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TSIT WING INTERNATIONAL HOLDINGS LIMITED

捷榮國際控股有限公司*

(Incorporated under the laws of Bermuda with limited liability)

(Stock Code: 2119)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 amounted to HK\$380.4 million, representing an increase of 8.9% from HK\$349.4 million for the corresponding period in 2024.
- Gross profit for the six months ended 30 June 2025 amounted to HK\$115.9 million, representing a decrease of 7.1% from HK\$124.8 million for the corresponding period in 2024.
- Gross profit margin decreased from 35.7% for the six months ended 30 June 2024 to 30.5% for the six months ended 30 June 2025.
- Profit for the six months ended 30 June 2025 amounted to HK\$24.9 million, representing a decrease of 31.0% from HK\$36.1 million for the corresponding period in 2024.
- Net profit margin decreased from 10.3% for the six months ended 30 June 2024 to 6.5% for the six months ended 30 June 2025.

* for identification purposes only

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tsit Wing International Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	4	380,427	349,437
Cost of sales		(264,485)	(224,629)
Gross profit		115,942	124,808
Other income and gains, net	4	2,402	15,161
Selling and distribution expenses		(48,373)	(49,865)
General and administrative expenses		(37,680)	(40,886)
Other expenses, net		(1,669)	(3,271)
Finance costs	5	(836)	(823)
PROFIT BEFORE TAX	6	29,786	45,124
Taxation	7	(4,924)	(8,978)
PROFIT FOR THE PERIOD		24,862	36,146
Attributable to:			
Owners of the parent		24,862	36,146
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	9		
Basic and diluted		3.45	5.02

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>24,862</u>	<u>36,146</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>3,500</u>	<u>(3,025)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>28,362</u></u>	<u><u>33,121</u></u>
Attributable to:		
Owners of the parent	<u><u>28,362</u></u>	<u><u>33,121</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	214,733	195,268
Investment properties	10	1,241	—
Deposits paid for purchases of items of property, plant and equipment		3,293	28,215
Prepayments, deposits and other receivables		1,728	1,773
Deferred tax assets		2,769	2,201
Total non-current assets		223,764	227,457
CURRENT ASSETS			
Inventories	11	201,289	164,260
Trade receivables	12	105,184	100,707
Derivative financial instruments		—	96
Prepayments, deposits and other receivables		28,880	17,205
Cash and cash equivalents		146,562	170,446
Total current assets		481,915	452,714
CURRENT LIABILITIES			
Trade payables	13	95,985	77,250
Accruals and other payables		44,122	50,091
Derivative financial instruments		561	—
Interest-bearing bank borrowings	14	4,307	4,013
Lease liabilities		11,558	11,869
Tax payable		4,527	1,483
Total current liabilities		161,060	144,706
NET CURRENT ASSETS		320,855	308,008
TOTAL ASSETS LESS CURRENT LIABILITIES		544,619	535,465

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2025

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Lease liabilities		11,781	17,345
Deferred tax liabilities		10,383	8,459
		<hr/>	<hr/>
Total non-current liabilities		22,164	25,804
		<hr/>	<hr/>
Net assets		522,455	509,661
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	72,073	72,073
Reserves		450,382	437,588
		<hr/>	<hr/>
Total equity		522,455	509,661
		<hr/>	<hr/>

1. CORPORATE AND GROUP INFORMATION

Tsit Wing International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The principal place of business of the Company is located at Flats F-J, 11th Floor, Block 1, Kwai Tak Industrial Centre, 15–33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. During the period, the Company’s subsidiaries were engaged in the following principal activities:

- processing and distribution of coffee, tea and related complementary products
- distribution of frozen food
- sale of coffee and tea machines and provision of coffee and tea machine solutions

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The unaudited interim condensed consolidated 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 accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial statements.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the unaudited interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Hong Kong	264,401	244,279
Mainland China	109,559	99,187
Others	6,467	5,971
	<u>380,427</u>	<u>349,437</u>

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

(b) Non-current assets

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Hong Kong	142,187	143,649
Mainland China	77,080	79,834
	<u>219,267</u>	<u>223,483</u>

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

4. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue

An analysis of the Group's revenue from contracts with customers is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Type of goods or services		
Sale of coffee, tea and other related complementary products/services	365,574	334,534
Sale of frozen food	3,339	4,103
Income from provision of coffee and tea machine solutions	11,514	10,800
	<u>380,427</u>	<u>349,437</u>
Total revenue from contracts with customers	<u>380,427</u>	<u>349,437</u>
Geographical markets		
Hong Kong	264,401	244,279
Mainland China	109,559	99,187
Others	6,467	5,971
	<u>380,427</u>	<u>349,437</u>
Total revenue from contracts with customers	<u>380,427</u>	<u>349,437</u>
Timing of revenue recognition		
Goods/services transferred at a point in time	368,913	338,637
Services transferred over time	11,514	10,800
	<u>380,427</u>	<u>349,437</u>
Total revenue from contracts with customers	<u>380,427</u>	<u>349,437</u>

Other income and gains, net

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

	Six months ended 30 June	
	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Bank interest income	1,994	2,563
Foreign exchange differences, net	210	—
Gain on disposal of assets classified as held for sale and items of property, plant and equipment, net*	—	12,273
Gross rental income from investment property operating leases	39	—
Others	159	325
	<u>2,402</u>	<u>15,161</u>

* The amount comprises of gain on disposal of assets classified as held for sale of HK\$12,447,000 and loss on disposal of items of property, plant and equipment of HK\$174,000 during the six months ended 30 June 2024.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on bank borrowings	65	154
Interest on lease liabilities	771	669
	<u>836</u>	<u>823</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold [^]	243,327	205,311
Depreciation [^] :		
Investment properties	50	—
Right-of-use assets	6,327	6,333
Other items of property, plant and equipment	11,946	12,998
	<u>18,323</u>	<u>19,331</u>
Lease payments not included in the measurement of lease liabilities	426	575
Foreign exchange differences, net*	(210)	1,406
Reversal of impairment of trade receivables*	(209)	(1)
Impairment of trade receivables*	168	439
Write-off of deposits paid for purchases of items of property, plant and equipment	—	404
Write-off of trade receivables*	160	307
Employee benefit expenses [^] :		
Salaries, wages, allowances and bonuses	54,955	57,697
Pension scheme contributions (defined contribution schemes)	3,099	3,031
	<u>58,054</u>	<u>60,728</u>
Write-down of inventories to net realisable value*	11	74
Write-off of inventories*	58	211
Loss/(gain) on disposal of assets classified as held for sale and items of property, plant and equipment, net*	72	(12,273)
Loss on changes in fair value of derivative financial instruments, net*	1,409	431
	<u><u>1,409</u></u>	<u><u>431</u></u>

* These amounts are included in “Other income and gains, net” or “Other expenses, net” on the face of the condensed consolidated statement of profit or loss.

[^] The cost of sales for the six months ended 30 June 2025 amounted to HK\$264,485,000 (six months ended 30 June 2024: HK\$224,629,000), including, but not limited to, cost of inventories sold of HK\$243,327,000 (six months ended 30 June 2024: HK\$205,311,000), depreciation charge of HK\$8,239,000 (six months ended 30 June 2024: HK\$7,960,000) and employee benefit expenses of HK\$7,269,000 (six months ended 30 June 2024: HK\$6,535,000).

7. TAXATION

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2024: 16.5%). Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (six months ended 30 June 2024: 25%).

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	1,579	4,093
Current — Mainland China		
Charge for the period*	2,054	4,916
Deferred	1,291	(31)
	<u>4,924</u>	<u>8,978</u>
Total tax charge for the period	<u>4,924</u>	<u>8,978</u>

* During the six months ended 30 June 2024, a 5% withholding income tax amounting to HK\$2,964,000 was levied on the dividend distribution arising from profits of a subsidiary established in Mainland China. Such withholding income tax was absent during the six months ended 30 June 2025.

8. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends recognised as distributions during the reporting period:		
2023 final dividend — HK2.22 cents per ordinary share	—	16,000
Special dividend — HK13.87 cents per ordinary share	—	99,966
2024 final dividend — HK2.16 cents per ordinary share	15,568	—
	<u>15,568</u>	<u>115,966</u>
Dividend declared after the end of the reporting period:		
Interim dividend — HK1.90 cents (six months ended 30 June 2024: HK2.76 cents) per ordinary share	13,694	19,892
	<u>13,694</u>	<u>19,892</u>

The interim dividend for the six months ended 30 June 2025 has been calculated with reference to 720,731,512 shares outstanding as at 14 August 2025.

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

The calculation of the basic earnings per share amount is based on the unaudited consolidated profit for the six months ended 30 June 2025 attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 720,731,512 (six months ended 30 June 2024: 720,731,512) outstanding during the period.

The calculation of the diluted earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation.

Basic and diluted earnings per share are the same as there were no outstanding share options or other dilutive instruments during the six months ended 30 June 2025 and 2024.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>24,862</u>	<u>36,146</u>
	'000	'000
Shares		
Weighted average number of ordinary shares outstanding during the period, used in the basic and diluted earnings per share calculations	<u>720,732</u>	<u>720,732</u>

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2025, the Group had no addition of right-of-use assets (six months ended 30 June 2024: HK\$20,057,000), but added other items of property, plant and equipment of HK\$37,575,000 (six months ended 30 June 2024: HK\$13,557,000).

Items of property, plant and equipment with a net carrying amount of HK\$73,000 were disposed of by the Group during the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$187,000).

Right-of-use assets amounted to HK\$37,169,000 were included in property, plant and equipment as at 30 June 2025 (31 December 2024: HK\$43,194,000).

During the six months ended 30 June 2025, there was a transfer from owner-occupied buildings with net book value of HK\$1,241,000 (six months ended 30 June 2024: Nil) to investment properties.

The Group's investment properties consist of three units of a commercial property in Mainland China. The Directors have determined that the investment properties are commercial properties, based on the nature, characteristics and risks of each property.

Investment properties are stated at cost less accumulated depreciation and impairment losses. The investment properties are leased to a third party under an operating lease. The lease runs for a period of 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. The term of the lease generally requires the tenant to pay security deposits.

11. INVENTORIES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Raw materials	142,816	106,966
Work-in-progress	338	340
Finished goods	<u>58,135</u>	<u>56,954</u>
	<u>201,289</u>	<u>164,260</u>

12. TRADE RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	110,676	106,206
Impairment	<u>(5,492)</u>	<u>(5,499)</u>
	<u>105,184</u>	<u>100,707</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where the Group normally requires cash on delivery. The credit periods generally range from 30 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 30 days	96,256	95,102
31 to 60 days	5,905	3,716
61 to 90 days	2,404	1,425
91 to 120 days	307	250
121 to 180 days	246	96
Over 180 days	66	118
	105,184	100,707

13. TRADE PAYABLES

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	94,439	75,406
1 to 2 months	1,479	849
2 to 3 months	21	13
Over 3 months	46	982
	95,985	77,250

The trade payables are non-interest-bearing and are normally settled within 30 to 60 days.

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Current		
Trust receipt loans — unsecured	4,307	4,013

15. ISSUED CAPITAL

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
720,731,512 (31 December 2024: 720,731,512) ordinary shares of HK\$0.10 each	<u>72,073</u>	<u>72,073</u>

16. SHARE OPTION SCHEMES

The Company operates a pre-initial public offering share option scheme (the “**Pre-IPO Share Option Scheme**”) and a share option scheme (the “**Share Option Scheme**”) (collectively, the “**Schemes**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Share Option Scheme except that (i) no further options could be granted under the Pre-IPO Share Option Scheme established prior to the date on which the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), i.e., 11 May 2018 (the “**Listing Date**”) (the “**Listing**”); and (ii) the exercise price and the exercise period of the share options are different. Details of the Schemes are set out in the prospectus dated 30 April 2018 issued by the Company in relation to the listing of its shares on the Stock Exchange.

Eligible participants of the Schemes include the Company’s executive directors and other employees of the Group. The Schemes were approved and adopted on 15 December 2017. The Share Option Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from the Listing Date.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings of the Company.

Subject to the terms of the Schemes and the Listing Rules, the Board has the sole discretion to determine the vesting period(s), schedule and conditions (including, without limitation, conditions as to performance criteria to be satisfied by the participant and/or the Group) for any grant of option to any participant, which shall be specified in the relevant grant letter.

Share Option Scheme

During the six months ended 30 June 2025, no options were granted or agreed to be granted under the Share Option Scheme.

Pre-IPO Share Option Scheme

The share options granted prior to the Listing under the Pre-IPO Share Option Scheme which had not been exercised before 10 May 2021 (being the day immediately before the third anniversary of the Listing Date) were already forfeited or lapsed in all on 10 May 2021 pursuant to the terms of the Pre-IPO Share Option Scheme. As such, the Company had no share options outstanding under the Pre-IPO Share Option Scheme as at 30 June 2025 and 2024.

17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in the unaudited interim condensed consolidated financial statements, the Group had the following transactions with related parties based on terms agreed with respective parties during the period:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Purchase of goods via a supply chain service provider (note 1) engaged by a third party supplier	—	9,960
Purchase of goods via a distributor (note 2)	823	1,038
Logistic and storage costs charged by a warehouse and logistics service provider (note 3)	564	667
Original equipment manufacturing processing income from a coffee and tea manufacturer (note 4)	1,731	662
	<u>1,731</u>	<u>662</u>

Notes:

1. The supply chain service provider engaged is a related company of a substantial shareholder of the Company.
2. The distributor is a related company of a substantial shareholder of the Company.
3. The warehouse and logistics service provider is a related company of a substantial shareholder of the Company.
4. The coffee and tea manufacturer is a related company of a substantial shareholder of the Company.

- (b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	8,253	7,803
Pension scheme contributions (defined contribution schemes)	481	455
	<u>8,734</u>	<u>8,258</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an integrated business-to-business coffee and black tea solutions provider in Hong Kong, Macau and Mainland China providing one-stop coffee and tea solutions to commercial customers that cover the entire coffee and tea procurement, processing and distribution value chain.

During the six months ended 30 June 2025 (the “**Reporting Period**”), the Group continued to operate in a challenging business environment characterised by escalating costs and intensifying market competition, particularly in Hong Kong. Despite these headwinds, the Group’s revenue for the Reporting Period remained broadly stable. The Group recorded a total revenue of HK\$380.4 million, representing a slight increase of HK\$31.0 million or 8.9%, from HK\$349.4 million of the corresponding period in 2024.

The Group’s profit attributable to owners of the parent for the Reporting Period was approximately HK\$24.9 million, representing a decrease of HK\$11.2 million, or 31.0%, from HK\$36.1 million recorded for the corresponding period in 2024. This decline was largely driven by two key factors. First, the corresponding period in 2024 included a one-off gain of approximately HK\$12.4 million arising from the disposal of certain assets, which was absent in the Reporting Period. Second, the Group’s gross profit margin contracted from 35.7% to 30.5% as a result of the sustained increase in global coffee bean prices, which exerted pressure on overall profitability.

Excluding the abovementioned one-off disposal gain and People’s Republic of China (“**PRC**”) withholding income tax in respect of dividend distribution in the corresponding period in 2024, the profit attributable to owners of the parent for the Reporting Period showed a modest decline of only 6.7% as compared to that of the corresponding period in 2024, demonstrating the resilience of the core business of the Group.

BUSINESS PROSPECT

Looking ahead, the Group will continue to adopt a prudent approach in navigating the persistent challenges. The operating environment in Hong Kong is expected to remain highly competitive and subdued in the near term. In contrast, the PRC market has exhibited initial signs of recovery, with gradual improvements in consumer sentiment and demand anticipated. As cost pressure across the industry persists, the Group maintains a cautiously optimistic outlook and will closely monitor market developments to guide its strategic decisions.

During the Reporting Period, the Group’s new coffee production line commenced operation, representing a key step in enhancing its production efficiency and supporting long-term business growth. The Group also continued its efforts to streamline its operations in the PRC, aiming to improve agility and reduce structural costs.

The Group remains focused on identifying and capturing suitable business opportunities in a vigilant manner, while continuing to improve efficiency and strengthen cost management. With these efforts, the Group seeks to safeguard profitability and deliver sustainable value to the Company's shareholders and investors.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by HK\$31.0 million, or 8.9%, from HK\$349.4 million for the six months ended 30 June 2024 to HK\$380.4 million for the six months ended 30 June 2025. The increase was primarily due to the increase in revenue derived from the Group's sales of coffee and tea products in Hong Kong, which was mainly attributable to the selling price adjustments in response to the significant increase in coffee bean commodity price.

Cost of Sales

The Group's cost of sales increased by HK\$39.9 million, or 17.8%, from HK\$224.6 million for the six months ended 30 June 2024 to HK\$264.5 million for the six months ended 30 June 2025. The increase in the cost of sales was primarily a result of the increase in raw material costs for the coffee products, which in turn was mainly caused by the surge in coffee bean commodity price.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by HK\$8.9 million, or 7.1%, from HK\$124.8 million for the six months ended 30 June 2024 to HK\$115.9 million for the six months ended 30 June 2025. The Group's gross profit margin decreased from 35.7% for the six months ended 30 June 2024 to 30.5% for the six months ended 30 June 2025.

Other Income and Gains, Net

The Group's other income and gains, net decreased by HK\$12.8 million, or 84.2%, from HK\$15.2 million for the six months ended 30 June 2024 to HK\$2.4 million for the six months ended 30 June 2025. The decrease was primarily due to the absence of the one-off gain on disposal of HK\$12.4 million from the disposal of assets classified as held for sale.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by HK\$1.5 million, or 3.0%, from HK\$49.9 million for the six months ended 30 June 2024 to HK\$48.4 million for the six months ended 30 June 2025, which was primarily due to the decrease in staff costs and reduction in profit-based expenditure as a result of the lower gross profit margins.

General and Administrative Expenses

The Group's general and administrative expenses decreased by HK\$3.2 million, or 7.8%, from HK\$40.9 million for the six months ended 30 June 2024 to HK\$37.7 million for the six months ended 30 June 2025. The decrease was primarily a result of the decrease in staff costs and depreciation.

Other Expenses, Net

The Group's other expenses, net, decreased by HK\$1.6 million, or 48.5%, from HK\$3.3 million for the six months ended 30 June 2024 to HK\$1.7 million for the six months ended 30 June 2025. The decrease was primarily the results of the net gain on foreign exchange resulting from appreciation of Renminbi currency, as compared to a net loss on foreign exchange in the prior period, and the decrease in impairment of trade receivables.

Finance Costs

The Group's finance costs were HK\$0.8 million for the six months ended 30 June 2025, which were similar to the prior period. The finance costs represent the interest on lease liabilities and the interest on bank borrowings.

Taxation

The Group's taxation decreased by HK\$4.1 million, or 45.6%, from HK\$9.0 million for the six months ended 30 June 2024 to HK\$4.9 million for the six months ended 30 June 2025. The decrease was mainly due to the decrease in profit before tax of the Group and the absence of a withholding tax of 5% which was levied on the dividend distribution arising from profit of foreign investment enterprise in Mainland China during the period. The Group's effective tax rate decreased from 19.9% for the six months ended 30 June 2024 to 16.5% for the six months ended 30 June 2025.

Profit for The Period and Net Profit Margin

As a result of the foregoing, the Group's profit for the period decreased by HK\$11.2 million, or 31.0%, from HK\$36.1 million for the six months ended 30 June 2024 to HK\$24.9 million for the six months ended 30 June 2025. The Group's net profit margin decreased from 10.3% for the six months ended 30 June 2024 to 6.5% for the six months ended 30 June 2025.

Capital Expenditure and Commitments

During the six months ended 30 June 2025, the Group had additions of property, plant and equipment of HK\$37.6 million (six months ended 30 June 2024: HK\$13.6 million). The Group's capital expenditures were incurred in relation to the purchase of (i) coffee and tea machines which were leased to the Group's customers, and (ii) production machineries.

As at 30 June 2025, the Group had capital commitments of HK\$3.9 million (31 December 2024: HK\$5.0 million), mainly comprising the related contracts of capital expenditure on production machineries of the Group's coffee roasting and packaging system.

Borrowings

As at 30 June 2025, the Group had total interest-bearing bank borrowings of HK\$4.3 million (31 December 2024: HK\$4.0 million).

Contingent Liabilities

During the six months ended 30 June 2025, the Group was not able to obtain the real estate ownership certificates for two warehouses located in Mainland China with costs of HK\$0.7 million and HK\$0.6 million, respectively. These two warehouses were fully depreciated in prior years. As the Group completed the construction of the relevant warehouses and commenced usage without obtaining the necessary construction planning permit and construction commencement permit prior to the construction and did not complete the filing of the necessary construction completion reports with the relevant authorities, the Group may be requested by the relevant authorities to demolish the construction and is subject to a maximum penalty amounting to RMB1.3 million (equivalent to HK\$1.4 million) (31 December 2024: RMB1.3 million (equivalent to HK\$1.4 million)). Having considered the current practice of the relevant authorities and the advice from the Group's legal counsel, the Directors believe that it is not probable that the relevant authorities will impose the penalty. In addition, the Directors considered the cost of demolishment of the two warehouses is not material to the Group. Accordingly, no provision for the relevant liability has been made.

Litigation Matter

In April 2020, the Group filed a legal action against two parties in the PRC for infringement of trademark and unfair competition. In July 2022, the Group received a favorable judgment from the People's Court of Shanghai Pudong New Area, the PRC. One of the parties then filed a petition for appeal against the first instance judgment. On 20 March 2025, Shanghai Intellectual Property Court issued its judgment on the appeal in the favor of the Group. Up to the date of this interim results announcement, the judgment is in the process of being formally served on one of the parties.

Gearing Ratio

As at 30 June 2025, on the basis of total interest-bearing bank borrowings divided by equity attributable to owners of the parent, the Group's gearing ratio was 0.8% (31 December 2024: 0.8%).

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures mainly arise from sales or purchases by operating units in currencies other than the units' functional currencies. The majority of the Group's foreign currency purchase transactions are denominated in the United States dollars. On the other hand, the sales are mainly denominated in Hong Kong dollars and Renminbi. The management is closely monitoring the foreign exchange exposures of the Group. The Group will consider adopting a foreign currency hedging policy for significant foreign currency exposures.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rate. The Group monitors its interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Credit Risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms shall be subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, deposits and other receivables arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

The Group's objective is to ensure there are adequate funds to meet its liquidity requirements in the short and longer terms. In the management of liquidity risk, the Group has been maintaining a cash pooling system where excess liquidity is equalised internally through inter-group accounts. Depending on the specific requirements of each funding agreement, funding for the Group's operating companies may be sourced directly from the Group's bankers or indirectly through the Company.

HUMAN RESOURCES

As at 30 June 2025, the Group employed 199 and 174 (31 December 2024: 198 and 176) employees in Hong Kong and Mainland China, respectively.

Remuneration packages are generally structured with reference to qualifications, experience, performance and market term. The Company has also adopted share option schemes to motivate valued employees.

During the six months ended 30 June 2025, the Group provided various trainings to its employees ranging from operation skills such as occupational safety training and machine control training to professional knowledge including management system and business knowledge, to ensure the effective implementation of the Group's business strategy.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of HK1.90 cents (six months ended 30 June 2024: HK2.76 cents) per share of the Company (the “**Shares**”) for the six months ended 30 June 2025 payable on Friday, 12 September 2025 to the shareholders whose names appear on the register of members of the Company on Friday, 29 August 2025 (i.e., the record date).

In order to determine the entitlement of the shareholders to receive the aforesaid interim dividend, the register of members of the Company will be closed on Friday, 29 August 2025, during which no transfer of Shares will be registered. In order to be eligible to receive the interim dividend, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 August 2025.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with terms of reference in compliance with Rules 3.21 and 3.22 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and code provision D.3 of the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (the “**CG Code**”). The Audit Committee consists of three independent non-executive Directors, namely Mr. Tang Kwai Chang (Chairman), Mr. Wong Man Fai and Mr. Lok Kung Chin Hardy. The Audit Committee reviewed with the management the accounting policies and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been reviewed by the Audit Committee.

In addition, the Company's external auditor, Ernst & Young, has performed an independent review of the Group's interim condensed consolidated financial statements for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity”.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

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

SHARE OPTION SCHEMES

Reference is made to the annual report of the Company for the financial year ended 31 December 2024 which was published on 28 March 2025 (the “**2024 Annual Report**”). The Company operates a pre-initial public offering share option scheme (the “**Pre-IPO Share Option Scheme**”) and a share option scheme (the “**Share Option Scheme**”, together with the Pre-IPO Share Option Scheme, the “**Schemes**”), further details of which were set out in the 2024 Annual Report.

Subject to the terms of the Schemes and the Listing Rules, the Board has the sole discretion to determine the vesting period(s), schedule and conditions (including, without limitation, conditions as to performance criteria to be satisfied by the participant and/or the Group) for any grant of option to any participant, which shall be specified in the relevant grant letter.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance practices and providing transparency and accountability to its shareholders and stakeholders for enhancing investor confidence.

The Company has complied with the code provisions as set out in the CG Code (to the extent that such provisions are applicable) during the six months ended 30 June 2025, except for a deviation from code provision C.2.1 of the CG Code in respect of the roles of chairman and chief executive officer of the Company.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Wong Tat Tong (“**Mr. Wong**”) is currently the chairman of the Board and chief executive officer of the Company, responsible for formulating the overall business development strategy and planning of the Group. In view of the fact that Mr. Wong has been responsible for the overall management of the Group since 1978, the Board considered that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Company’s business strategies and maximises the effectiveness of its operations.

The Board shall nevertheless review the structures from time to time and shall consider their appropriate adjustments should the need arise. There are three independent non-executive Directors on the Board and each of them possesses an adequate level of independence with their diverse background and experience. Therefore, the Board considers that the Company has achieved a balance of power and authority, accountability and independent decision-making under the present arrangement and provided sufficient protection to its and its shareholders’ interests. Further, the Audit Committee has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted its own Security Dealing Code (the “**Code**”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. The Code is also applicable to the specified group of employees who may possess or have access to price sensitive information. Specific enquiries were made to all Directors, and all Directors have confirmed the compliance with the required standard set out in the Code throughout the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.twcoffice.com). The interim report of the Company for the six months ended 30 June 2025 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Tsit Wing International Holdings Limited
Mr. Wong Tat Tong
Chairman and Executive Director

Hong Kong, 14 August 2025

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Mr. Wong Tat Tong, Ms. Fan Yee Man and Mr. Kam Chun Pong Bernard. The non-executive Directors are Ms. Yeung Po Yan and Mr. Ho Hung Wai. The independent non-executive Directors are Mr. Tang Kwai Chang, Mr. Wong Man Fai and Mr. Lok Kung Chin Hardy.