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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2022 amounted to HK\$695.9 million, representing a decrease of 9.2% from HK\$766.8 million as compared to the year ended 31 December 2021.
- Gross profit for the year ended 31 December 2022 amounted to HK\$234.8 million, representing a decrease of 21.5% from HK\$299.0 million as compared to the year ended 31 December 2021.
- Gross profit margin decreased from 39.0% for the year ended 31 December 2021 to 33.7% for the year ended 31 December 2022.
- Profit for the year ended 31 December 2022 amounted to HK\$47.4 million, representing a decrease of 40.9% from HK\$80.2 million as compared to the year ended 31 December 2021.
- Net profit margin decreased from 10.5% for the year ended 31 December 2021 to 6.8% for the year ended 31 December 2022.

\* for identification purposes only

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tsit Wing International Holdings Limited (the “**Company**”) presents the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the previous financial year as set out below.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2022*

		<b>2022</b>	2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
REVENUE	4	<b>695,938</b>	766,793
Cost of sales		<u><b>(461,176)</b></u>	<u>(467,815)</u>
Gross profit		<b>234,762</b>	298,978
Other income and gains, net	4	<b>11,252</b>	2,216
Selling and distribution expenses		<b>(104,437)</b>	(118,561)
Administrative expenses		<b>(79,237)</b>	(77,215)
Other expenses, net		<b>(4,209)</b>	(3,958)
Finance costs	5	<u><b>(892)</b></u>	<u>(864)</u>
PROFIT BEFORE TAX	6	<b>57,239</b>	100,596
Income tax expense	7	<u><b>(9,815)</b></u>	<u>(20,352)</u>
PROFIT FOR THE YEAR		<u><b>47,424</b></u>	<u>80,244</u>
Attributable to:			
Owners of the parent		<u><b>47,424</b></u>	<u>80,244</u>
		<b><i>HK cents</i></b>	<i>HK cents</i>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic		<b>6.58</b>	11.13
Diluted		<u><b>6.58</b></u>	<u>11.13</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 December 2022*

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<u>47,424</u>	<u>80,244</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(22,797)</u>	<u>7,424</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<u>(22,797)</u>	<u>7,424</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>24,627</u></u>	<u><u>87,668</u></u>
Attributable to:		
Owners of the parent	<u><u>24,627</u></u>	<u><u>87,668</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>189,711</b>	168,951
Intangible assets		<b>91</b>	220
Prepayments and deposits paid for purchases of items of property, plant and equipment		<b>18,774</b>	9,383
Prepayments, deposits and other receivables		<b>1,519</b>	1,530
Deferred tax assets		<b>2,622</b>	2,194
		<hr/>	<hr/>
Total non-current assets		<b>212,717</b>	182,278
<b>CURRENT ASSETS</b>			
Inventories		<b>195,920</b>	166,606
Trade receivables	11	<b>109,629</b>	124,791
Prepayments, deposits and other receivables		<b>18,030</b>	16,657
Tax recoverable		<b>4,486</b>	—
Cash and cash equivalents		<b>189,789</b>	272,114
		<hr/>	<hr/>
Total current assets		<b>517,854</b>	580,168
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>77,909</b>	89,940
Accruals and other payables		<b>42,055</b>	44,254
Derivative financial instruments		<b>312</b>	443
Interest-bearing bank borrowings		<b>10,622</b>	3,174
Lease liabilities		<b>11,319</b>	12,593
Tax payable		<b>1,047</b>	2,303
		<hr/>	<hr/>
Total current liabilities		<b>143,264</b>	152,707
<b>NET CURRENT ASSETS</b>			
		<b>374,590</b>	427,461
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>587,307</b>	609,739

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>4,705</b>	13,338
Deferred tax liabilities		<b>7,366</b>	7,881
		<hr/>	<hr/>
Total non-current liabilities		<b>12,071</b>	21,219
		<hr/>	<hr/>
Net assets		<b>575,236</b>	588,520
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	13	<b>72,073</b>	72,073
Reserves		<b>503,163</b>	516,447
		<hr/>	<hr/>
Total equity		<b>575,236</b>	588,520
		<hr/> <hr/>	<hr/> <hr/>

## NOTES:

### 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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, 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 year, the Company’s subsidiaries were engaged in the following principal activities:

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

#### 2.1 BASIS OF PREPARATION

The 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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention except for derivative financial instruments which have been measured at fair value. They are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3  
Amendments to HKAS 16

*Reference to the Conceptual Framework*  
*Property, Plant and Equipment: Proceeds before Intended Use*

Amendments to HKAS 37  
*Annual Improvements to HKFRSs*  
*2018–2020*

*Onerous Contracts — Cost of Fulfilling a Contract*  
Amendments to HKFRS 1, HKFRS 9, Illustrative  
Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the beverage solutions ("**Beverage Solutions**") segment processes and distributes coffee, tea and related complementary products, sells food and beverages, coffee and tea machines and other related products, and provides coffee and tea machine solutions; and
- (b) the food products ("**Food Products**") segment trades frozen food.

Management monitors the results of the Group's segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, head office and corporate expenses as well as non-lease-related finance costs are excluded from such measurement.

Segment assets exclude cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.



	<b>Beverage Solutions HK\$'000</b>	<b>Food Products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2022</b>			
<b>Segment revenue (note 4)</b>			
Sales to external customers	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>
<b>Segment results</b>	<b>70,116</b>	<b>(2,357)</b>	<b>67,759</b>
<i>Reconciliation:</i>			
Interest income			2,450
Corporate and other unallocated expenses, net			(12,675)
Finance costs (other than interest on lease liabilities)			<u>(295)</u>
Profit before tax			<u>57,239</u>
<b>Other segment information:</b>			
Depreciation and amortisation	39,657	1,128	40,785
Reversal of impairment of trade receivables	(21)	—	(21)
Impairment of trade receivables	2,135	140	2,275
Write-off of trade receivables	168	—	168
Write-down of inventories to net realisable value	131	161	292
Write-off of inventories	922	504	1,426
Loss on disposal of items of property, plant and equipment	69	—	69
Capital expenditure*	<u>76,328</u>	<u>—</u>	<u>76,328</u>
* The capital expenditure includes amounts paid for purchases of property, plant and equipment of HK\$63,370,000 and prepayments and deposits paid for purchases of property, plant and equipment of HK\$12,958,000 during the year.			
<b>As at 31 December 2022</b>			
<b>Segment assets</b>	<b>545,452</b>	<b>13,739</b>	<b>559,191</b>
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(20,265)
Corporate and unallocated assets			<u>191,645</u>
Total assets			<u>730,571</u>
<b>Segment liabilities</b>	<b>145,144</b>	<b>26,780</b>	<b>171,924</b>
<i>Reconciliation:</i>			
Elimination of intersegment payables			(20,265)
Corporate and unallocated liabilities			<u>3,676</u>
Total liabilities			<u>155,335</u>

	Beverage Solutions <i>HK\$'000</i>	Food Products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2021			
<b>Segment revenue</b> (note 4)			
Sales to external customers	750,009	16,784	766,793
	<u>750,009</u>	<u>16,784</u>	<u>766,793</u>
<b>Segment results</b>	113,615	(1,705)	111,910
<i>Reconciliation:</i>			
Interest income			1,771
Corporate and other unallocated expenses, net			(12,981)
Finance costs (other than interest on lease liabilities)			<u>(104)</u>
Profit before tax			<u>100,596</u>
<b>Other segment information:</b>			
Depreciation and amortisation	38,573	669	39,242
Reversal of impairment of trade receivables	(550)	(145)	(695)
Impairment of trade receivables	309	64	373
Write-off of trade receivables	722	—	722
Write-down of inventories to net realisable value	1,167	—	1,167
Write-off of inventories	457	109	566
Gain on disposal of items of property, plant and equipment	(76)	—	(76)
Capital expenditure*	<u>23,695</u>	<u>7,519</u>	<u>31,214</u>
* The capital expenditure includes amounts paid for purchases of property, plant and equipment of HK\$26,972,000 and prepayments and deposits paid for purchases of property, plant and equipment of HK\$4,242,000 during the prior year.			
As at 31 December 2021			
<b>Segment assets</b>	484,819	19,851	504,670
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(18,287)
Corporate and unallocated assets			<u>276,063</u>
Total assets			<u>762,446</u>
<b>Segment liabilities</b>	166,073	20,736	186,809
<i>Reconciliation:</i>			
Elimination of intersegment payables			(18,287)
Corporate and unallocated liabilities			<u>5,404</u>
Total liabilities			<u>173,926</u>

## Geographical information

### (a) Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	459,210	473,765
Mainland China	224,201	281,849
Others	<u>12,527</u>	<u>11,179</u>
	<u><u>695,938</u></u>	<u><u>766,793</u></u>

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

### (b) Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	118,875	83,998
Mainland China	<u>89,701</u>	<u>94,556</u>
	<u><u>208,576</u></u>	<u><u>178,554</u></u>

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

## Information about a major customer

During the year, the Group's revenue from sales to an external customer reported in the Beverage Solutions and Food Products segments, totally which exceeds 10% of the Group's total revenue, amounted to HK\$197,351,000 (2021: HK\$206,842,000).

#### 4. REVENUE, OTHER INCOME AND GAINS, NET

##### Revenue

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

	<b>Beverage Solutions HK\$'000</b>	<b>Food Products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2022</b>			
<b>Types of goods or services</b>			
Sales of coffee, tea and other related complementary products	660,066	—	660,066
Sales of frozen food	—	15,919	15,919
Income from provision of coffee and tea machine solutions	19,953	—	19,953
	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>
Total revenue from contracts with customers	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>
<b>Geographical markets</b>			
Hong Kong	443,911	15,299	459,210
Mainland China	223,581	620	224,201
Others	12,527	—	12,527
	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>
Total revenue from contracts with customers	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	660,066	15,919	675,985
Services transferred over time	19,953	—	19,953
	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>
Total revenue from contracts with customers	<u>680,019</u>	<u>15,919</u>	<u>695,938</u>

	Beverage Solutions <i>HK\$'000</i>	Food Products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2021			
<b>Types of goods or services</b>			
Sales of coffee, tea and other related complementary products	723,465	—	723,465
Sales of frozen food	—	16,784	16,784
Income from provision of coffee and tea machine solutions	26,544	—	26,544
Total revenue from contracts with customers	<u>750,009</u>	<u>16,784</u>	<u>766,793</u>
<b>Geographical markets</b>			
Hong Kong	457,671	16,094	473,765
Mainland China	281,159	690	281,849
Others	11,179	—	11,179
Total revenue from contracts with customers	<u>750,009</u>	<u>16,784</u>	<u>766,793</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	723,465	16,784	740,249
Services transferred over time	26,544	—	26,544
Total revenue from contracts with customers	<u>750,009</u>	<u>16,784</u>	<u>766,793</u>
<b>Other income and gains, net</b>			

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	2,450	1,771
Government subsidies*	4,671	—
Gains on changes in fair value of derivative financial instruments, net	963	—
Gain on disposal of items of property, plant and equipment	—	76
Foreign exchange gains, net	2,395	—
Others	773	369
	<u>11,252</u>	<u>2,216</u>

\* Government subsidies represent subsidies granted under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	295	104
Interest on lease liabilities	597	760
	<u>892</u>	<u>864</u>

## 6. PROFIT BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold <sup>^</sup>	420,818	429,026
Depreciation <sup>^</sup> :		
Right-of-use assets	13,912	13,541
Other items of property, plant and equipment	26,759	25,583
	<u>40,671</u>	<u>39,124</u>
Amortisation of intangible assets	114	118
Lease payments not included in the measurement of lease liabilities	762	681
Foreign exchange differences, net*	(2,395)	992
Reversal of impairment of trade receivables*	(21)	(695)
Impairment of trade receivables*	2,275	373
Write-off of trade receivables*	168	722
Employee benefit expenses <sup>^</sup> :		
Salaries, wages, allowances and bonuses	111,806	119,732
Pension scheme contributions (defined contributing schemes)	6,145	5,698
	<u>117,951</u>	<u>125,430</u>
Write-down of inventories to net realisable value*	292	1,167
Write-off of inventories*	1,426	566
Loss/(gain) on disposal of items of property, plant and equipment*	69	(76)
(Gain)/losses on changes in fair value of derivative financial instruments, net*	(963)	833
	<u>(963)</u>	<u>833</u>

<sup>^</sup> The cost of sales for the year ended 31 December 2022 amounted to HK\$461,176,000 (2021: HK\$467,815,000) and included, amongst others, cost of inventories sold of HK\$420,818,000 (2021: HK\$429,026,000), depreciation charge of HK\$16,559,000 (2021: HK\$16,338,000) and employee benefit expenses of HK\$13,584,000 (2021: HK\$13,137,000).

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

## 7. INCOME TAX

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% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable in Mainland China have been calculated at the rate of 25% (2021: 25%).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	7,090	11,233
Overprovision in prior years	(159)	(43)
Current — Mainland China		
Charge for the year	3,649	6,512
Underprovision in prior years	—	28
Deferred	(765)	2,622
	<u>9,815</u>	<u>20,352</u>

## 8. DIVIDENDS

The dividends recognised and proposed by the Company during the reporting period are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distributions during the reporting period:		
2020 final dividend — HK4.00 cents per ordinary share	—	28,830
2021 interim dividend — HK3.19 cents per ordinary share	—	22,991
2021 final dividend — HK3.50 cents per ordinary share	25,226	—
2022 interim dividend — HK1.76 cents per ordinary share	12,685	—
	<u>37,911</u>	<u>51,821</u>
Dividend proposed after the end of the reporting period:		
Proposed final dividend — HK2.19 cents (2021: HK3.50 cents) per ordinary share	<u>15,784</u>	<u>25,226</u>

The proposed final dividend for the year ended 31 December 2022 has been calculated by reference to 720,731,512 shares in issue on 2 March 2023 and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount for the year ended 31 December 2022 is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 720,732,000 (2021: 720,671,000) in issue during the year.

The calculation of the diluted earnings per share amount for the year is based on the profit attributable to ordinary equity holders of the parent and (i) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive share options into ordinary shares.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:	<u>47,424</u>	<u>80,244</u>
	<i>'000</i>	<i>'000</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	720,732	720,671
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>53</u>
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	<u>720,732</u>	<u>720,724</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2022, the Group acquired property, plant and equipment of HK\$66,405,000 (2021: HK\$36,171,000) and recognised right-of-use assets of HK\$3,639,000 (2021: HK\$25,416,000).



## 11. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	119,445	133,002
Impairment	<u>(9,816)</u>	<u>(8,211)</u>
	<u><b>109,629</b></u>	<u><b>124,791</b></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	94,171	67,730
31 to 60 days	8,654	35,056
61 to 90 days	4,140	13,438
91 to 120 days	1,393	6,765
121 to 180 days	894	1,174
Over 180 days	<u>377</u>	<u>628</u>
	<u><b>109,629</b></u>	<u><b>124,791</b></u>

## 12. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	75,808	87,452
1 to 2 months	1,805	1,768
2 to 3 months	142	706
Over 3 months	<u>154</u>	<u>14</u>
	<u><b>77,909</b></u>	<u><b>89,940</b></u>

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

### 13. ISSUED CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Authorised:</b>		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
720,731,512 (2021: 720,731,512) ordinary shares of HK\$0.10 each	<u>72,073</u>	<u>72,073</u>

A summary of movements in the Company's issued share capital is as follows:

	Number of shares	Issued capital <i>HK\$'000</i>
<b>Issued and fully paid:</b>		
At 1 January 2021	720,444,312	72,044
Issue of shares upon exercise of share options ( <i>note</i> )	<u>287,200</u>	<u>29</u>
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>720,731,512</u>	<u>72,073</u>

*Note:*

During the year ended 31 December 2021, the subscription rights attaching to 287,200 share options were exercised at the subscription price of HK\$0.594 per share, resulting in the issue of 287,200 ordinary shares of par value of HK\$0.10 each for a total cash consideration, before expenses, of approximately HK\$170,000. An amount of HK\$378,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the last year, the COVID-19 pandemic continued to rage in Mainland China and Hong Kong. Hong Kong experienced the fifth wave of the COVID-19 pandemic in the first quarter of 2022 while Mainland China had severe outbreaks of the COVID-19 pandemic in the late first quarter and for the whole fourth quarter of 2022. Under the strict prevention and control measures of Mainland China, many cities were locked down.

Despite the challenging business environment, the Group has strived to improve its operational efficiency so as to prepare itself for the rebound once the border control measures in Mainland China and Hong Kong are abolished. A series of enhancement initiatives were carried out in 2022, including consolidation of the current routing system for cost saving, review of the internal procedures and systems to streamline headcount, adoption of quality control measurement for quality assurance, upgrading of the SAP system and the market assessment system for a better grip of customer and market information, and acquisition of property at the same building to integrate the business operations in one place for logistics efficiency. Last but not the least, the Group also upgraded the coffee plant in Mainland China in order to minimize manpower and had further automation in the production line to achieve quality standardization.

In addition, in 2022, the Group implemented stringent cost control. As a result, the cost of sales was reduced when compared with 2021. Together with the evolving strategy of adjusting selling prices since July 2022, the level of sales revenue of the Group was able to be maintained in Hong Kong for the last quarter of 2022.

Nevertheless, as the global supply chain has yet to fully resume normal operation in 2022, this caused significant market fluctuation and the overall increase in the commodity prices of raw materials. The impact of the price fluctuation and increase in coffee beans on the Group was to a certain extent mitigated by commodities hedging taken by the Group. Having said that, since it was not possible to shift the increase in cost directly to the consumers, this nevertheless imposed an adverse effect on the gross profit of the Group.

For the year ended 31 December 2022, the Group recorded a total revenue of HK\$695.9 million, representing a decrease of HK\$70.9 million, or 9.2%, compared to the year ended 31 December 2021. The decrease in revenue was primarily attributable to the decrease in revenue derived from beverage solutions business in Mainland China, and to a lesser extent, the decrease in revenue derived from the food products business. Gross profit for the year ended 31 December 2022 amounted to HK\$234.8 million, representing a decrease of HK\$64.2 million, or 21.5%, compared to the year ended 31 December 2021. Gross profit margin decreased from 39.0% for the year ended 31 December 2021 to 33.7% for the year ended 31 December 2022.

## **Beverage Solutions**

Revenue from the beverage solutions segment decreased by HK\$70.0 million, or 9.3%, from HK\$750.0 million for the year ended 31 December 2021 to HK\$680.0 million for the year ended 31 December 2022. The decrease was primarily due to the decrease in revenue derived from Mainland China following the implementation of further lockdown measures from COVID-19 pandemic since January 2022. Gross profit decreased by HK\$62.7 million, or 21.1%, from HK\$296.5 million for the year ended 31 December 2021 to HK\$233.8 million for the year ended 31 December 2022, mainly in line with the decrease in revenue. Gross profit margin of the beverage solutions business decreased from 39.5% for the year ended 31 December 2021 to 34.4% for the year ended 31 December 2022, primarily because of the increase in raw material cost of coffee beans.

## **Food products**

Revenue from the food products segment decreased by HK\$0.9 million, or 5.4%, from HK\$16.8 million for the year ended 31 December 2021 to HK\$15.9 million for the year ended 31 December 2022. The decrease was primarily because of the decrease in revenue derived from Hong Kong. Gross profit decreased by HK\$1.5 million or 60.0% from HK\$2.5 million for the year ended 31 December 2021 to HK\$1.0 million for the year ended 31 December 2022 and gross profit margin decreased from 14.9% for the year ended 31 December 2021 to 6.3% for the year ended 31 December 2022.

## **REVENUE BY GEOGRAPHIC LOCATIONS**

### **Hong Kong**

For the year ended 31 December 2022, revenue generated in Hong Kong decreased by HK\$14.6 million, or 3.1%, from HK\$473.8 million for the year ended 31 December 2021 to HK\$459.2 million for the year ended 31 December 2022. The decrease in revenue generated in Hong Kong was primarily because of the decrease in sales of coffee, tea and milk products as a result of a decrease in customers' demand.

### **Mainland China**

For the year ended 31 December 2022, revenue generated in Mainland China decreased by HK\$57.6 million, or 20.4%, from HK\$281.8 million for the year ended 31 December 2021 to HK\$224.2 million for the year ended 31 December 2022. The decrease in revenue was primarily due to the decrease in the sales volume of coffee, tea and milk products.

## **Others**

In addition, the Group also sells a small portion of our products to Macau and other overseas regions including the United States, Australia, Canada, Malaysia, Guam, Singapore and Taiwan through distributors. For the year ended 31 December 2022, revenue generated in other markets increased by HK\$1.3 million, or 11.6%, from HK\$11.2 million for the year ended 31 December 2021 to HK\$12.5 million for the year ended 31 December 2022. The increase in revenue was primarily as a result of the partial recovery of the overall economy from the COVID-19 pandemic.

## **BUSINESS PROSPECT**

With the announcements by the governments of Mainland China and Hong Kong of further relaxation of the pandemic prevention and control measures in early January 2023 and the abolition of the border control measures in early February 2023, the Group has great confidence in its recovery in the Hong Kong market as it has a comprehensive customer network. Having said that, the Group will target to further expand the product penetration to the current customers, extend the product penetration to under-developed channels and expand the pre-cooked product portfolio. One of the marketing strategies is to apply the right products to the right channels and to the right customers by applying our Total Market Assessment System (“TMAS”).

From a longer-term perspective, riding on the recovery of Mainland China, the Group will focus on driving its growth in Mainland China on four main fronts. Geographically, the Group will focus its business development in the Greater Bay Area, especially in Guangzhou, Foshan, Shenzhen, Dongguan, Zhuhai, and Zhongshan plus Greater Shanghai. Secondly, the Group will aggressively expand its coverage and penetration in a selection of key relevant food services channels such as tea bistros, hotels, café, and beverage shops. Thirdly, by reshaping and stepping up the Group’s marketing and sales organization, it will substantially expand its customer base. Fourthly, the Group will continue its new product development effort and plans are in place to introduce to the market new beverage equipment in Hong Kong in the first half of 2023 to be followed by rolling out in Mainland China in the latter part of 2023.

In addition, the Group will continue to have stringent cost control, for example by commodities hedging and sourcing from suppliers with a more competitive rate, in 2023. Last but not the least, the Group will keep implementing the pricing adjustment in 2023 hoping to improve the earning margin. In view of the huge market development potential in Mainland China, the Group is keen to explore the opportunity to bring in potential strategic business partners in Mainland China to strengthen the Group’s market presence and expand its distribution channels in Mainland China. Nonetheless, the Group will stay vigilant and continue to drive sustainable growth by constantly reviewing its business strategies and enhancing its operational efficiency with a view to creating long-term value for its shareholders and investors.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased by HK\$70.9 million, or 9.2%, from HK\$766.8 million for the year ended 31 December 2021 to HK\$695.9 million for the year ended 31 December 2022. The decrease was primarily due to the decrease in demand from the customers of the Group for its products as a result from COVID-19 pandemic in both Hong Kong and Mainland China, which resulted in the decrease in sales volume of the products of the Group.

### **Cost of Sales**

The Group's cost of sales decreased by HK\$6.6 million, or 1.4%, from HK\$467.8 million for the year ended 31 December 2021 to HK\$461.2 million for the year ended 31 December 2022. The decrease in the cost of sales was primarily as a result of the decrease in raw material costs for the beverage solutions products, which in turn was mainly caused by the decrease in overall sales volume.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, the Group's gross profit decreased by HK\$64.2 million, or 21.5%, from HK\$299.0 million for the year ended 31 December 2021 to HK\$234.8 million for the year ended 31 December 2022. The Group's gross profit margin decreased from 39.0% for the year ended 31 December 2021 to 33.7% for the year ended 31 December 2022.

### **Other Income and Gains, Net**

The Group's other income and gains, net increased by HK\$9.1 million from HK\$2.2 million for the year ended 31 December 2021 to HK\$11.3 million for the year ended 31 December 2022. The increase was primarily a result of (i) the government subsidies received during the year ended 31 December 2022 in relation to wages subsidies under the Employment Support Scheme of the Anti-epidemic Fund operated by the Hong Kong government, (ii) the increase in bank interest income due to the increase in the overall interest rate on deposits, and (iii) gains on foreign exchange differences.

### **Selling and Distribution Expenses**

The Group's selling and distribution expenses decreased by HK\$14.2 million, or 12.0%, from HK\$118.6 million for the year ended 31 December 2021 to HK\$104.4 million for the year ended 31 December 2022, primarily due to the decrease in (i) marketing and promotion expenses, and (ii) staff costs, which was generally in line with the decrease in revenue.

## **Administrative Expenses**

The Group's administrative expenses increased by HK\$2.0 million, or 2.6%, from HK\$77.2 million for the year ended 31 December 2021 to HK\$79.2 million for the year ended 31 December 2022. The increase was primarily a result of the increase in depreciation, which reflected the increase in capital expenditure throughout 2022.

## **Other Expenses, Net**

The Group's other expenses, net increased by HK\$0.2 million, or 5.0% from HK\$4.0 million for the year ended 31 December 2021 to HK\$4.2 million for the year ended 31 December 2022. The increase was primarily a result of the write-off of inventories and impairment of trade receivables during the year ended 31 December 2022, which were partially offset by the decrease in the write-off of trade receivables.

## **Finance Costs**

The Group's finance costs remained unchanged from HK\$0.9 million for the year ended 31 December 2021 to HK\$0.9 million for the year ended 31 December 2022.

## **Income Tax Expense**

The Group's income tax expense decreased by HK\$10.6 million, or 52.0%, from HK\$20.4 million for the year ended 31 December 2021 to HK\$9.8 million for the year ended 31 December 2022, mainly due to the decrease in current tax expense. The Group's effective income tax rate decreased from 20.3% for the year ended 31 December 2021 to 17.1% for the year ended 31 December 2022.

## **Profit For The Year and Net Profit Margin**

As a result of the foregoing, the Group's profit for the year decreased by HK\$32.8 million, or 40.9%, from HK\$80.2 million for the year ended 31 December 2021 to HK\$47.4 million for the year ended 31 December 2022. The Group's net profit margin decreased from 10.5% for the year ended 31 December 2021 to 6.8% for the year ended 31 December 2022.

## **Capital Expenditure and Commitments**

During the year ended 31 December 2022, the Group recorded additions of property, plant and equipment of HK\$66.4 million (2021: HK\$36.2 million). A substantial portion of the Group's capital expenditure for the year ended 31 December 2022 was in relation to the acquisition of properties.



As at 31 December 2022, the Group had capital commitments of HK\$14.2 million (2021: HK\$9.6 million), mainly comprising the amounts related to contracts of capital expenditure in production machineries and enhancement of information technology system and hardware.

### **Borrowings**

As at 31 December 2022, the Group had total interest-bearing bank borrowings of HK\$10.6 million (2021: HK\$3.2 million).

### **Contingent Liabilities**

During the years ended 31 December 2022 and 2021, the Group was not able to obtain the real estate ownership certificates for two warehouses located in Mainland China with costs of HK\$653,000 and HK\$601,000, 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 can be subject to a maximum penalty amounting to RMB1.3 million (equivalent to HK\$1.5 million) (2021: RMB1.3 million (equivalent to HK\$1.6 million)). Having considered the current practice of the relevant authorities and the advice from the Group's legal counsel, the directors of the Company believe that it is not probable that the relevant authorities will impose the penalty. In addition, the directors of the Company 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 a third party in Mainland China for infringement of trademark and improper competition. In July 2022, the Group received a favorable judgement from the People's Court of Shanghai Pudong New Area, Mainland China. Up to the date of this announcement, the third party filed a petition for appeal against the first instance judgement, and the appeal is still pending.

### **Gearing Ratio**

As at 31 December 2022, on the basis of total interest-bearing bank borrowings divided by equity attributable to owners of the parent, the Group's gearing ratio was 1.8% (2021: 0.5%). The increase in gearing ratio was mainly due to an increase in the outstanding balance of interest-bearing bank borrowings.



## **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 unit's functional currencies. The majority of the Group's foreign currency purchase transactions are denominated in the United States dollars. On the other hand, the Group's sales are mainly denominated in Hong Kong dollars and Renminbi. The management is closely monitoring foreign exchange exposures of the Group. The Group will consider adopting a foreign currency hedging policy for significant foreign currency exposures should the need arise.

## **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 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 are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is limited.

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 the 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 31 December 2022, the Group employed 209 and 198 (2021: 207 and 235) 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 year ended 31 December 2022, 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 systems and business knowledge, to ensure the effective implementation of the Group's business strategy.

## **USE OF PROCEEDS FROM LISTING**

The shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 May 2018 (the “**Listing**”). After the full exercise of the Over-allotment Option (as defined in the prospectus dated 30 April 2018 (the “**Prospectus**”) issued by the Company in relation to the offer of Shares) and after deducting underwriting commissions and all related expenses, the net proceeds from the issuance and offer of the Shares in connection with the Listing (the “**Net Proceeds**”) amounted to HK\$232.6 million.

As announced on 4 March 2021, in light of the change in the market and economic condition with the uncertainty in the economic recovery in Southeast Asia, the Board had resolved to revise the use of unutilised Net Proceeds from allocating the Net Proceeds originally designated for expansion into Southeast Asia to (i) the strengthening of business portfolio; and (ii) general working capital. The Board is of the view that the change in the use of Net Proceeds would allow the Group to utilise its financial resources in a more beneficial and effective way.

The original allocation of the Net Proceeds, the remaining balance after the revised allocation of the Net Proceeds on 1 January 2022, the utilisation of the Net Proceeds during the period from 1 January 2022 to 31 December 2022, the unutilised Net Proceeds as at 31 December 2021 and the expected timeline for the utilisation of the remaining Net Proceeds are as follows:

	Original allocation HK\$'000	Remaining balance as at 1 January 2022 HK\$'000	Utilisation during the period HK\$'000	Unutilised amount as at 31 December 2022 HK\$'000	Expected timeline for utilising the remaining Net Proceeds
Strengthen business portfolio	93,044	8,346	(8,346)	—	N/A
Capital investments of machineries and equipment	46,522	—	—	—	N/A
Expansion into Southeast Asia	23,261	—	—	—	N/A
Product customisation and development	23,261	13,250	(2,133)	11,117	Before 31 December 2023 <sup>(Note)</sup>
Support sales and marketing	23,261	—	—	—	N/A
General working capital	23,261	—	—	—	N/A
Total	<u>232,610</u>	<u>21,596</u>	<u>(10,479)</u>	<u>11,117</u>	

*Note:* The launching plan of the tea machines has been further delayed as the vendors could not deliver the machinery spare parts which are sourced from European countries as scheduled due to the COVID-19 pandemic. As such, the Group may not be able to fully utilise the remaining Net Proceeds according to the planned time frame as disclosed in the Prospectus and the aforesaid announcement of Company issued on 4 March 2021. In view of the uncertainties as a result of the on-going COVID-19 pandemic, the Board has resolved to further extend the expected timeline for utilising the remaining Net Proceeds for product customisation and development to 31 December 2023.

Save as disclosed above, the Group has applied the Net Proceeds according to plans as previously disclosed. The Group will continue to assess the current market conditions and monitor the utilization of the remaining Net Proceeds. The unutilised Net Proceeds have been placed as bank balances/time deposits with licensed banks in Hong Kong as at the date of this announcement.

## DIVIDEND

The Board has proposed the payment of a final dividend of HK2.19 cents per ordinary Share in respect of the year ended 31 December 2022 (2021: HK3.50 cents per ordinary Share), to shareholders whose names appear on the register of members of the Company on Thursday, 4 May 2023. The total payout will amount to HK\$15.8 million (2021: HK\$25.2 million). The proposed dividend will be paid on or before Thursday, 18 May 2023, subject to approval of the shareholders at the forthcoming annual general meeting of the Company (the “AGM”).

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 April 2023 to Thursday, 27 April 2023, both days inclusive, during which period no transfer of Shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration 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 not later than 4:30 p.m. on Friday, 21 April 2023.

In addition, in order to determine the entitlement of the shareholders to receive the proposed final dividend, if approved, the register of members of the Company will be closed on Thursday, 4 May 2023, during which no transfer of shares of the Company will be registered. In order to be eligible to receive the proposed final 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 no later than 4:30 p.m. on Wednesday, 3 May 2023.

## 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 14 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 Audit Committee has reviewed the Group's consolidated financial statements and annual results for the year ended 31 December 2022. 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 disclosures have been made.

## **SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditors, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2022. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2022 and up to the date of this announcement.

## **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.

## **EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event requiring disclosure in this announcement that has taken place subsequent to 31 December 2022 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Thursday, 27 April 2023, for the purpose of, among other things, approving the payment for a final dividend of HK2.19 cents per ordinary Share. For details of the AGM, please refer to the Notice of AGM, which will be published and issued to the shareholders in due course.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to striving for good corporate governance practices and emphasising on 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 year ended 31 December 2022, ensuring that the Company is up to the requirements as being diligent, accountable and professional, 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 separate and should not be performed by the same individual. Mr. Wong Tat Tong (“**Mr. Wong**”) is currently the chairman of the Board and the chief executive officer of the Company, responsible for formulating the overall business development strategy and planning of the Group. In view of Mr. Wong having 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 structure from time to time and shall consider the appropriate adjustment should suitable circumstances arise. There are three independent non-executive Directors in the Board, each of them possesses adequate level of independence with diverse background and experience, and therefore the Board considers 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 Group has adopted its own Securities 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 Companies contained in Appendix 10 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 compliance with the required standards set out in the Code throughout the year ended 31 December 2022.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.twcoffee.com](http://www.twcoffee.com)). The annual report of the Company for the year ended 31 December 2022 will be dispatched to shareholders of the Company and published on the aforesaid websites of the Stock Exchange and the Company in due course.

## APPRECIATION

On behalf of the Board, I would like to thank the shareholders, customers and business partners for their ongoing support, and our Directors, management and employees for their dedication and contributions to our progress.

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

Hong Kong, 2 March 2023

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