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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 2021**

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		% Change
	2021 (HK\$'000)	2020 (HK\$'000)	
Revenue	956,382	1,381,479	(30.8%)
Hong Kong [#]	465,984	877,161	(46.9%)
Mainland China	484,022	488,490	(0.9%)
Others ^{##}	6,376	15,828	(59.7%)
Loss for the year	(126,094)	(319,724)	(60.6%)
Attributable to:			
Equity shareholders of the Company	(124,114)	(317,389)	(60.9%)
Non-controlling interests	(1,980)	(2,335)	(15.2%)
Loss per share			
Basic and diluted	HK(9.0) cents	HK(23.0) cents	(60.9%)
Number of restaurants including joint ventures	As at 31 March		
	2021	2020	
Hong Kong	35	42	
Mainland China	40	36	
Macau	3	3	
Singapore	1	2	

[#] 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\$5,064,000 (2020: approximately HK\$5,734,000).

^{##} “Others” 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 2021 (the “**Year**”), together with the comparative figures for the year ended 31 March 2020 (the “**Year 2020**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE	4	956,382	1,381,479
Other income and other gains	4	109,757	17,925
Cost of inventories sold		(285,362)	(402,376)
Staff costs		(311,816)	(504,209)
Depreciation and amortisation		(265,465)	(309,069)
Property rentals and related expenses		(21,929)	(89,594)
Fuel and utility expenses		(44,625)	(70,393)
Selling and distribution expenses		(38,165)	(32,756)
Other operating expenses		(192,247)	(286,916)
Finance costs	5	(25,094)	(27,992)
Share of profits of joint ventures		787	23,193
		<hr/>	<hr/>
LOSS BEFORE TAX	6	(117,777)	(300,708)
Income tax expense	7	(8,317)	(19,016)
		<hr/>	<hr/>
LOSS FOR THE YEAR		<u>(126,094)</u>	<u>(319,724)</u>
Attributable to:			
Equity shareholders of the Company		(124,114)	(317,389)
Non-controlling interests		(1,980)	(2,335)
		<hr/>	<hr/>
		<u>(126,094)</u>	<u>(319,724)</u>
LOSS PER SHARE	9		
Basic and diluted		<u>HK(9.00) cents</u>	<u>HK(23.02) cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LOSS FOR THE YEAR	(126,094)	(319,724)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of operations outside Hong Kong	<u>34,053</u>	<u>(24,977)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(92,041)</u>	<u>(344,701)</u>
Attributable to:		
Equity shareholders of the Company	(90,061)	(342,366)
Non-controlling interests	<u>(1,980)</u>	<u>(2,335)</u>
	<u>(92,041)</u>	<u>(344,701)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		304,466	301,843
Investment properties		112,229	106,392
Right-of-use assets		698,017	719,842
Intangible assets		13,596	4,836
Investments in joint ventures		37,551	45,644
Prepayments and deposits paid in advance for purchase of property, plant and equipment and intangible assets		9,490	19,433
Non-current deposits and other receivables		66,813	82,324
Deferred tax assets		2,893	3,448
		<hr/>	<hr/>
Total non-current assets		1,245,055	1,283,762
CURRENT ASSETS			
Inventories		18,053	18,197
Trade receivables	<i>10</i>	4,983	3,131
Prepayments, deposits and other receivables		106,374	86,779
Tax recoverable		7,566	6,946
Pledged time deposits		579	1,505
Restricted cash		2,430	–
Cash and cash equivalents		167,198	237,392
		<hr/>	<hr/>
Total current assets		307,183	353,950
CURRENT LIABILITIES			
Trade payables	<i>11</i>	38,554	30,166
Other payables and accruals		155,817	125,441
Interest-bearing bank borrowings		55,971	59,251
Lease liabilities		178,468	216,342
Tax payable		3,921	3,350
		<hr/>	<hr/>
Total current liabilities		432,731	434,550
NET CURRENT LIABILITIES			
		(125,548)	(80,600)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,119,507	1,203,162
		<hr/> <hr/>	<hr/> <hr/>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Other payables and accruals	11,012	5,762
Interest-bearing bank borrowings	1,442	–
Lease liabilities	484,992	491,891
Deferred tax liabilities	5,453	2,457
	<hr/>	<hr/>
Total non-current liabilities	502,899	500,110
	<hr/>	<hr/>
Net assets	616,608	703,052
	<hr/> <hr/>	<hr/> <hr/>
Capital and Reserves		
Equity attributable to equity shareholders of the Company		
Issued capital	14,112	14,112
Reserves	602,941	687,405
	<hr/>	<hr/>
	617,053	701,517
	<hr/>	<hr/>
Non-controlling interests	(445)	1,535
	<hr/>	<hr/>
Total equity	616,608	703,052
	<hr/> <hr/>	<hr/> <hr/>

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 Company's registered office address 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 the Group was principally engaged in the provision of food catering services in Hong Kong, the PRC, Macau and Singapore.

2.1 BASIS OF PREPARATION

The consolidated financial statements for the Year comprise the Group and its investments in joint ventures. The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the Year but are extracted from those financial statements.

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 Hong Kong Companies Ordinance. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amendments to HKFRS 3 do not have any material impact on the Group's financial statements.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19-related rent concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the Year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

The impact on the opening balance of equity at 1 April 2020 and is summarised in the following table:

	Carrying amount at 31 March 2020	Cumulative effect of initially applying the amendment	Carrying amount at 1 April 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Line items in the consolidated statement of financial position impacted by the adoption of amendment to HKFRS 16:			
Right-of-use assets	719,842	9,633	729,475
Leases liabilities	(708,233)	(4,036)	(712,269)
Net assets	703,052	5,597	708,649

2.3 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the Year and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts — Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of food catering services. Information reported to the Group's management for the purpose of resource 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 asset information as at 31 March 2021 by geographical area.

(a) *Revenue from external customers*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong [#]	465,984	877,161
Mainland China	484,022	488,490
Others ^{##}	6,376	15,828
	<u>956,382</u>	<u>1,381,479</u>

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 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\$5,064,000 (2020: approximately HK\$5,734,000).

^{##} "Others" mainly represents revenue derived from the sale of food to joint ventures of the Group.

(b) *Non-current assets*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	638,980	651,181
Mainland China	498,818	502,829
Others	37,551	43,980
	<u>1,175,349</u>	<u>1,197,990</u>

The non-current asset 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 AND OTHER GAINS**

An analysis of revenue is as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers (within the scope of HKFRS 15)		
Income from restaurant operations transferred at a point in time	943,924	1,359,917
Sale of food transferred at a point in time	12,458	21,562
	<u>956,382</u>	<u>1,381,479</u>

Performance obligation

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

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

An analysis of other income and other gains is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income		
Bank interest income	1,173	3,195
Rental income (<i>note (a)</i>)	4,343	4,022
Government grants (<i>note (b)</i>)	55,390	–
Others	8,096	10,708
	<u>69,002</u>	<u>17,925</u>
Other gains		
Gain on early termination of leases	39,308	–
Gain on lease modification	1,447	–
	<u>40,755</u>	<u>–</u>
	<u><u>109,757</u></u>	<u><u>17,925</u></u>

Notes:

- (a) Rental income from investment properties less direct outgoings of Nil (2020: Nil) amounting to HK\$4,343,000 (2020: HK\$4,022,000).
- (b) These represented subsidies granted by the Hong Kong Government under the Anti-epidemic fund. There were no unfulfilled conditions or other contingencies attaching to the subsidies and the government grant that had been recognised by the Group.

5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans	924	1,726
Interest on lease liabilities	24,170	26,266
	<u>25,094</u>	<u>27,992</u>

6. LOSS BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold	285,362	402,376
Depreciation of property, plant and equipment	59,910	98,030
Depreciation of right-of-use assets	198,343	206,074
Depreciation of investment properties	3,357	3,275
Amortisation of intangible assets	3,855	1,690
Write-off of property, plant and equipment	5,773	7,077
Impairment of property, plant and equipment	14,913	81,029
Impairment of right-of-use assets	16,302	31,510
Impairment of goodwill	–	4,354
Foreign exchange differences, net	<u>2,812</u>	<u>8,078</u>
Lease payments not included in the measurement of lease liabilities	8,203	31,198
Contingent rents under operating leases	<u>3,207</u>	<u>16,858</u>
	<u>11,410</u>	<u>48,056</u>
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	284,393	455,868
Retirement benefit scheme contributions	<u>21,775</u>	<u>42,579</u>
	<u>306,168</u>	<u>498,447</u>
Gain on early termination of leases	(39,308)	(4,103)
Gain on lease modification	(1,447)	–
Write-off of inventories	–	980
Auditor's remuneration	<u>1,680</u>	<u>2,320</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the Year	731	682
Overprovision in prior years	(150)	(349)
Current — Elsewhere		
Charge for the Year	1,604	955
Underprovision/(overprovision) in prior years	2,436	(309)
Deferred tax	3,696	18,037
	<u>8,317</u>	<u>19,016</u>
Total tax charge for the Year	<u><u>8,317</u></u>	<u><u>19,016</u></u>

8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend	—	—
Final dividend proposed after the end of the reporting period	—	—
	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>

The final dividend for the year ended 31 March 2019 of HK\$1.0 cent per ordinary share (total HK\$14,112,000) was proposed, approved and paid during the year ended 31 March 2020.

9. LOSS PER SHARE

The calculation of the basic loss per share amount for the Year is based on the loss for the Year of HK\$124,114,000 (2020: HK\$317,389,000) attributable to ordinary equity shareholders of the Company and the weighted average number of 1,411,226,450 ordinary shares (2020: 1,411,226,450 ordinary shares) in issue deducting the weighted average number of shares held under the share award scheme of 32,624,000 ordinary shares (2020: 32,624,000 ordinary shares).

The Group had no potentially dilutive ordinary shares in issue during the current and prior years. Accordingly, diluted loss per share for current and prior years was the same as the basic loss per share.

10. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	<u>4,983</u>	<u>3,131</u>

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well-established corporate customers for which the credit term is generally 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. They are stated net of loss allowance.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than one month	1,169	1,967
One to two months	2,076	1,164
Two to three months	489	–
Over three months	<u>1,249</u>	<u>–</u>
	<u>4,983</u>	<u>3,131</u>

Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at 31 March 2021 and 31 March 2020, the Group assessed that the loss allowance under the application of HKFRS 9 was minimal because the corporate customers have good background, reputation and history of repayment and the payment platforms have high credit rating and no past due history.

11. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than one month	27,743	17,477
One to two months	9,538	9,295
Over two months	<u>1,273</u>	<u>3,394</u>
	<u>38,554</u>	<u>30,166</u>

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

INDUSTRY OVERVIEW

The global macro-environment took a huge downturn with the emergence of the global outbreak of the coronavirus disease (COVID-19) (the “**Pandemic**”). For the purpose of stopping the Pandemic from spreading, various countries have implemented different degree of quarantine arrangements, boundary control or other travel and social distancing restrictions and measures, which caused unprecedented adverse impact on the global economy and their societies. According to the report from Hong Kong Census and Statistics Department, the overall restaurant receipts for 2020 shrank to HK\$79.4 billion, down from HK\$112.5 billion in 2019, which was the largest annual decline on record. Hong Kong International Airport posted a 89.9% year-on-year fall in passenger traffic numbers to just 58,000 for March 2021 as compared with the previous period. Waves of business closures and unemployment rates adversely impacted consumer sentiments and spending propensity. Social distancing measures, in particular, made an even more pronounced negative impact on consumer-facing sectors such as catering services industry. Inevitably, the Pandemic changed consumer consumption patterns and the Group’s operating environment, and forced the Group to relook at its business model, product and service offerings, to sustain revenue levels and optimise costs base.

BUSINESS REVIEW

During the Year, the business of the Group in Hong Kong, Mainland China, Macau and Singapore had been inevitably continued to be affected by the Pandemic.

The Board formed the crisis management committee (the “**Committee**”) in February 2020 and has been paying close attention to and treating the ongoing situation of the Pandemic with great caution. The Committee assesses the impacts of the Pandemic on the Group’s operation and financial performance and also to formulate any necessary prevention and contingency measures. The Committee is responsible for providing strategic direction and formulating stringent preventive measures to minimise the risks of the Pandemic and mitigate the negative impacts on the well-being and safety of the Group’s customers and employees, and coordinating with the Group’s senior management (the “**Senior Management**”) and different departments on a weekly basis to take measures in response to the Pandemic. Besides, as a measure to regulate costs, all members of the Board and the Senior Management voluntarily reduced their remuneration by 30% from 1 February 2020 to 31 July 2020 and 15% from 1 August 2020 to 31 March 2021 and up to the date of this annual report.

As for the business in Hong Kong, it has been hard hit by four successive waves of the Pandemic. For the purpose of preventing social gathering and reducing dine out, the Hong Kong government has implemented several rounds of social distancing measures, including compulsory social distancing and seat restrictions, and restrictions on dining time. These policies have seriously affected the consumption atmosphere, which caused a strike against the entire catering industry. Despite that the Government gradually relaxed the social distancing measures in October and November and the Group's business had improved during that period, the business of the Group deteriorated again in December resulting from the fourth wave of Pandemic. The uncertain business environment and weak consumer confidence had caused adverse impact on the business in Hong Kong.

Since the outbreak of the Pandemic, for the purpose of mitigating the adverse impact caused by the social distancing measures, the Group has been acting promptly by actively promoting its takeaway service. Besides the enhancement of its own takeaway delivery team "Tsui Wah Delivery (快翠送)", the Group also accepted orders of food and beverages from customers via other online takeaway platforms so as to enhancing the coverage of the Group's takeaway service and ensuring that customers were provided with fast, safe and high-quality catering services. Also, the Group offered discounts for takeaways, thus providing a solid contribution for its business. At this difficult time, the Group was offered rental reductions from some of its landlords and order discounts from suppliers. The staff of each branch performed their duties diligently, implementing proper sanitary and anti-epidemic measures and providing quality services for customers.

Nowadays, online shopping becomes more and more popular, and e-commerce area produces huge business opportunities. Therefore, the Group had expanded its business in Hong Kong to e-commerce area during the Year and launched an online platform that mainly supplies the Group's certain exclusive bakery products. We hope that the new online platform could connect with new consumers without boundary so as to expanding the customer base and bringing additional income source to the Group.

Besides, on 12 May 2020, the Group was granted a licence through tender by the Airport Authority to operate the catering concession (the "**Catering Concession**"). In response to the Pandemic situation and the travel restriction implemented by the Government, the Airport Authority has agreed to extend the rent-free fitting out period.

During the outbreak of the Pandemic, the business in Mainland China performed better than the Hong Kong. At the beginning of the year, the Central Government has implemented lockdown policies in various cities and a number of emergency prevention and control measures to mitigate the risk of the Pandemic spreading further in the country. As a result of the prevention measures, the Pandemic has begun to ease in most areas in Mainland China after the end of March 2020, except for certain areas where there has been a recurrence of infections.

Most of the Group's restaurants have gradually resumed operations since then and, through seizing the opportunities arising from the rebound of dine in customers, there has been a significant rebound in the Group's business, especially in the branches in residential areas. The Group has been actively promoting its takeaway service and working closely with popular food delivery service providers, namely Meituan and ele.me for food delivery services in Mainland China.

As the Pandemic subsided gradually in Mainland China in the second quarter of 2020, and the domestic economy has gradually stabilised, the Group stepped up its effort in expanding its business, especially in Greater Bay Area. Covering 56,000 square kilometres (about three times the size of the San Francisco Bay Area), the Greater Bay Area has a combined population of over 72 million people and GDP of around US\$1,679.5 billion. It is believed that a tremendous potential development will be brought to the Group given the strong spending power within the region. As at 31 March 2021, the Group is operating 22 restaurants in the Greater Bay Area, 6 of which are opened during the Year.

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 established a strategic partnership with Jumbo Group Limited in Singapore and was operating a Hong Kong style Cha Chaan Teng under the brand of "Tsui Wah" during the Year. Leveraging on Jumbo's strong presence in Singapore, the Group is confident that this joint venture will be successful and is expected that "Tsui Wah" and its products will establish an excellent international reputation among the 5.6 million residents living in Singapore.

As the Pandemic in Singapore has subsided and the market in Singapore has continued to recover, it is expected that the business will gradually return to normal level. The Group will expand its network in the region and a new store has already been opened in JEM in May 2021. The Group plans to open 1 more restaurant in Jewel in August 2021 with a view to further developing the Singapore market.

During the Year, the licensor of the Heeren shop, Robinsons, went into liquidation and the Heeren shop was temporarily closed from December 2020. Nonetheless, the Group is striving for the re-opening of the shop as soon as possible.

The Macau government resumed customs clearance services for mainland visitors under the Individual Visit Scheme in August 2020, and relaxed border controls in February 2021, so that all inbound mainland visitors are exempt from quarantine requirements as well as commenced COVID-19 Vaccination Programme in early February 2021. As such, the Group's business in Macau has recovered and back on track.

Restaurant Network

The Group has also reviewed its restaurant network in Hong Kong and Mainland China, integrating restaurants with overlapping geographic coverage, relocating its restaurants from larger venues to smaller but well-located venues, shortening business hours or even temporarily suspending the business of some of its restaurants as well as maximising its operational efficiency to ensure an effective cost control.

During the Year, the Group had opened 15 restaurants, 8 in Hong Kong and 7 in Mainland China, and closed down 19 restaurants, 15 in Hong Kong, 3 in Mainland China and 1 in Singapore. As at 31 March 2021, a total of 79 restaurants were operated by the Group in Hong Kong, Mainland China, Macau and Singapore. The Group has been taking close heed of the development of the Pandemic and the market conditions and keeping an eye on its restaurant network strategy with a view to seizing the opportunities in the market and actively making strategic deployments in different regions (especially the Greater Bay Area).

Despite the tough external environment, the Group tried to strike a balance between protecting employment and managing our expenses. We believe that the Pandemic will pass, and we are grateful to the Board and the Senior Management for volunteering a reduction in their remuneration to tide through this period with the Group.

The Group received government subsidies of approximately HK\$55.4 million under the Anti-epidemic Fund and the Employment Support Scheme during the Year, which helped to alleviate the current pressure and offset the negative impact to a certain degree.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year was approximately HK\$956.4 million, representing a decrease of approximately 30.8% as compared with approximately HK\$1,381.5 million of the previous year. The decrease in revenue was mainly attributable to the closure of restaurants, the sharp decline in the number of visitors and local diners since the outbreak of the Pandemic and the weak market sentiment in Hong Kong.

Cost of inventories sold

The cost of inventories sold for the Year was approximately HK\$285.4 million, representing a decrease of approximately 29.1% as compared with approximately HK\$402.4 million of the previous year. The cost of inventories sold accounted for approximately 29.8% of the Group's revenue for the Year (2020: approximately 29.1%). The ratio of cost of inventories sold in proportion to the Group's revenue for the Year increased as compared to the previous year, mainly attributable to the rising cost of overall food materials. Besides, in response to the Pandemic, the Group offered takeaway discounts for customers during the Year, which had also led to a corresponding increase in the ratio of the cost of inventories sold.

Gross profit

Given the decrease in revenue and increase in the ratio of cost of inventories sold, the Group's gross profit (equivalent to revenue minus the cost of inventories sold) for the Year was approximately HK\$671.0 million, representing a 31.5% decrease from approximately HK\$979.1 million for the previous year.

Staff costs and human resources and remuneration policy

As of 31 March 2021, the Group employed 2,186 employees. The Group's staff costs for the Year were approximately HK\$311.8 million, representing a decrease of approximately 38.2% as compared with approximately HK\$504.2 million of the previous year. Since the outbreak of the Pandemic, all members of the Board and the Senior Management have voluntarily reduced their salaries.

The Committee also provided strategic direction and formulated preventive measures, including adjusting the business hours of restaurants and rearranging manpower accordingly, to mitigate the negative impacts on the well-being and safety of the Group's customers and employees and control costs to offset the impact of the Pandemic on income reduction. Furthermore, the Group will continue to integrate restaurants with overlapping geographic coverage, optimise the corporate structure and upgrade the internal operating system of the Group through technological development so as to boost the productivity of employees and enhance the efficiency of management and communication.

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 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 2021, 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 2021, none of the issued Shares purchased has been distributed under the Share Award Scheme.

Depreciation and amortisation

During the Year, (1) depreciation and amortisation of property, plant and equipment, investment properties and intangible assets were approximately HK\$67.1 million, equivalent to 7.0% of the Group's revenue (2020: approximately HK\$103.0 million, equivalent to 7.5% of the Group's revenue); and (2) depreciation of right-of-use assets were approximately HK\$198.3 million, equivalent to 20.7% of the Group's revenue (2020: approximately HK\$206.1 million, equivalent to 14.9% of the Group's revenue). The aggregate amount of depreciation and amortisation was approximately HK\$265.4 million, equivalent to 27.7% of the Group's revenue (2020: approximately HK\$309.1 million, equivalent to 22.4% of the Group's revenue). The increase in the ratio of depreciation and amortisation to the Group's revenue was mainly due to a decrease in revenue during the Year.

Property rentals and related expenses

During the Year, the Group (i) negotiated lease adjustments with landlords closely and obtained rental concession of approximately HK\$22.3 million which was fully recognised in the consolidated profit or loss in accordance with the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*; and (ii) adjusted its restaurant networks. Accordingly, the property rental and related expenses decreased by 75.5% from approximately HK\$89.6 million for the previous year to approximately HK\$21.9 million for the Year.

Other operating expenses

Other operating expenses decreased by approximately 33.0%, from approximately HK\$286.9 million for the previous year to approximately HK\$192.2 million for the Year, representing approximately 20.1% of the Group's revenue for the Year. Given the possible adverse impact of the Pandemic on the performance of the Group's restaurants, the management conducted a review of the Group's right-of-use assets and property, plant and equipment. Accordingly, impairment losses of right-of-use assets and property, plant and equipment of approximately HK\$16.3 million and HK\$14.9 million were recognised respectively during the Year (2020: HK\$112.5 million in aggregate). Besides, as some restaurants had ceased operations during the Year, there was a non-recurring write-off of property, plant and equipment of approximately HK\$5.8 million (2020: HK\$7.1 million, together with a written down of on inventories of HK\$1.0 million and impairment of goodwill of HK\$4.4 million). Excluding the above-mentioned impairments and write-off, the other operating expenses for the Year were approximately HK\$155.2 million, decreased by approximately 4.1% as compared with the previous year, representing approximately 16.2% of the Group's revenue (2020: approximately 11.7%). Such increase in the ratio of other operating expenses to the Group's revenue were mainly due to a decrease in revenue during the Year.

For the year ended 31 March

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>

Other operating expenses included:

Tools and consumables	29,144	31,243
Logistic and transportation	20,795	30,056
Repairs and maintenance	23,257	17,380
Staff welfare	12,503	15,590
Sanitation	11,958	16,843
Foreign exchange differences, net	2,812	8,078
Auditor's remuneration	1,680	2,320
Write-off of property, plant and equipment	5,773	7,077
Impairment of goodwill	–	4,354
Impairment of property, plant and equipment	14,913	81,029
Impairment of right-of-use assets	16,302	31,510
Write-off of inventories	–	980
Other operating related expenses	53,110	40,456
	<hr/> 192,247 <hr/>	<hr/> 286,916 <hr/>

Finance cost

Finance cost amounted to HK\$25.1 million for the Year, representing a decrease of HK\$2.9 million from the previous year, which was mainly the interest on lease liabilities of approximately HK\$24.2 million.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK\$0.8 million for the Year, representing a decrease of approximately HK\$22.4 million. The decrease was primarily due to the decrease in contributions from joint ventures caused by the impact of the Pandemic on the performance of restaurants operated by certain joint ventures during the Year.

Loss for the year

Primarily dragged by the decrease in revenue from operations due to the continuously challenging business environment faced by the Group and the fact that non-cash items such as impairment and depreciation of right-of-use assets were recognised in the Group's results for the Year, the Group recorded loss after tax of approximately HK\$126.1 million (2020: approximately HK\$319.7 million). Excluding the non-recurring government subsidies of approximately HK\$55.4 million and write-off and impairment losses of approximately HK\$37.0 million (2020: approximately HK\$125.0 million), the Group incurred a loss after tax of approximately HK\$144.5 million for the Year (2020: approximately HK\$194.7 million).

Liquidity, financial resources and capital structure

The Group financed its business principally with internally generated cash flows and the proceeds received from the initial public offering of the Company's shares in issue for listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 November 2012 (the "**Listing**"). Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

As at 31 March 2021, the Group had cash and cash equivalents amounting to approximately HK\$167.2 million, representing a decrease of approximately HK\$70.2 million from approximately HK\$237.4 million as at 31 March 2020. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars, Renminbi and Singapore dollars.

As at 31 March 2021, the Group's total current assets and current liabilities were approximately HK\$307.2 million (31 March 2020: approximately HK\$354.0 million) and approximately HK\$432.7 million (31 March 2020: approximately HK\$434.6 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 0.7 time (31 March 2020: approximately 0.8 time).

Details of the interest-bearing bank borrowings are set out in note 24 to the consolidated financial statements included in the annual report for the Year. The interest-bearing bank borrowings were denominated in Hong Kong dollars.

As at 31 March 2021, the Group's gearing ratio, calculated by the interest-bearing bank borrowings divided by the equity attributable to owners of the Company and then multiplied by 100%, was approximately 9.3% (31 March 2020: approximately 8.4%).

Contingent liabilities

As at 31 March 2021, the Group had contingent liabilities of approximately HK\$5.8 million (2020: approximately HK\$1.5 million) in respect of bank guarantees given in favour of landlords in lieu of rental deposits.

Outlook

Looking forward, the Group plans to implement the following measures so as to diversify its business scope and income source. The Group will actively broaden its platforms and develop its new brands and explore other new business models with a view to maintaining flexible market responses and coping with the change in consumption manner. Besides, the Group will accelerate its expansion in overseas markets and the Guangdong-Hong Kong-Macao Greater Bay Area, and strengthen marketing efforts to expand its customer base. We hope to consolidate the brand presence of the Group and increase its market share in Hong Kong, Macau and Mainland China. The Group will also make good use of its strategic partnership relationship with Jumbo Group Limited in Singapore, and continue carefully seeking development opportunities in Singapore and other Southeast Asia regions.

Apart from restructuring the restaurants and developing business, the Group will also actively promote takeaway services to further strengthen its food delivery business and will launch marketing promotions to attract more customers so as to mitigating the adverse impact of the social distancing measures. 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.

On 12 May 2020, the Group won the bid for a licence by the Airport Authority to operate the Catering Concession. The Pandemic has caused a sharp decline in the Airport's passenger flow and the Airport Authority has agreed to extend the rent-free fitting out period. The Group will pay attention to the global development of the Pandemic and flight status, and will continue to discuss with the Airport Authority on the grand opening date of the Catering Concession.

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.

OTHER INFORMATION

Final dividend

The Board has resolved not to recommend the payment of a final dividend for the Year (2020: Nil).

Corporate Governance Practices

The Company is committed to achieving and maintaining a high standard of corporate governance that properly protects and promotes the interest of its shareholders (the “**Shareholders**”) and devotes considerable effort to identifying and formalizing good corporate governance practices. The Company has adopted and adhered to the principles in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. The corporate governance principles of the Company place strong emphasis on an effective board with a high level of integrity, proper internal controls, as well as a high degree of transparency and accountability, which not only maximize the corporate value for the Shareholders but also protect the long-term sustainability of the Group as a whole.

Throughout the Year and up to the date of this annual report, the Company has complied with all the code provisions of the CG Code.

The Board periodically reviews and continues to abide by the Company’s corporate governance policies to ensure compliance with the code provisions of 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 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, re-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 financial figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in the preliminary announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 auditor.

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.

Events after the Year

On 8 April 2021, Success Path Limited (a company owned as to 40% by Mr. Lee Yuen Hong, the Chairman and executive Director) as landlord and Ever Million Rich Limited (a wholly-owned subsidiary of the Company) as tenant entered into a new lease agreement for a further term of one year from 18 April 2021 to 17 April 2022 with an annual rent of HK\$2,160,000.

Save as disclosed above, no material events occurred after the end of the Year and up to the date of this announcement.

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

Hong Kong, 30 June 2021

As at the date of this announcement, the Board comprises nine Directors: (a) Mr. Lee Yuen Hong (Chairman), Mr. Lee Kun Lun Kenji (Group Chief Executive Officer) and Ms. Lee Yi Fang 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.