on demand and denominated in Hong Kong dollars and bore interest at 1.0% (Year 2019: 1.0% above HIBOR) above the one-month Hong Kong Interbank Offered Rate. During the Year, no financial instruments were used for hedging purposes. Details of the bank borrowings of the Group are set out in note 13 to the financial statements above. As at 31 March 2020, 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 and then multiplied by 100%, was approximately 8.4% (Year 2019: approximately 5.7%).

Material acquisitions and disposals

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures 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 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 2020, the Group had contingent liabilities of approximately HK$1.5 million (Year 2019: approximately HK$9.2 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Charge on assets

As at 31 March 2020, save as those disclosed in note 13 to the financial statements above, deposits of approximately HK$1.5 million (Year 2019: approximately HK$9.2 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. Seminars on Directors' duties and responsibilities under statutory and regulatory requirements as well as an update on the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") was delivered by the independent auditor and legal adviser of the Company to the Directors and the senior management in August 2019 and March 2020, respectively.

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 at the highest quality. The Group has always endeavoured to provide high-quality food for its customers in a comfortable and hygienic Cha Chaan Teng environment.

Furthermore, we trust that the Group will strive to build customer satisfaction by diversifying the Group's business under new brand names.

Corporate social responsibility

The Group is committed to adhering to its core corporate values and social responsibilities. The Group has strongly encouraged all its employees to partake in 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.

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

The Group continually reviews its ESG efforts, corporate governance and risk management practices with the aim of creating and delivering 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 Company's annual report for the Year (the "**Annual Report**").

Outlook

As the epidemic situations in Mainland China, Hong Kong, Macau and Singapore have gradually improved, local governments have slowly eased restrictions and consumers have begun to dine out, the Group gradually reopened some of its restaurants. As for the market in Mainland China, the business has rebounded significantly since the end of March 2020. As for the market in Hong Kong, while the branches in Causeway Bay — Sugar Street, Tsuen Wan-Chung On Street and Whampoa have resumed operations in May and June 2020, respectively, the Tseung Kwan O — Sheung Tak Branch is expected to reopen in July 2020. As for the markets in Macau and Singapore, some restaurants have resumed business.

On the other hand, on 26 May 2020, the Group has been granted a licence by the Airport Authority through tender to operate the Catering Concession located at Terminal 1 of the Hong Kong International Airport. Although the Epidemic caused a sharp drop in airport's passenger flow, it is expected that passenger traffic will gradually recover to the level before the outbreak of the Epidemic and bring stable income to the Group.

As at 30 June 2020, a total of 83 restaurants comprising 36, 42, 3 and 2 in the PRC, Hong Kong, Macau and Singapore, respectively were operated by the Group.

The Group will actively promote takeaway service to further strengthen its food delivery business and will launch marketing promotions to attract more customers. To enhance its efficiency and productivity, the Group is taking decisive measures to protect profit margins by controlling its costs (such as rent and labour costs) as well as reviewing and readjusting its recurrent expenditure. Despite a challenging external environment, the Group, with its solid cash flow and strong resources reserve, can choose the most advantageous way to improve operations and seize various attractive business opportunities. At the same time, the Group will continue to actively develop new brands and further diversify its business to become a driver of future growth and profit.

The Board believes that, as a result of the outbreak of the Epidemic, the Group's performance would be inevitably affected. The Group will pay close attention to the development of the Epidemic and the market conditions. As and when necessary, the Group may consider adjusting its strategy to minimize the adverse impact. At present, the first task for everyone is working together to fight against the Epidemic, and hoping that the catering industry will overcome difficulties as soon as possible, the Epidemic will be controlled and the society will get back to normal.

OTHER INFORMATION

Annual general meeting

The forthcoming annual general meeting of the Company (the "**AGM**") is scheduled to be held on Friday, 28 August 2020. A notice convening the AGM will be issued and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

Final dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (Year 2019: a final dividend of HK1 cent).

Closure of register of members

The register of members of the Company will be closed from Tuesday, 25 August 2020 to Friday, 28 August 2020 (both days inclusive), during which no transfer of Shares will be registered, for ascertaining the entitlement of the Company's shareholders (the "**Shareholders**") to attend and vote at the forthcoming AGM which will be held on Friday, 28 August 2020. In order to qualify for attending and voting at the forthcoming 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, Computershare Hong Kong Investor Services Limited (the "**Hong Kong Branch Share Registrar**") for registration no later than 4:30 p.m. on Monday, 24 August 2020. The address of the Hong Kong Branch Share Registrar is Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

Use of net proceeds from the Listing

The net proceeds from the Listing (the "**Net Proceeds**") were approximately HK$794.4 million (after deducting underwriting fees and related expenses). The use of the Net Proceeds as at 31 March 2020 was approximately as follows:

Use of Net Proceeds	Percentage of Net Proceeds	Net Proceeds *(in HK$ million)*	Amount utilised during the Year *(in HK$ million)*	Aggregate amount utilised as at 31 March 2020 *(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	(1.4)	(31.8)	8
Additional working capital and other general corporate purposes	10%	79.4	–	(79.4)	–
Total	100%	794.4	(1.4)	735.8	58.6

The unused proceeds were mainly to be applied to construction of new central kitchens in Shanghai and Southern China (the "**Unmaterialized Plan**"). However, given the unfavourable factors and impact as a result of the Epidemic, the Directors are of the view that it is relatively not a good timing for taking further steps in pursuing the Unmaterialized Plan. By the year ending 31 March 2021, the Board will further assess as to whether to proceed with the Unmaterialized Plan. If it is determined by the Board that it is the interest of the Company and the Shareholders to shelve up the Unmaterialized Plan and reallocate the unused proceeds, the Company will inform the Shareholders by making further announcement.

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 contained in Appendix 14 to the Listing Rules (the "**CG Code**"). 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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**") 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 and further revised on 1 January 2019 to conform with the requirements under the CG Code and the Listing Rules. 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 and Mr. Goh Choo Hwee, both independent non-executive Directors (the "**INEDs**"), and Mr. Wong Chi Kin, a non-executive Director. Mr. Yim Kwok Man is the chairman of the Audit Committee.

The Audit Committee has reviewed the Consolidated Financial Statements and the Group's 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 2020 as well as consolidated statement of profit or loss and consolidated statement of comprehensive income for the Year and the notes thereto 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 Consolidated Financial Statements. 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 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

No material events occurred after the end of the reporting period and up to the date of this announcement.

Publication of annual report

The Annual Report 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 in the manner 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, 30 June 2020

As at the date of this announcement, the Board comprises nine Directors: (a) Mr. Lee Yuen Hong (Chairman), Mr. Lee Kun Lun Kenji (formerly known as Lee Tsz Kin Kenji) (Group Chief Executive Officer) and Ms. Lee Yi Fang (formerly known as Lee Sin Ying) as executive Directors; (b) Mr. Cheng Chung Fan, Mr. Wong Chi Kin and Mr. Yang Dong John as non-executive Directors; and (c) Mr. Goh Choo Hwee, Mr. Tang Man Tsz and Mr. Yim Kwok Man as INEDs.