

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.



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 2022**

FINANCIAL HIGHLIGHTS

| | For the year ended 31 March | | % Change |
|---|-----------------------------|--------------------|----------|
| | 2022 (HK\$'000) | 2021 (HK\$'000) | |
| Revenue | 993,324 | 956,382 | 3.9% |
| Hong Kong [#] | 493,995 | 465,984 | 6.0% |
| Mainland China | 491,497 | 484,022 | 1.5% |
| Others ^{##} | 7,832 | 6,376 | 22.8% |
| Loss for the year | (124,049) | (126,094) | (1.6%) |
| Attributable to: | | | |
| Equity shareholders of the Company | (118,254) | (124,114) | (4.7%) |
| Non-controlling interests | (5,795) | (1,980) | 192.7% |
| Loss per share | | | |
| Basic and diluted | HK(8.6) cents | HK(9.0) cents | (4.4%) |
| Number of restaurants including joint ventures | As at 31 March | | |
| | 2022 | 2021 | |
| Hong Kong | 35 | 35 | |
| Mainland China | 43 | 40 | |
| Macau | 3 | 3 | |
| Singapore | 4 | 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\$1,007,000 (2021: approximately HK\$5,064,000).

^{##} “Others” mainly 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**”) for the year ended 31 March 2022 (the “**Year**”), together with the comparative figures for the year ended 31 March 2021 (the “**Year 2021**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---------------------------------------|--------------|--------------------------------|------------------------------|
| REVENUE | 4 | 993,324 | 956,382 |
| Other income and other gains | 4 | 39,049 | 109,757 |
| Cost of inventories sold | | (282,116) | (285,362) |
| Staff costs | | (333,974) | (311,816) |
| Depreciation and amortisation | | (246,647) | (265,465) |
| Property rentals and related expenses | | (24,464) | (21,929) |
| Fuel and utility expenses | | (48,956) | (44,625) |
| Selling and distribution expenses | | (40,175) | (38,165) |
| Other operating expenses | | (160,330) | (192,247) |
| Finance costs | 5 | (19,831) | (25,094) |
| Share of profits of joint ventures | | 6,720 | 787 |
| LOSS BEFORE TAX | 6 | (117,400) | (117,777) |
| Income tax expense | 7 | (6,649) | (8,317) |
| LOSS FOR THE YEAR | | <u>(124,049)</u> | <u>(126,094)</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | (118,254) | (124,114) |
| Non-controlling interests | | (5,795) | (1,980) |
| | | <u>(124,049)</u> | <u>(126,094)</u> |
| LOSS PER SHARE | 9 | | |
| Basic and diluted | | <u>HK(8.58) cents</u> | <u>HK(9.00) cents</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| LOSS FOR THE YEAR | (124,049) | (126,094) |
| 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>18,369</u> | <u>34,053</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | <u>(105,680)</u> | <u>(92,041)</u> |
| Attributable to: | | |
| Equity shareholders of the Company | <u>(99,885)</u> | (90,061) |
| Non-controlling interests | <u>(5,795)</u> | <u>(1,980)</u> |
| | <u>(105,680)</u> | <u>(92,041)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 231,908 | 304,466 |
| Investment properties | | 110,329 | 112,229 |
| Right-of-use assets | | 402,892 | 698,017 |
| Intangible assets | | 3,205 | 13,596 |
| Investments in joint ventures | | 35,444 | 37,551 |
| Prepayments and deposits paid in advance for purchase of property, plant and equipment and intangible assets | | 814 | 9,490 |
| Non-current deposits and other receivables | | 72,291 | 66,813 |
| Deferred tax assets | | – | 2,893 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 856,883 | 1,245,055 |
| CURRENT ASSETS | | | |
| Inventories | | 14,010 | 18,053 |
| Trade receivables | <i>10</i> | 5,709 | 4,983 |
| Prepayments, deposits and other receivables | | 92,907 | 106,374 |
| Tax recoverable | | 3,529 | 7,566 |
| Pledged time deposits | | 569 | 579 |
| Restricted cash | | 15,920 | 2,430 |
| Cash and cash equivalents | | 103,261 | 167,198 |
| | | <hr/> | <hr/> |
| | | 235,905 | 307,183 |
| Assets classified as held for sale | <i>11</i> | 175,130 | – |
| | | <hr/> | <hr/> |
| Total current assets | | 411,035 | 307,183 |
| CURRENT LIABILITIES | | | |
| Trade payables | <i>12</i> | 27,311 | 38,554 |
| Other payables and accruals | | 131,917 | 155,817 |
| Interest-bearing bank borrowings | | 61,738 | 55,971 |
| Lease liabilities | | 168,547 | 178,468 |
| Tax payable | | 5,858 | 3,921 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 395,371 | 432,731 |
| NET CURRENT ASSETS/(CURRENT LIABILITIES) | | | |
| | | <hr/> | <hr/> |
| | | 15,664 | (125,548) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <hr/> | <hr/> |
| | | 872,547 | 1,119,507 |

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| NON-CURRENT LIABILITIES | | |
| Other payables and accruals | 11,169 | 11,012 |
| Interest-bearing bank borrowings | 4,727 | 1,442 |
| Lease liabilities | 345,499 | 484,992 |
| Deferred tax liabilities | 4,031 | 5,453 |
| | <hr/> | <hr/> |
| Total non-current liabilities | 365,426 | 502,899 |
| | <hr/> | <hr/> |
| Net assets | 507,121 | 616,608 |
| | <hr/> <hr/> | <hr/> <hr/> |
| CAPITAL AND RESERVES | | |
| Equity attributable to equity shareholders of the Company | | |
| Issued capital | 14,112 | 14,112 |
| Reserves | 504,161 | 602,941 |
| | <hr/> | <hr/> |
| | 518,273 | 617,053 |
| | <hr/> | <hr/> |
| Non-controlling interests | (11,152) | (445) |
| | <hr/> | <hr/> |
| Total equity | 507,121 | 616,608 |
| | <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 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 the Group was principally engaged in the provision of food catering services 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

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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*
- Amendment to HKFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021*

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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, *COVID-19-Related Rent Concessions Beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions set out in paragraph 46B of HKFRS 16 *Leases* are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has adopted the 2021 amendment in the Year. There is no impact on the opening balance of accumulated losses at 1 April 2021.

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 |
| Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i> | 1 January 2023 |
| Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i> | 1 January 2023 |
| Amendments to HKAS 8, <i>Definition of accounting estimates</i> | 1 January 2023 |
| Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i> | 1 January 2023 |

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 assets' information as at 31 March 2022 by geographical area.

(a) *Revenue from external customers*

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|------------------------|-------------------------|-------------------------|
| Hong Kong [#] | 493,995 | 465,984 |
| Mainland China | 491,497 | 484,022 |
| Others ^{##} | 7,832 | 6,376 |
| | <u>993,324</u> | <u>956,382</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\$1,007,000 (2021: approximately HK\$5,064,000).

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

(b) *Non-current assets*

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Hong Kong | 310,310 | 638,980 |
| Mainland China | 438,838 | 498,818 |
| Others | 35,444 | 37,551 |
| | <u>784,592</u> | <u>1,175,349</u> |

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 AND OTHER GAINS

An analysis of revenue is as follow:

| | 2022 <i>HK\$'000</i> | 2021 <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 | 975,480 | 943,924 |
| Sale of food transferred at a point in time | 17,844 | 12,458 |
| | <u>993,324</u> | <u>956,382</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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Other income | | |
| Bank interest income | 560 | 1,173 |
| Rental income (<i>note (a)</i>) | 4,686 | 4,343 |
| Government grants (<i>note (b)</i>) | 9,521 | 55,390 |
| Compensation income | 1,851 | 2,407 |
| Reversal of overprovision for accruals | 11,682 | – |
| Others | 7,710 | 5,689 |
| | <u>36,010</u> | <u>69,002</u> |
| Other gains | | |
| Gain on early termination of leases | 3,039 | 39,308 |
| Gain on lease modification | – | 1,447 |
| | <u>3,039</u> | <u>40,755</u> |
| | <u>39,049</u> | <u>109,757</u> |

Notes:

- (a) Rental income from investment properties less direct outgoings of Nil (2021: Nil) amounting to HK\$4,686,000 (2021: HK\$4,343,000).
- (b) These represented mainly subsidies granted by the Hong Kong Government under the Anti-epidemic Fund and Employment Support Scheme of HK\$7,987,000 (2021: HK\$55,390,000). 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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Interest on bank loans | 884 | 924 |
| Interest on lease liabilities | 18,947 | 24,170 |
| | <u>19,831</u> | <u>25,094</u> |

6. LOSS BEFORE TAX

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Cost of inventories sold | 282,116 | 285,362 |
| Depreciation of property, plant and equipment | 58,078 | 59,910 |
| Depreciation of right-of-use assets | 182,337 | 198,343 |
| Depreciation of investment properties | 2,999 | 3,357 |
| Amortisation of intangible assets | 3,233 | 3,855 |
| Write-off of property, plant and equipment | 1,147 | 5,773 |
| Impairment of intangible assets | 7,184 | – |
| Impairment of property, plant and equipment | 12,509 | 14,913 |
| Impairment of right-of-use assets | 14,197 | 16,302 |
| Foreign exchange differences, net | 2,040 | 2,812 |
| | <hr/> | <hr/> |
| Lease payments not included in the measurement of lease liabilities | 11,516 | 8,203 |
| Contingent rents under operating leases | 3,648 | 3,207 |
| | <hr/> | <hr/> |
| | 15,164 | 11,410 |
| | <hr/> | <hr/> |
| Employee benefit expenses (excluding directors' and chief executive's remuneration): | | |
| Wages and salaries | 296,378 | 284,393 |
| Retirement benefit scheme contributions | 31,338 | 21,775 |
| | <hr/> | <hr/> |
| | 327,716 | 306,168 |
| | <hr/> | <hr/> |
| Gain on disposal of property, plant and equipment | (558) | – |
| Gain on early termination of leases | (3,039) | (39,308) |
| Gain on lease modification | – | (1,447) |
| Auditor's remuneration | | |
| — audit services | 1,850 | 1,680 |
| — other services | 220 | – |
| | <hr/> | <hr/> |
| | 2,070 | 1,680 |
| | <hr/> <hr/> | <hr/> <hr/> |

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% (2021: 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.

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current — Hong Kong | | |
| Charge for the Year | 2,410 | 731 |
| Underprovision/(overprovision) in prior years | 4 | (150) |
| Current — Elsewhere | | |
| Charge for the Year | 187 | 1,604 |
| Underprovision in prior years | 2,554 | 2,436 |
| Deferred tax | 1,494 | 3,696 |
| | <u>6,649</u> | <u>8,317</u> |
| Total tax charge for the Year | <u>6,649</u> | <u>8,317</u> |

8. DIVIDENDS

No dividends have been paid or proposed during the Year, nor has any dividend been proposed since the end of the reporting year (2021: Nil).

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\$118,254,000 (2021: HK\$124,114,000) attributable to ordinary equity shareholders of the Company and the weighted average number of 1,411,226,450 ordinary shares (2021: 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 (2021: 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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Trade receivables | <u>5,709</u> | <u>4,983</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 (2021: 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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---------------------|--------------------------------|-------------------------|
| Less than one month | 822 | 1,169 |
| One to two months | 1,266 | 2,076 |
| Two to three months | 360 | 489 |
| Over three months | 3,261 | 1,249 |
| | 5,709 | 4,983 |

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 2022 and 31 March 2021, 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. ASSETS CLASSIFIED AS HELD FOR SALE

On 14 April 2022, pursuant to a conditional sale and purchase agreement, the Group agreed to dispose of its properties, namely (i) Units Nos.1601, 1602, 1603, 1604, 1605, 1606, 1607 and 1608 on the 16th Floor of Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong; and (ii) Units Nos.1701, 1702, 1703 and 1704 on the 17th Floor of Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (Lot No. 937 IN D.D. 450) (collectively the “**Properties**”). The Properties, with a total gross floor area of approximately 72,341 square feet, were wholly-owned by the Group and used by the Group as workshops and ancillary accommodation for non-domestic use as at 31 March 2022. The Group agreed to dispose of the Properties at a total consideration of approximately HK\$264,045,000 and will lease back the Properties from the completion date of sale to 31 March 2023 at a monthly rental of approximately HK\$651,000.

On 24 June 2022, the disposal of the Properties (the “**Disposal**”) was approved by the shareholders in an extraordinary general meeting of the Company (the “**EGM**”).

As at 31 March 2022, assets classified as held for sale referred to the Properties transferred from buildings and right-of-use assets. The Properties were mortgaged to secure all moneys in respect of general banking facilities granted to the Group. These sale and leaseback transactions that resulted in the reclassification of assets held for sale as at 31 March 2022 are expected to be completed during the course of 2022.

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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---------------------|--------------------------------|-------------------------|
| Less than one month | 15,614 | 27,743 |
| One to two months | 7,276 | 9,538 |
| Over two months | 4,421 | 1,273 |
| | 27,311 | 38,554 |

The trade payables are non-interest-bearing and generally have payment terms of 45 days (2021: 45 days).

INDUSTRY OVERVIEW

The global macro-environment took a huge downturn with the emergence of the global outbreak of the coronavirus disease 2019 (the “**COVID-19**”) pandemic (the “**Pandemic**”). For the purpose of containing the Pandemic, 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 2021 increased to approximately HK\$92.7 billion, up from approximately HK\$79.3 billion in 2020, reflecting an improvement in restaurant business. Hong Kong International Airport posted a 61.3% year-on-year increase in passenger traffic numbers to just approximately 94,000 for March 2022 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 continuously affected by the Pandemic. As of 31 March 2022, a total of 85 restaurants were operated by the Group in Hong Kong, Macau, Mainland China 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 Guangdong-Hong Kong-Macao Greater Bay Area).

Hong Kong

Along with a raft of other social distancing measures, during the Year, the maximum number of persons per table had been restricted back to two and dine-in service during dinner-time had also been banned, which had inevitably adversely affected the Group’s performance for the Year.

To minimise the adverse impact of the Pandemic, the Group had continued to enhance its delivery services to customers via its own takeaway delivery team “Tsui Wah Delivery (快翠送)” and other online takeaway platforms such as “deliveroo” and “foodpanda” and had offered attractive discount to our takeaway customers (for self-pickup) with a view to encouraging them to use our self-pickup takeaway service during the Year, which had partially offset the impact of the tightened social distancing measures.

The Group's brands in Hong Kong include "Tsui Wah (翠華)", "btw", "Nijuuichi Don (廿一堂)", "Homurice (揚食屋)", "Ceylon (錫蘭)", "Ging Sun Ho King of Bun (堅信號上海生煎皇)", "Chilli Chilly (川辣堂)" and "From Seed to Wish", etc. After a review of the Group's restaurant network, during the Year, the Group had closed down 4 restaurants in Hong Kong under the brand of "Tsui Wah (翠華)" and had opened 4 restaurants under the brands of "Ging Sun Ho King of Bun (堅信號上海生煎皇)", "Chilli Chilly (川辣堂)" and "From Seed to Wish" in Hong Kong.

Mainland China

During the Year, the Group had continued promoting its takeaway services and working closely with popular food delivery service providers such as "Meituan" and "ele.me".

During the outbreak of the Pandemic, the business performance in Mainland China was slightly weaker than that in Hong Kong. At the beginning and the end of the Year, the Central Government had 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. Despite the challenging environment, the Group remained confident in its business in Mainland China. According to the National Bureau of Statistics, the total retail sales of consumer goods in 2021 maintained a recovery momentum, with the catering revenue category increased by 18.6%. During the Year, the Group had opened 3 restaurants under the brand of "Tsui Wah" located in Guangzhou, Nanjing and Shenzhen.

Others

In Singapore, the Group maintained its strategic partnership with Jumbo Group Limited ("**Jumbo**") and was operating a Hong Kong style Cha Chaan Teng (茶餐廳) under the brand of "Tsui Wah". 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 approximately 5.5 million population to expand its business network in Singapore.

The Group's restaurants in Singapore have gradually resumed normal operations following the Singapore government's strategy regarding coexistence with the COVID-19. During the Year, the Group had opened restaurants at JEM mall and Jewel Changi Airport of Singapore in May and September 2021, respectively. In addition, the Group had re-opened the restaurant located at the Heeren Building in November 2021. The Group increased the number of restaurants in Singapore from 1 to 4 so as to further strengthen the Singapore market.

In Macau, the Group's "Tsui Wah" brand business has recovered as the Macau government relaxed the border controls in February 2021 by exempting all inbound mainland visitors from quarantine requirements, and commenced COVID-19 Vaccination Programme at the same time. However, the rebound of the Pandemic in Macau during the Year resulted in another setback for the business that had already recovered. The Group has commenced timely adjustments in its business hours, staff arrangements and menu in order to minimise the impact of the Pandemic.

Despite the unfavourable business 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 of the Group for volunteering a reduction in their remuneration to tide through the Year with the Group.

The Group received government subsidies of approximately HK\$9.5 million which were mainly attributable to the Anti-epidemic Fund and the Employment Support Scheme during the Year, and helped to alleviate the current pressure as well as offset the negative impact to a certain degree.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year was approximately HK\$993.3 million, representing an increase of approximately 3.9% as compared with approximately HK\$956.4 million for the Year 2021. The increase in revenue was mainly attributable to the increase in the number of local diners and the gradual restoration of market sentiment in Hong Kong and Mainland China.

Cost of inventories sold

The cost of inventories sold for the Year was approximately HK\$282.1 million, representing a decrease of approximately 1.2% as compared with approximately HK\$285.4 million for the Year 2021. The cost of inventories sold accounted for approximately 28.4% of the Group's revenue for the Year (2021: approximately 29.8%). The decrease in the ratio of cost of inventories sold in proportion to the Group's revenue was mainly attributable to the Group's efforts to control food materials, including regularly reviewing the prices of food materials, switching the food materials of grossly inflated price or changing the menu while maintaining quality.

Gross profit

Given the increase in revenue and the decrease 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\$711.2 million, representing a 6.0% increase from approximately HK\$671.0 million for the Year 2021.

Staff costs and human resources and remuneration policy

As of 31 March 2022, the Group employed 2,020 employees. The Group's staff costs for the Year were approximately HK\$334.0 million, representing an increase of approximately 7.1% as compared with approximately HK\$311.8 million for the Year 2021. The increase was mainly due to the increase in manpower deployment in the new restaurants in the Year and the reduction in social security contribution in Mainland China in the Year 2021, which did not recur for the Year.

The Crisis Management Committee of the Board has 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. 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, as well as 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 2022, 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 2022, none of the issued shares purchased has been distributed under the Share Award Scheme.

Depreciation and amortisation

During the Year, (i) depreciation and amortisation of property, plant and equipment, investment properties and intangible assets were approximately HK\$64.3 million, equivalent to 6.5% of the Group's revenue (2021: approximately HK\$67.1 million, equivalent to 7.0% of the Group's revenue); and (ii) depreciation of right-of-use assets were approximately HK\$182.3 million, equivalent to 18.4% of the Group's revenue (2021: approximately HK\$198.3 million, equivalent to 20.7% of the Group's revenue). The aggregate amount of depreciation and amortisation was approximately HK\$246.6 million, equivalent to 24.9% of the Group's revenue (2021: approximately HK\$265.4 million, equivalent to 27.7% of the Group's revenue). The decrease in the ratio of depreciation and amortisation to the Group's revenue were due to the increase in revenue during the Year and the decrease in depreciation and amortisation.

Property rentals and related expenses

During the Year, the Group negotiated lease adjustments with landlords closely and obtained rental concession of approximately HK\$25.7 million (2021: approximately HK\$22.3 million) which was fully recognised in the consolidated profit or loss in accordance with the Amendment to Hong Kong Financial Reporting Standard 16, COVID-19-Related Rent Concessions beyond 30 June 2021. On the other hand, the Group opened new restaurants in Mainland China. As a combined effect, the property rental and related expenses increased by 11.9% from approximately HK\$21.9 million for the Year 2021 to approximately HK\$24.5 million for the Year.

Other operating expenses

Other operating expenses decreased by approximately 16.6%, from approximately HK\$192.2 million for the Year 2021 to approximately HK\$160.3 million for the Year, representing approximately 16.1% (2021: 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, property, plant and equipment, and intangible assets. Accordingly, impairment losses of right-of-use assets, property, plant and equipment, and intangible assets of approximately HK\$14.2 million, HK\$12.5 million and HK\$7.2 million were recognised respectively during the Year (2021: approximately HK\$31.2 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\$1.1 million (2021: approximately HK\$5.8 million). Excluding the above-mentioned impairments and write-off, the other operating expenses for the Year were approximately HK\$125.3 million (2021: approximately HK\$155.2 million), decreased by approximately 19.3% as compared with the Year 2021, representing approximately 12.6% of the Group's revenue (2021: approximately 16.2%). Such decrease in the ratio of other operating expenses to the Group's revenue was mainly due to an increase in revenue during the Year.

For the year ended 31 March

2022 2021
HK\$'000 *HK\$'000*

Other operating expenses included:

| | | |
|---|-----------------------|-----------------------|
| Tools and consumables | 28,745 | 29,144 |
| Logistic and transportation | 16,543 | 20,795 |
| Repairs and maintenance | 14,239 | 23,257 |
| Staff welfare | 14,642 | 12,503 |
| Sanitation | 10,663 | 11,958 |
| Foreign exchange differences, net | 2,040 | 2,812 |
| Auditor's remuneration | 2,070 | 1,680 |
| Write-off of property, plant and equipment | 1,147 | 5,773 |
| Impairment of intangible assets | 7,184 | – |
| Impairment of property, plant and equipment | 12,509 | 14,913 |
| Impairment of right-of-use assets | 14,197 | 16,302 |
| Other operating related expenses | 36,351 | 53,110 |
| | <u>160,330</u> | <u>192,247</u> |

Finance costs

Finance costs amounted to approximately HK\$19.8 million for the Year, representing a decrease of approximately HK\$5.3 million from the Year 2021, which was mainly the interest on lease liabilities of approximately HK\$18.9 million.

Share of profits from joint ventures

The share of profits from joint ventures amounted to approximately HK\$6.7 million for the Year, representing an increase of approximately HK\$5.9 million as compared with the Year 2021. The increase was primarily due to the increase in contributions from joint ventures caused by the improvement on the performance of restaurants operated by certain joint ventures during the Year.

Loss for the year

Under the gradual restoration of market sentiment in Hong Kong and Mainland China, the continuous control on food materials and operating costs 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\$124.0 million (2021: approximately HK\$126.1 million). Excluding (i) the non-recurring government subsidies and gain on early termination of leases of approximately HK\$9.5 million and HK\$3.0 million (2021: approximately HK\$55.4 million and HK\$39.3 million) respectively, and (ii) write-off and impairment losses of approximately HK\$35.0 million (2021: approximately HK\$37.0 million) in aggregate, the Group incurred loss after tax of approximately HK\$101.5 million for the Year (2021: approximately HK\$183.8 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 on 26 November 2012. 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 2022, the Group had cash and cash equivalents amounting to approximately HK\$103.3 million, representing a decrease of approximately HK\$63.9 million from approximately HK\$167.2 million as at 31 March 2021. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars, Renminbi and Singapore dollars.

As at 31 March 2022, the Group's total current assets and current liabilities were approximately HK\$411.0 million (2021: approximately HK\$307.2 million) and approximately HK\$395.4 million (2021: approximately HK\$432.7 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.0 time (2021: approximately 0.7 time).

Details of the interest-bearing bank borrowings are set out in note 25 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 2022, the Group's gearing ratio, calculated by the interest-bearing bank borrowings divided by the equity attributable to equity shareholders of the Company and then multiplied by 100%, was approximately 12.8% (2021: approximately 9.3%).

Contingent liabilities

As at 31 March 2022, the Group had contingent liabilities of approximately HK\$5.7 million (2021: approximately HK\$5.8 million) in respect of bank guarantees given in favour of the 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 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 a catering concession at the Hong Kong International Airport (the “**Airport**”). 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 (2021: 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 and devotes considerable effort to identifying and formalising good corporate governance practices. The Company has adopted and adhered to the principles in the Corporate Governance Code effective from January 2022 as set out in Appendix 14 to the Listing Rules (the “**CG Code**”). 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 maximise 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 announcement, the Company had complied with all the applicable code provisions as in force during the Year under 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 D.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 auditor

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 this preliminary announcement have been compared by the Group's independent 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.

Event(s) after the Year

On 14 April 2022, the Group as vendor and China Resources Purchasing Godown Company Limited (the "**Purchaser**") as purchaser entered into a sale and purchase agreement in respect of the Disposal. The Disposal was approved at the EGM held on 24 June 2022 and completion of the Disposal shall take place on 14 July 2022. For details, please refer to the circular of the Company dated 27 May 2022 and its poll-results announcement dated 24 June 2022.

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, 24 June 2022

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.