

Tsit Wing International Holdings Limited

(Incorporated in Bermuda with limited liabilities)

Third Quarter Financial Statements and Dividend Announcement for the year ended September 30, 2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>Group</u>			<u>Group</u>		
	9 months ended <u>30/09/2009</u>	9 months ended <u>30/09/2008</u>	<u>Inc / (dec)</u>	3 months ended <u>30/09/2009</u>	3 months ended <u>30/09/2008</u>	<u>Inc / (dec)</u>
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Revenue	295,126	295,334	(0.1)%	104,886	100,214	4.7%
Cost of sales	(181,748)	(193,938)	(6.3)%	(62,188)	(66,669)	(6.7)%
Gross profit	113,378	101,396	11.8%	42,698	33,545	27.3%
Other operating income	4,485	1,878	138.8%	3,251	3,109	4.6%
Distribution costs	(53,588)	(45,717)	17.2%	(17,659)	(15,527)	(13.7)%
Administrative expenses	(44,210)	(35,490)	24.6%	(15,645)	(11,709)	33.6%
Finance cost	(118)	(113)	4.4%	(98)	(37)	164.9%
Profit before income tax	19,947	21,954	(9.1)%	12,547	9,381	33.7%
Income tax expense	(3,888)	(4,403)	(11.7)%	(1,639)	(2,105)	(22.1)%
Profit for the period	16,059	17,551	(8.5)%	10,908	7,276	49.9%
Attributable to equity holders of the Company	16,059	17,551	(8.5)%	10,908	7,276	49.9%

Consolidated Statement of Comprehensive Income:

	<u>Group</u>			<u>Group</u>		
	9 months ended <u>30/09/2009</u>	9 months ended <u>30/09/2008</u>	<u>Inc / (dec)</u>	3 months ended <u>30/09/2009</u>	3 months ended <u>30/09/2008</u>	<u>Inc / (dec)</u>
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Profit for the period	16,059	17,551	(8.5)%	10,908	7,276	49.9%
Currency translation differences	(23)	3,022	(100.8)%	(23)	(130)	(82.3)%
Total comprehensive income for the period attributable to equity holders of the Company	16,036	20,573	(22.1)%	10,885	7,146	52.3%

1(a)(ii) Profit before tax has been arrived at after charging / (crediting):

	<u>Group</u> 9 months ended <u>30/09/2009</u> HK\$'000	<u>Group</u> 9 months ended <u>30/09/2008</u> HK\$'000	<u>Group</u> 3 months ended <u>30/09/2009</u> HK\$'000	<u>Group</u> 3 months ended <u>30/09/2008</u> HK\$'000
Interest income from non-related companies	(350)	(1,373)	(70)	(398)
Interest expense to non-related companies	118	113	98	37
Gain on derivatives financial instruments	(3,011)	-	(2,854)	-
Foreign exchange gain	(673)	(91)	(160)	192
(Gain) loss on disposal of plant and equipment	(279)	119	(119)	(36)
Depreciation expense	11,497	10,778	3,893	3,650
Allowance for doubtful trade receivables	523	437	201	172
Allowance for inventories	791	-	20	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	<u>Group</u>		<u>Company</u>	
	<u>30/09/2009</u>	<u>31/12/2008</u> (restated)	<u>30/09/2009</u>	<u>31/12/2008</u> (restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	99,136	76,647	89	146
Trade receivables	50,829	56,634	-	-
Bills receivables	-	39	-	-
Other receivables and prepayments	15,790	11,494	1,128	1,031
Amount due from subsidiaries	-	-	56,195	65,726
Amount due from minority shareholders	490	-	-	-
Held-to-maturity investment (note a)	3,110	6,192	-	-
Inventories	67,457	73,204	-	-
Total current assets	<u>236,812</u>	<u>224,210</u>	<u>57,412</u>	<u>66,903</u>
Non-current assets:				
Investment in subsidiaries	-	-	78,563	78,563
Prepaid leases	7,391	7,639	-	-
Property, plant & equipment	60,796	57,601	-	-
Deposits paid for acquisition of property, plant and equipment	968	469	-	-
Deferred tax assets	283	219	-	-
Total non-current assets	<u>69,438</u>	<u>65,928</u>	<u>78,563</u>	<u>78,563</u>
Total assets	<u>306,250</u>	<u>290,138</u>	<u>135,975</u>	<u>145,466</u>

	<u>Group</u>		<u>Company</u>	
	<u>30/09/2009</u>	<u>31/12/2008</u> (restated)	<u>30/09/2009</u>	<u>31/12/2008</u> (restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Trust receipts and other loans	12,389	4,353	-	-
Bills payables	-	225	-	-
Trade payables	18,111	25,093	-	-
Other payables	14,867	9,722	1,684	1,411
Derivative financial instruments	-	659	-	-
Income tax payable	2,435	-	7	-
Total current liabilities	47,802	40,052	1,691	1,411
Non-current liabilities:				
Deferred income tax	3,576	4,023	-	-
Capital, reserves and minority interests:				
Share capital	48,236	48,236	48,236	48,236
Share premium	20,977	20,977	20,977	20,977
Contributed surplus	48,563	48,563	48,563	48,563
Translation reserve	4,341	4,364	-	-
Employee share option reserve	207	207	207	207
Retained earnings	132,058	123,716	16,301	26,072
Attributable to equity holders of the Company	254,382	246,063	134,284	144,055
Minority interest	490	-	-	-
Total equity	254,872	246,063	134,284	144,055
Total liabilities and equity	306,250	290,138	135,975	145,466

Note:

(a) Held-to-maturity investments represent bonds carried at amortized cost. The bonds, which the Group intends to hold to maturity, bearing interests and mature not more than one year.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2009		As at 31 December 2008	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
-	12,389	-	4,353

1(c) Cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>Group</u>		<u>Group</u>	
	9 months ended <u>30/09/2009</u> HK\$'000	9 months ended <u>30/09/2008</u> HK\$'000	3 months ended <u>30/09/2009</u> HK\$'000	3 months ended <u>30/09/2008</u> HK\$'000
Operating activities:				
Profit before income tax	19,947	21,954	12,547	9,381
Adjustments for:				
Depreciation expense	11,497	10,778	3,893	3,650
Interest expense	118	113	98	37
Allowance for inventories	791	-	20	-
Allowance for doubtful trade receivables	523	437	201	172
(Gain) loss on disposal of plant and equipment	(279)	119	(119)	(36)
Interest income	(350)	(1,373)	(70)	(398)
Gain on derivatives financial instruments	(3,011)	-	(2,854)	-
Operating cash flows before movements in working capital	29,236	32,028	13,716	12,806
Bills receivables	39	128	-	-
Trade receivables	5,282	(2,388)	1,073	(2,753)
Other receivables and prepayments	(6,260)	(6,495)	(791)	3,308
Inventories	4,956	(21,724)	11,342	(4,168)
Bills payables	(225)	(786)	-	-
Trade payables	(6,982)	1,423	(8,138)	(2,423)
Other payables	5,145	(434)	2,035	1,984
Derivatives financial instruments	2,352	-	2,702	-
Cash generated from operations	33,543	1,752	21,939	8,754
Interest paid	(118)	(113)	(98)	(37)
Interest received	350	1,373	70	398
Income tax paid	-	(1,072)	-	(764)
Net cash from operating activities	33,775	1,940	21,911	8,351
Investing activities:				
Purchase of property, plant and equipment	(14,945)	(7,971)	(6,164)	(2,939)
Proceeds from disposal of property, plant and equipment	780	335	273	103
Deposits paid for acquisition of property, plant and equipment	(499)	423	(94)	378
Sale (purchase) of held-to-maturity investment	3,082	(6,184)	1,570	(6,184)
Loans receivables	-	36,660	4,400	12,508
Net cash (used in) from investing activities	(11,582)	23,263	(15)	3,866
Financing activities:				
Proceeds from trust receipts and other loans	49,086	50,945	16,137	16,789
Repayment of trust receipts and other loans	(41,050)	(48,466)	(10,226)	(17,067)
Dividend paid	(7,717)	(21,224)	(2,894)	(6,753)
Net cash from (used in) financing activities	319	(18,745)	3,017	(7,031)
Net increase in cash and cash equivalents	22,512	6,458	24,913	5,186
Cash and cash equivalents at beginning of the period	76,647	67,599	74,246	71,133
Effect of foreign exchange rate changes	(23)	2,132	(23)	(130)
Cash and cash equivalents at end of the period	99,136	76,189	99,136	76,189

1(d)(i) Statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Share Premium	Contributed Surplus	Translation Reserve	Employee Share Option Reserve	Retained Earnings	Total	Minority Interest	Attributable to equity holders of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group									
Balance at 1 Jul 2009	48,236	20,977	48,563	4,364	207	124,044	246,391	-	246,391
Incorporation of a subsidiary	-	-	-	-	-	-	-	490	490
Currency translation differences	-	-	-	(23)	-	-	(23)	-	(23)
Net profit for the period	-	-	-	-	-	10,908	10,908	-	10,908
Dividend Paid	-	-	-	-	-	(2,894)	(2,894)	-	(2,894)
Balance at 30 Sep 2009	48,236	20,977	48,563	4,341	207	132,058	254,382	490	254,872
Balance at 1 Jul 2008	48,236	20,977	48,563	7,058	207	120,737	245,778	-	245,778
Currency translation differences	-	-	-	(130)	-	-	(130)	-	(130)
Net profit for the period	-	-	-	-	-	7,276	7,276	-	7,276
Dividend Paid	-	-	-	-	-	(6,753)	(6,753)	-	(6,753)
Balance at 30 Sep 2008	48,236	20,977	48,563	6,928	207	121,260	246,171	-	246,171

	Share Capital	Share Premium	Contributed Surplus	Employee Share Option Reserve	Retained Earnings	Attributable to equity holders of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Company						
Balance at 1 Jul 2009	48,236	20,977	48,563	207	19,889	137,872
Net loss for the period	-	-	-	-	(694)	(694)
Dividend paid	-	-	-	-	(2,894)	(2,894)
Balance at 30 Sep 2009	48,236	20,977	48,563	207	16,301	134,284
Balance at 1 Jul 2008	48,236	20,977	48,563	207	34,135	152,118
Net loss for the period	-	-	-	-	(848)	(848)
Dividend Paid	-	-	-	-	(6,753)	(6,753)
Balance at 30 Sep 2008	48,236	20,977	48,563	207	26,534	144,517

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

During the third quarter of 2009, no ordinary share was issued. No share option was granted under the Tsit Wing Employees' Share Option Scheme 2001 during the period under review.

The number of share options outstanding as at September 30, 2009 was 480,000 (September 30, 2008: 480,000).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.**

The total number of issued shares excluding treasury shares.

As at 30/09/2009	As at 31/12/2008
192,943,999	192,943,999

- 1(d)(iv) A Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by our auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer' most recently audited annual financial statements have been applied**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as those applied in the audited financial statements for the year ended December 31, 2008.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted the International Financial Reporting Standards ("IFRS") since January 1, 2009. The Group has previously prepared the financial statements in accordance with Singapore Financial Reporting Standards ("SFRS"). SFRS differ in certain aspects from IFRS. When preparing the consolidated financial statements of the Group for the period ended September 30, 2009, management has amended certain accounting methods applied in the SFRS financial statements to comply with IFRS.

The comparative figures in respect of 2008 were restated to reflect these adjustments.

The transition from SFRS to IFRS has no material financial impact to the Group, except:

Under SFRS, the land use rights were accounted for at cost less accumulated depreciation and accumulated impairment losses under property, plant and equipment. The adoption of IAS 17 has resulted in the reclassification of the Group's land use rights of HK\$7.4M from property, plant and equipment to prepaid leases. The prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairments is expensed in the income statement. IAS 17 has been applied retrospectively and the transition from SFRS to IFRS has no impact on the Group's equity and net income other than presentational changes.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	9 months ended 30/09/2009	9 months ended 30/09/2008	3 months ended 30/09/2009	3 months ended 30/09/2008
Based on the weighted average number of ordinary shares in issue	8.32 HK cents	9.10 HK cents	5.65 HK cents	3.77 HK cents
Based on a fully diluted basis	8.32 HK cents	9.09 HK cents	5.65 HK cents	3.77 HK cents

Notes:

The basic earnings per share is calculated based on the Group's profit attributable to shareholders divided by the weighted average number of ordinary shares in issue during those period. The weighted average number of ordinary shares in issue during the nine months and third quarter of 2009 were 192,943,999 (2008: 192,943,999) and 192,943,999 (2008: 192,943,999) respectively.

The fully diluted earnings per share for the nine months and third quarter of 2009 financial year is based on the profit attributable to shareholders divided by the adjusted weighted average number of ordinary shares of 192,957,999 (2008: 193,051,999) and 192,967,999 (2008:192,980,999) respectively.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30/09/2009	31/12/2008	30/09/2009	31/12/2008
Net asset backing per ordinary share based on issued share capital at the end of the period reported on	132.1 HK cents	127.5 HK cents	69.6 HK cents	74.7 HK cents

Notes:

The net asset backing per ordinary share as at 30 September 2009 and 31 December 2008 are calculated based on the number of ordinary shares of 192,943,999 in issue as at the respective dates.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

- (a) The Group recorded a total turnover of HK\$104.9 million for the three months ended 30 September 2009, an increase of HK\$7.7 million or 7.9% over the 2009 quarter 2 result. When compared with same quarter last year, turnover improved by HK\$4.7 million or 4.7%. The improved sales in quarter 3 has offset the sales shortfall in the first half of 2009 resulting in sales for the nine months period ending 30 September 2009 just falling short of that of same period last year by HK\$0.2 million or 0.1%.

Gross profit for the nine months improved to 38.4% from 34.3% of same period last year. The improvement was attributable to our focus on raw materials cost control and product sales mix rationalization. In absolute dollar term, gross profit increased by HK\$12 million or 11.8% to HK\$113.4 million over same period last year. The Group will continue to strive to improve and control gross profit for steady returns.

The group continued to incur higher operating expenses to support the sales growth in the quarter under review and into the near future. This included upgrading the sales and marketing organization in China as well as strengthening marketing and promotional programs for brand building.

As a result, the Group achieved HK\$16.1 million in net profit attributable to shareholders for the nine months ended 30 September 2009. This represents a 8.5% decrease compared with the same period of last year but is a strong improvement from the 49.9% decrease versus same period last year for the first half of 2009.

- (b) The financial position of the Group was healthy. With the continuous profits contributed from our operating businesses, the Group's cash flow remains strong. The current ratio of the Group as at 30 September 2009 was 5.0 times, compared with 5.6 times at 31 December, 2008.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A Commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Despite the poor market sentiment during the first half of 2009, business began to recover in May as the Hong Kong and China economy showed signs of bottoming out. In Hong Kong, coffee and tea sales achieved an 8% volume growth in the 3rd quarter year-on-year while FMCG 3-in-1 premium products achieved a 24% year-on-year growth in the first nine months period. With the new sales and marketing organization put in place, business decline in China was reversed in the quarter under review, achieving a sales growth of HK\$3.4 million or 17% over same quarter last year, with growth coming mainly from the catering key account segment and the Hong Kong style tea bistro segment.

We expect overall sales in all catering segments will continue to pick up and grow satisfactorily in the coming months, boosted and supported by effective marketing campaigns and launching of new coffee and tea variants. In the next quarter, we will launch a newly developed full cream milk from Germany to further strengthen our penetration and leading position in the catering segment. Catering key accounts and QSR chains will be our main target groups to further grow our business volume.

For FMCG we will revamp our 3-in-1 product offer and design to reposition our FMCG business for 2010. As for the retail café business, a café business development team is being formed to build concept model shops in Hong Kong before their launch in China.

Volatility of raw material cost remains a major threat and challenge to our profit margin in the year to come. We will continue to manage our profitability by commodity hedging, sourcing diversification and product expansion.

The new factory purchase in Dongguan, Guangdong Province, China will be completed in the next quarter. Plant and production line design is now in full process. We expect the new facility to start operation by the end of 2010 thereby elevating our competitive strengths in the China market.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

Not applicable.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results ended September 30, 2009 to be false or misleading.

On behalf of the Board of Directors
Tsit Wing International Holdings Limited

Wong Tat Tong
Chairman and Chief Executive Officer

Wong Tat Pui
Executive Director

Hong Kong, November 13, 2009