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KITH HOLDINGS LIMITED

僑威集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1201)

ANNUAL RESULTS ANNOUNCEMENT FOR 2014

The Board of Directors (the “Board”) of Kith Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) is pleased to announce the audited results of the Group for the year ended 31 December 2014, together with the comparative figures for the corresponding period in 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR 31 DECEMBER 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Continuing operation			
Revenue	4	758,687	737,281
Cost of sales		<u>(520,397)</u>	<u>(502,166)</u>
Gross profit		238,290	235,115
Other income	5	11,023	13,506
Distribution and selling expenses		(3,961)	(3,528)
Administrative expenses		<u>(152,591)</u>	<u>(154,969)</u>
Profit from operation		92,761	90,124
Impairment loss on various assets		(740)	(34,184)
Fair value gain/(loss) on held-for-trading investments		3	(351)
Impairment loss on available-for-sale investments		–	(2,635)
Loss on disposal of available-for-sale investments		(7,364)	–
Share of loss of an associate		–	(364)
Loss on disposal of an associate		–	<u>(44,413)</u>
Profit from operation		84,660	8,177
Finance costs	7	<u>(6,120)</u>	<u>(20,524)</u>

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit/(loss) before tax		78,540	(12,347)
Income tax	8	<u>(15,656)</u>	<u>(19,987)</u>
Profit/(loss) for the year from continuing operation		62,884	(32,334)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	9	<u>42,190</u>	<u>(614,642)</u>
Profit/(loss) for the year	10	<u>105,074</u>	<u>(646,976)</u>
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(3,681)	19,439
Fair value changes on available-for sale investments		<u>-</u>	<u>(1,718)</u>
		(3,681)	17,721
<i>Items that will not be reclassified to profit or loss:</i>			
Deficit arising on revaluation of property, plant and equipment		-	(19,742)
Deferred tax effect arising on revaluation of property, plant and equipment		<u>-</u>	<u>4,146</u>
Total other comprehensive (loss)/income for the year, net of tax		<u>(3,681)</u>	2,125
Total comprehensive income/(loss) for the year		<u>101,393</u>	<u>(644,851)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company			
From continuing operation		22,981	(61,449)
From discontinued operations		<u>42,190</u>	<u>(614,642)</u>
Profit/(loss) attributable to owners of the Company		65,171	(676,091)
Non-controlling interests			
From continuing operation		<u>39,903</u>	<u>29,115</u>
		<u>105,074</u>	<u>(646,976)</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		62,926	(676,809)
Non-controlling interests		<u>38,467</u>	<u>31,958</u>
		<u>101,393</u>	<u>(644,851)</u>
Earnings/(loss) per share	12		
<i>Basic and diluted (cents per share)</i>			
From continuing operation		8.79	(23.50)
From discontinued operations		<u>16.14</u>	<u>(235.09)</u>
From continuing and discontinued operations		<u>24.93</u>	<u>(258.59)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		561,458	601,066
Prepaid land lease payments		41,731	42,236
Deposits paid for acquisition of property, plant and equipment		22,457	1,539
Available-for-sale investments		5,679	18,440
		<u>631,325</u>	<u>663,281</u>
Current assets			
Inventories		147,999	136,498
Trade and other receivables, deposits and prepayments	<i>13</i>	265,495	258,417
Prepaid land lease payments		613	613
Short-term loans receivable		–	811
Held-for-trading investments		440	443
Bank and cash balances		53,702	56,758
		<u>468,249</u>	<u>453,540</u>
Current liabilities			
Trade and other payables	<i>14</i>	193,235	239,219
Tax payables		5,136	4,836
Dividend payable to non-controlling shareholders		1,677	42,076
Borrowings	<i>15</i>	494,706	517,292
Obligations under finance leases		–	16
		<u>694,754</u>	<u>803,439</u>
Net current liabilities		<u>(226,505)</u>	<u>(349,899)</u>
Total assets less current liabilities		<u>404,820</u>	<u>313,382</u>
Non-current liabilities			
Deferred tax liabilities		36,619	42,368
NET ASSETS		<u>368,201</u>	<u>271,014</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Capital and reserves		
Share capital	26,145	26,145
Reserves	(15,841)	(78,848)
	<hr/>	<hr/>
Equity attributable to owners of the Company	10,304	(52,703)
Non-controlling interests	357,897	323,717
	<hr/>	<hr/>
TOTAL EQUITY	368,201	271,014
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR 31 DECEMBER 2014

1. GENERAL INFORMATION

Kith Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The Company’s controlling shareholder is Double Key International Limited (the “Controlling Shareholder” or “Investor”). The address of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1007 Tsim Sha Tsui Centre, West Wing 66 Mody Road, Tsim Sha Tsui, Kowloon respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the trading in shares of the Company had been suspended since 18 December 2013.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively “the Group”) were principally engaged in printing and manufacturing of packaging products (the “Packaging Printing Business”). In the prior year, the Group were also engaged in distribution of television business-related products and distribution of other electronic and related products (the “Distribution Business”) and these operations came to a halt since May 2013.

2. BASIS OF PREPARATION

Completion of the Group’s proposed restructuring and expected resumption of trading in the shares of the Company

Since 18 December 2013, trading in the shares of the Company on the Stock Exchange had been suspended. On 14 January 2014, a petition to wind up the Company was presented to the High Court of Hong Kong (the “Hong Kong Court”) and on 15 January 2014, a petition to wind up the Company was presented to the Supreme Court of Bermuda (the “Bermuda Court”). The provisional liquidators were appointed by the Bermuda Court and the Hong Kong Court on 27 January 2014 and 5 March 2014 respectively. Further historical background of the restructuring of the Group are set out on pages 31 to 36 of the annual report of the Company for the financial year ended 31 December 2013.

On 20 February 2015 (Bermuda time), the Bermuda Court granted leave to withdraw the Bermuda Petition and ordered the provisional liquidators of the Company be discharged. On 23 February 2015, the Hong Kong Court order that, among others, the Hong Kong Petition be dismissed, the provisional liquidators of the Company be discharged and the adjourned hearing for Hong Kong Petition on 4 March 2015 be vacated.

The Company raised approximately HK\$90,200,000 before expenses, by way of open offer. All the offer shares were taken up by the qualifying shareholders (including by way of excess application). All the conditions to the open offer were fulfilled on 18 March 2015, and allotment and issue of the offer shares took place on the same day.

Completion of the Group's proposed restructuring and expected resumption of trading in the shares of the Company (continued)

By orders dated 11 December 2014 and 27 January 2015, the Bermuda Court and the Hong Kong Court have sanctioned the respective schemes of arrangement between i) the Company and its creditors and ii) Ever Honest Industries Limited and its creditors (the "Schemes"). Copies of the said Orders of the Bermuda Court and the Hong Kong Court were duly delivered to the Registrar of Companies in Bermuda and in Hong Kong for registration on 28 January 2015 (Bermuda time) and 4 February 2015 respectively. The total amount of HK\$485,600,000 was subsequently made available by the Investor for the implementation of the Debt Restructuring. On 18 March 2015, the Schemes became effective and all the claims against, and liabilities of, the Company and Ever Honest Industries Limited were transferred to the Investor on the same day. Details of which are set out in the Company's announcements dated 4 December 2014 and 27 January 2015.

On 25 March 2015, all resumption conditions set out in the letter from the Stock Exchange dated 29 October 2014 have been fulfilled. The Directors expected that the resumption of trading in the shares of the Company with effect from 27 March 2015. Details of which are set out in the Company's announcement dated 25 March 2015.

Further details of the above are described in the Company's announcements dated 4 December 2014, 27 January 2015, 18 March 2015 and 25 March 2015 (the "Announcements"). Unless otherwise specified, capitalized terms used herein shall have the same meanings as defined in those Announcements.

Going concern

As at 31 December 2014, the Group had net current liabilities of approximately HK\$226,505,000 (2013: HK\$349,899,000). In view of these circumstances, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis. In the opinion of the Directors, the Group should be able to continue as a going concern in the coming year taking into consideration of the completion of the Debt Restructuring to improve the Group's financial position.

Upon the Schemes being effective on 18 March 2015, all the claims against, and liabilities of, the Company and Ever Honest Industries Limited which mainly represent the Group's borrowings and trade and other payables (collectively the "Restructured Debts") were transferred and payable to the Investor. The Investor has agreed not to demand for the repayment of the Restructured Debts at least for the next twelve months from the date of these consolidated financial statements so as to sustain the Group's ability to continue as a going concern in the foreseeable future. Details of which are set out in the Company's announcement dated 4 December 2014.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its liabilities as they fall due.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

The Group’s revenue arising from printing and manufacturing of packaging products for the year. An analysis of the Group’s revenue for the year is as follows:

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Printing and manufacturing of packaging products	758,687	737,281
Distribution of other electronic and related products	–	198,460
Distribution of television business-related products	–	46,105
	758,687	981,846
Representing:		
Continuing operation	758,687	737,281
Discontinued operations (<i>note 9</i>)	–	244,565
	758,687	981,846

5. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net exchange gains	–	349
Interest income	479	423
Government grants (<i>note</i>)	6,631	131
Dividend income	945	1,253
Interest income on short-term loan receivable	–	1,462
Proceeds from disposal of scrap materials	1,849	7,870
Others	1,119	4,202
	<u>11,023</u>	<u>15,690</u>
Representing:		
Continuing operation	11,023	13,506
Discontinued operations (<i>note 9</i>)	–	2,184
	<u>11,023</u>	<u>15,690</u>

Note: Government grants are awarded to the Group by the local government as subsidies for new factory relocation expenses.

6. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. During the year ended 31 December 2014, the Group's revenue were derived from the segment of printing and manufacturing of packaging product. The Group's revenue for the year ended 31 December 2013 were derived from the segment of printing and manufacturing of packaging products, distribution of television business related products, other electronic and related products.

Segment profits or losses do not include investment and other income, finance costs, gain on deconsolidation of discontinued liquidating subsidiaries, loss on disposal of an associate, income tax expenses and other unallocated corporate income and expenses. Segment assets do not include interest in an associate, available-for-sale investments, held-for-trading investments, current and deferred tax assets, deposits paid for acquisition of property, plant and equipment and properties under development and other unallocated corporate assets. Segment liabilities do not include borrowings, obligation under finance lease, current and deferred tax liabilities, and unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segment profit or loss, assets and liabilities:

	Continuing operation	Discontinued operations		Total HK\$'000
	Printing and manufacturing of packaging products HK\$'000	Distribution of television business-related products HK\$'000	Distribution of other electronic and related products HK\$'000	
Year ended 31 December 2014:				
Revenue from external customers	758,687	-	-	758,687
Segment profit	106,040	42,190	-	148,230
Depreciation	59,358	-	-	59,358
Amortisation	672	-	-	672
Other material non-cash items:				
Impairment of trade receivables	740	-	-	740
Additions to segment non-current assets	24,690	-	-	24,690
At 31 December 2014:				
Segment assets	1,090,934	-	-	1,090,934
Segment liabilities	146,602	-	-	146,602
Year ended 31 December 2013:				
Revenue from external customers	737,281	46,105	198,460	981,846
Segment profit/(loss)	67,168	(602,034)	(12,608)	(547,474)
Depreciation	52,977	-	-	52,977
Amortisation	1,011	-	-	1,011
Other material non-cash items:				
Impairment of deposit paid for acquisition of properties under development	27,313	-	-	27,313
Impairment of trade receivables	5,399	592,449	-	597,848
Impairment of inventories	1,472	-	-	1,472
Additions to segment non-current assets	48,034	-	-	48,034
At 31 December 2013:				
Segment assets	1,093,427	7	-	1,093,434
Segment liabilities	186,399	43,799	38,939	269,137

Reconciliations of revenue, profit or loss from continuing operation:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue:		
Total turnover of continuing operation	<u>758,687</u>	<u>737,281</u>
Profit or loss:		
Total profit of continue operation	106,040	67,168
Loss on disposal of an associate	–	(44,413)
Corporate and unallocated loss	<u>(21,380)</u>	<u>(14,578)</u>
Consolidated total profit from continuing operation	<u>84,660</u>	<u>8,177</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
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Reconciliations of reportable segments' assets and liabilities:

Assets:		
Total assets of reportable segments	1,090,934	1,093,434
Corporate and unallocated assets:		
Available-for-sale investments	5,679	18,440
Held-for-trading investments	440	443
Others	<u>2,521</u>	<u>4,504</u>
Consolidated total assets	<u>1,099,574</u>	<u>1,116,821</u>
Liabilities:		
Total liabilities of reportable segments	146,602	269,137
Corporate and unallocated liabilities:		
Borrowings	494,706	517,292
Tax payables	5,136	4,836
Deferred tax liabilities	36,619	42,368
Obligations under finance leases	–	16
Others	<u>48,310</u>	<u>12,158</u>
Consolidated total liabilities	<u>731,373</u>	<u>845,807</u>

Geographical information:

All the Group's revenue for the year was derived from the People's Republic of China.

Information about revenue from the Group's two (2013: two) customers from the Group's segment of printing and manufacturing of packaging products individually contributing over 10% of total revenue of the Group as follows:

	2014	2013
	HK\$'000	HK\$'000
Customer A	214,126	235,364
Customer B	74,329	103,247

In presenting the geographical information, revenue is based on the locations of the customers. At the end of the reporting period, the non-current assets of the Group were located as follows:

	2014	2013
	HK\$'000	HK\$'000
Non-current assets:		
Hong Kong	1,422	1,529
The People's Republic of China (the "PRC")	624,223	643,312
	625,645	644,841

7. FINANCE COSTS

	2014	2013
	HK\$'000	HK\$'000
Interest expenses on borrowings that are wholly repayable within five years:		
– Interest on bank loans	9,464	18,792
– Interest on other loans	–	11,935
– Finance leases charges	1	27
	9,465	30,754
Representing:		
Continuing operation	6,120	20,524
Discontinued operations (<i>note 9</i>)	3,345	10,230
	9,465	30,754

8. INCOME TAX

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax for the year	–	12
– PRC Enterprise Income Tax for the year	<u>21,296</u>	<u>20,462</u>
	21,296	20,474
Deferred tax	<u>(5,640)</u>	<u>(475)</u>
	<u>15,656</u>	<u>19,999</u>
Representing:		
Continuing operation	15,656	19,987
Discontinued operations (<i>note 9</i>)	<u>–</u>	<u>12</u>
	<u>15,656</u>	<u>19,999</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year. Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 December 2013

According to the Enterprise Income Tax Law, the profits of the PRC subsidiaries of the Company derived since 1 January 2008 is 25%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

In accordance with Guo Shui Zhi Shui Han 1994 No.151 Yunnan Qiaotong Package Printing Company Limited (“Yunnan Qiaotong”), a PRC subsidiary of the Company is recognized as a high-tech enterprise and is qualified for the conditions of incentives in which the enterprise income tax is regularly reduced by 10%, Yunnan Qiaotong is subject to income tax at statutory tax rate of 25% with reduction by 10%.

The reconciliation between the income tax and the profit/(loss) before tax are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit/(loss) before tax from continuing operation	<u>78,540</u>	<u>(12,347)</u>
Notional tax on profit/(loss) before tax calculated at the PRC statutory rate	19,635	(3,087)
Tax effect of non-taxable income	(3,408)	(4,326)
Tax effect of non-deductible expenses	4,234	26,989
Tax effect of utilisation of tax losses not previously recognised	(2,794)	(1,564)
Tax effect of tax exemptions	–	803
Effect of different tax rates in other tax jurisdictions	(2,011)	1,157
Deferred tax charge on dividend withholding tax	<u>–</u>	<u>15</u>
Income tax for the year (relating to continuing operation)	<u>15,656</u>	<u>19,987</u>

9. DISCONTINUED OPERATIONS

Since May 2013, the Group had ceased its Distribution Business. As part of the Group's restructuring as further detailed in note 2 to the consolidated financial statements, the Group has decided to discontinue its Distribution Business in order to reserve more resources to focus on the Group's core profitable Packaging Printing Business.

(a) The profit/(loss) for the year from discontinued operations is analysed as follows:

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss of discontinued operations	<i>9(b)</i>	(3,543)	(614,642)
Gain on deconsolidation of the discontinued liquidating subsidiaries	<i>9(c)</i>	<u>45,733</u>	<u>–</u>
		<u>42,190</u>	<u>(614,642)</u>

- (b) The results of the discontinued operations for the year, which have been included in consolidated profit or loss, are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	–	244,565
Cost of goods sold	–	(239,471)
Gross profit	–	5,094
Other income	–	2,184
Distribution and selling costs	–	(3,046)
Administrative expenses	(198)	(16,183)
Loss from operation	(198)	(11,951)
Impairments loss on trade receivables	–	(592,449)
Loss before tax	(198)	(604,400)
Finance costs	(3,345)	(10,230)
Loss before tax	(3,543)	(614,630)
Income tax	–	(12)
Loss for the year from the discontinued operations	<u>(3,543)</u>	<u>(614,642)</u>

- (c) On 20 August 2014, at the respective Shareholder's meeting, a special resolution was duly passed to wind up Kith Electronics Limited and Kith Resources Limited, wholly-owned subsidiaries of the Company by way of creditors' voluntary liquidation, details are set out in the Company's announcement dated 21 August 2014. Another two wholly-owned subsidiaries of the Company, Kith Consumer Product Inc. and 僑威華電科技(深圳)有限公司 were deconsolidated on the same day. The Directors considered that the Group had lost control over those subsidiaries. The results, assets and liabilities, and cash flows of those subsidiaries were deconsolidated from the consolidated financial statement of the Group with effect from 20 August 2014.

2014
HK\$ '000

Net liabilities of the subsidiaries deconsolidated on 20 August 2014 were as follows:

Bank and cash balances	(274)
Trade payables	36,894
Other payables	7,358
Accrued financial expenses	17
Tax payables	1,697
Foreign currency translation reserve	41

Gain on deconsolidation of the discontinued liquidating subsidiaries	<u>45,733</u>
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Net cash outflow on deconsolidated of the discontinued liquidating subsidiaries is set out below:

Cash and bank equivalent balances deconsolidated:

Bank and cash balances	<u>274</u>
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10. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operation:		
Auditor's remuneration	1,450	1,400
Cost of inventories sold	520,397	502,166
Depreciation	59,358	55,106
Amortisation	672	1,011
Minimum lease payments under operating leases in respect of		
Office premises	1,096	517
Impairment on various assets:		
Deposit paid for acquisition of properties under development	-	27,313
Trade receivables	740	5,399
Inventories	-	1,472
	740	34,184
Impairment loss on available-for-sale investments	-	2,635
Loss on disposal of property, plant and equipment	890	-
Loss on disposal of available-for-sale investments	7,364	-
Staff costs:		
Salaries, bonus and allowances	98,267	121,304
	<u>98,267</u>	<u>121,304</u>
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Discontinued operations:		
Auditor's remuneration	-	30
Cost of inventories sold	-	239,471
Impairment loss on trade receivables	-	592,449
Staff costs:		
Salaries, bonus and allowances	-	2,317
	<u>-</u>	<u>2,317</u>

11. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: nil).

12. EARNINGS/(LOSS) PER SHARE

(a) From continuing and discontinued operations

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year of approximately HK\$65,171,000 (2013: loss of approximately HK\$676,091,000) attributable to owners of the Company and the weighted average number of 261,453,600 (2013: 261,453,600) ordinary shares in issue during the year.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both years.

(b) From continuing operation

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share from continuing operation attributable to owners of the Company is based on the profit for the year of approximately HK\$22,981,000 (2013: loss of approximately HK\$61,449,000) attributable to owners of the Company and the denominator used is the same as that detailed above for basic earnings/(loss) per share.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both years.

(c) From discontinued operations

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share from discontinued operations attributable to owners of the Company is based on the profit for the year of approximately HK\$42,190,000 (2013: loss of approximately HK\$614,642,000) attributable to owners of the Company and the denominator used is the same as that detailed above for basic earnings/(loss) per share.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both years.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	254,973	834,523
Less: impairment losses	<u>(10,983)</u>	<u>(623,497)</u>
	243,990	211,026
Bills receivables	5,832	32,612
Prepayment, deposits and other receivables	<u>15,673</u>	<u>14,779</u>
	<u><u>265,495</u></u>	<u><u>258,417</u></u>

Trade receivables

The Group allows an average credit period of 30 to 120 days to its trade customers. The following is an aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 60 days	234,950	197,323
61 to 90 days	8,307	12,157
Over 90 days	<u>733</u>	<u>1,546</u>
	<u><u>243,990</u></u>	<u><u>211,026</u></u>

Bills receivables

The following is an aging analysis of bills receivables:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 60 days	5,832	31,344
61 to 90 days	<u>–</u>	<u>1,268</u>
	<u><u>5,832</u></u>	<u><u>32,612</u></u>

Impairment of trade receivables

The movement in impairment losses of trade receivables is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At beginning of the year	623,497	25,649
Deconsolidation of discontinued liquidating subsidiaries	(613,254)	–
Impairment losses recognised	740	597,848
	<u>10,983</u>	<u>623,497</u>

Included in the above provision for impairment of trade receivables for the year is a provision for individually impaired trade receivables of approximately HK\$10,983,000 (2013: HK\$623,497,000) which are due to long outstanding/or default of payments. The Group does not hold any collateral over these balances. Impaired amounts were directly written off against trade receivables when there was no expectation of recovering any amount.

Trade receivables that are not impaired

The aging analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	231,226	207,617
Less than 60 days past due	12,031	1,863
Over 90 days past due	733	1,546
	<u>243,990</u>	<u>211,026</u>

Trade receivables that were not past due relate to a wide range of customers who has no recent history of default. The Group does not hold any collateral over these balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there is no significant change in credit quality and the balances are still considered fully recoverable.

14. TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	135,074	165,175
Accruals and other payables	58,161	74,044
	<u>193,235</u>	<u>239,219</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 60 days	82,368	87,130
61 to 90 days	3,241	2,747
Over 90 days	49,465	75,298
	<u>135,074</u>	<u>165,175</u>

Upon the Schemes being effective on 18 March 2015, there are certain update on the restructuring of the claims against, and liabilities of, the Company and Ever Honest Industries Limited comprising the borrowings and trade and other payables. Further details of which are stated in note 2.

15. BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank overdrafts	12,227	9,083
Bank loans	89,220	119,950
Trust receipt loans	310,795	310,795
Other loans	77,464	77,464
Loan from the Controlling Shareholder	5,000	–
	<u>494,706</u>	<u>517,292</u>
Analysed as:		
Secured	30,000	87,097
Unsecured	464,706	430,195
	<u>494,706</u>	<u>517,292</u>

All of the banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. In circumstances that the Group commits any default in settlement or commits any breaches of the covenants, notwithstanding any of the expiry dates has not been due, the respective bank has full discretion to exercise its overriding right of repayment on demand to call for cash cover on demand for prospective and contingent liabilities.

Upon the Schemes being effective on 18 March 2015, there are certain update on the restructuring of the claims against, and liabilities of, the Company and Ever Honest Industries Limited comprising the borrowings and trade and other payables. Further details of which are stated in note 2.

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the restructuring of the Group, and further details of which are stated in note 2 to the consolidated financial statements.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The Company's auditor has issued the qualified of opinion on the Group's consolidated financial statements for the year ended 31 December 2014, an extract of which is as follows:

BASIS FOR QUALIFIED OF OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2013 (the "2013 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of the limitations in the scope of our audit and the material uncertainty in relation to going concern basis, and details of which are set out in our audit report dated 9 January 2015. Accordingly, we were then unable to form an opinion as to whether the 2013 Financial Statements gave a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the Group's results and cash flows for that year then ended.

2. Limited accounting books and records of discontinued operations and gain on deconsolidation of discontinued liquidating subsidiaries

Due to the cessation of the Group's distribution of television business-related products and distribution of other electronic and related products and the changes of management and directors during the year, the new Directors were unable to locate the complete set of accounting books and records in respect of certain of the Company's wholly-owned subsidiaries in relation to the Group's discontinued operations (collectively "these Subsidiaries") for the year ended 31 December 2014 and 2013.

As such, we were unable to obtain sufficient supporting documentation and explanations, to carry out audit procedures to satisfy ourselves as to whether the loss of approximately HK\$3,543,000 for the period from 1 January 2014 to 20 August 2014 (date of liquidation) and the deconsolidated assets and liabilities as at that dates as presented in note 13 the consolidated financial statements (note 9 of this announcement) respectively, and the related disclosure notes in relation to these Subsidiaries.

In view of the circumstances as mentioned in the preceding paragraphs, we were also unable to carry out audit procedures to satisfy ourselves as to whether the gain on deconsolidation of discontinued liquidating subsidiaries of approximately HK\$45,733,000 included in the consolidated statement of profit or loss and other comprehensive income was fairly stated.

Any adjustments that are found necessary in relation to matters as described in points 1 and 2 above might have a significant consequential effect on the Group's results and cash flows for the two years ended 31 December 2014 and 2013 and the financial positions of the Group as at 31 December 2014 and 2013, and the related disclosures thereof in the consolidated financial statements.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its results and cash flows for the year then ended in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

BUSINESS REVIEW

For the year ended 31 December 2014, the Group continued to engage in printing and manufacturing of packaging products in the PRC. In relation to the business segment of distribution of other electronic and related products of the Company, the banking facilities for this business segment had continued to squeeze from the beginning of year 2013, and was frozen entirely on April 2013. As the trading business of this business segment relied mainly on the bank trading facilities and opening of documentary credits for purchases, consequently the Group was unable to provide purchases by the existing customers since May 2013. This, in turn, caused the business of this segment to come to a halt.

RESULTS AND APPROPRIATIONS

Revenue

The turnover of the continuing operation was approximately HK\$758.69 million (2013: approximately HK\$737.28 million), representing a slight increase of approximately 2.90%. The increment was mainly due to increment of sales order during the last quarter of the year. This, in turn, affected the sales of tobacco and related products.

The turnover of the distribution of television business-related products and distribution of other electronic and related products decreased from HK\$244.57 million to Nil for the year due to the cessation of the distribution of television business-related products and distribution of other electronic and related products since August 2014. The distribution of television business-related products and distribution of other electronic and related products are classified as discontinued business and the related financial information are disclosed in note 9.

Gross Profit

Gross profit of the Group increased from approximately HK\$235.12 million to approximately HK\$238.29 million in 2014 due to the effective cost control under the printing and manufacturing of packaging products.

Impairment loss on trade receivables

During the year, the management made reassessment on the Group's assets for the continuing operation. The Group made impairment loss on the trade receivables of approximately HK\$0.7 million for the year ended 31 December 2014.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 31 December 2014 was approximately HK\$53.70 million (2013: approximately HK\$56.76 million).

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company.

RESTRUCTURING OF THE GROUP

Proposed restructuring of the Group

After the Provisional Liquidators' appointment, the Provisional Liquidators formed the view that a restructuring of the Company, possibly with (some of) its subsidiaries, would likely result in better recovery for its creditors as compared to liquidation. The focus of any restructuring of the Group will be the settlement of its liabilities arising from the Distribution Business.

The Provisional Liquidators had therefore negotiated with various interested parties, including Double Key International Limited (the "Investor"), in relation to a restructuring of the Group ("the Restructuring").

On 28 April 2014, an exclusivity agreement was entered into between the Investor, the Company and the Provisional Liquidators of the Company pursuant to which the Company agrees to grant the Investor an exclusivity to negotiate and implement a restructuring of the indebtedness of the Group for a period commencing on the date of the exclusivity agreement and ending on the date falling 3 months after the date of the exclusivity agreement, unless extended by the parties in writing.

On 23 May 2014, the Investor had received valid acceptances in respect of 25,830,204 shares of the Company under the offer set out in the offer document dated 25 April 2014, representing approximately 9.88% of the existing issued share capital of the Company. With the acquisition of 131,000,000 shares (representing approximately 50.1% of the existing issued share capital of the Company) held by Accufit Investment Inc. on 18 December 2013, the Investor owns a total of approximately 59.98% of the ordinary shares of the Company.

On 16 June 2014, the Company, the Provisional Liquidators and the Investor entered into the restructuring deed to implement the restructuring of the indebtedness of the Group which contemplates, among others, (i) the scheme of arrangement of the Company and the scheme of arrangement of the Company's restructuring subsidiary, Ever Honest Industries Limited (the "Schemes") and (ii) the secured debt purchase (collectively the "Debt Restructuring"). The Investor shall make available an amount up to HK\$485,600,000 for the implementation of the Debt Restructuring.

On 18 July 2014, the Court of First Instance of the Hong Kong Court sanctioned, among other things, the entering into the restructuring deed between the Company, the Provisional Liquidators and the Investor.

Winding-up of non-viable distribution subsidiaries

The Distribution Business came to a halt since May 2013. Both Kith Electronics Limited ("KEL") and Kith Resources Limited ("KRL"), wholly-owned subsidiaries of the Company, had ceased operation in May 2013 and cannot continue its business by reason of its liabilities. Accordingly, on 20 August 2014, at the respective shareholder's meeting, a special resolution was duly passed to wind up KEL and KRL respectively by way of a creditors' voluntary liquidation. At the respective creditors' meeting of KEL and KRL duly held on the same date, Messrs. Lai Kar Yan (Derek) and Mr. Darach E. Haughey were appointed as the joint and several liquidators of KEL and KRL.

Following the commencement of the winding-up, the financial results of KEL and KRL will be deconsolidated from those of the Group.

Debt restructuring by way of 2 creditors' scheme of arrangement

On 16 September 2014 and 18 September 2014, the Hong Kong Court and the Bermuda Court respectively directed a that meeting be convened for the creditors of the Company for the purpose of considering and, if thought fit, approving the scheme of arrangement proposed to be made between the Company and its creditors.

On 16 September 2014, the Hong Kong Court directed that a meeting be convened for the creditors of Ever Honest Industries Limited for the purpose of considering and, if thought fit, approving the scheme of arrangement proposed to be made between Ever Honest Industries Limited and its creditors.

At the respective meetings of the creditors of the Company and Ever Honest Industries Limited held on 7 November 2014, the resolutions to approve the Schemes were duly passed pursuant to Section 670, 671, 673 and 674 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and Section 99 of the Companies Act 1981 of Bermuda (where applicable).

On 11 December 2014, the scheme of arrangement between the Company and its creditors was sanctioned by the Bermuda Court. On 27 January 2015, the Schemes were sanctioned by the Hong Kong Court and the total amount of HK\$485,600,000 was subsequently made available by the Investor for the implementation of the Debt Restructuring.

On 18 March 2015, the Schemes became effective and all the claims against, and the liabilities of, the Company and Ever Honest Industries Limited were transferred to the Investor on the same day.

Open offer

The Company raised approximately HK\$90,200,000, before expenses, by way of open offer of 130,726,800 shares at the subscription price of HK\$0.69 per offer share on the basis of one offer share for every two existing shares.

As at 4:00 p.m. on 10 March 2015, being the latest time for acceptance of, and payment for, the offer shares and application and payment for the excess offer shares, (i) a total of 9 valid acceptances for 83,224,552 Offer Shares were received, representing approximately 63.66% of the total number of 130,726,800 offer shares available for subscription under the open offer; and (ii) a total of 5 valid application for the excess offer shares were received for a total of 2,172,661,758 offer shares, representing approximately 1,661.99% of the total number of 130,726,800 Offer Shares available for subscription under the open offer. There were 47,502,248 offer shares available for excess applications.

As a result of over-subscription of the offer shares, obligations of the Investor and Guoyuan Securities Brokerage (Hong Kong) Limited regarding the subscription of the offer shares not taken up and their related obligation arising thereto under the underwriting agreement have been discharged.

All the conditions to the open offer were fulfilled on 18 March 2015, and allotment and issue of the offer shares took place on the same day.

PROSPECTS

The Company's shares are listed on the Stock Exchange and the trading in shares of the Company has been suspended since 18 December 2013. By a letter dated 18 February 2014 issued by the Stock Exchange to the Provisional Liquidators, the Stock Exchange informed the Provisional Liquidators that the Stock Exchange has placed the Company in the first stage of the delisting procedures pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and that the Company was required to submit a viable resumption proposal by 17 August 2014 to address the following resumption conditions:

- Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;
- Publish all outstanding inside information, including the writ of summons issued in the Hong Kong Court against the Company for a repossession order of the Company's office; and

- Have the winding up petition against the Company being withdrawn or dismissed and the Provisional Liquidators being discharged.

and that the Company has demonstrated that it has a business of substance and the business model is viable and sustainable.

At the request of the listing division of the Stock Exchange, the Provisional Liquidators, on behalf of the Company, submitted a resumption proposal dated 4 August 2014 (the “Proposal”).

Following their submission, the Provisional Liquidators and the Company received various queries and verbal comments from the Stock Exchange in relation to the Proposal and the Company’s financial forecasts. The Provisional Liquidators and the Company responded to the queries and verbal comments from the Stock Exchange and included various information in support of the Company’s application for resumption of trading in the shares of the Company.

By a letter dated 29 October 2014, the Stock Exchange informed the Provisional Liquidators that the Stock Exchange has decided to allow the Company to proceed with the Proposal and the subsequent submissions, subject to satisfying the following conditions by 31 March 2015:

- 1) Completion of the transactions under the Proposal;
- 2) Inclusion in an announcement or open offer prospectus:
 - (a) a profit forecast for the two years ending 31 December 2015 and the period ending 30 June 2016 together with reports from the auditors and the financial adviser under Rules 14.62(2) and (3);
 - (b) a pro forma balance sheet upon completion of the Proposal; and
 - (c) a statement from the directors (including the proposed directors) confirming working capital sufficiency for at least 12 months from trading resumption and a comfort letter from the auditors on the directors’ statement.
- 3) Withdrawal or dismissal of the winding up petition and discharge of the provisional liquidators; and
- 4) Publication of all outstanding financial results with any major audit qualifications properly addressed.

The Company should also comply with the Listing Rules. The Stock Exchange may modify the above resumption conditions if the Company’s situation changes.

On 25 March 2015, all resumption conditions set out in the letter from the Stock Exchange dated 29 October 2014 have been fulfilled. The Directors expected that the resumption of trading in the shares of the Company with effect from 27 March 2015. Details of which are set out in the Company's announcement dated 25 March 2015.

EMPLOYMENT

As at 31 December 2014, the Group had approximately 1,000 employees (2013: approximately 1,000), most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including Directors' remuneration were approximately HK\$98,267,000 (2013: HK\$121,304,000). Salaries and wages are reviewed on an annual basis based on performance and other relevant factors.

The Company has a share option scheme for the primary purpose of providing incentives to selected participants for their contribution to the Group, and will expire on 12 June 2022. As at 31 December 2014, the Company had no outstanding share option which confers any right to convert into ordinary share(s) of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange or otherwise during the year ended 31 December 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Since the Provisional Liquidators of the Company have been appointed, the resignation of the company secretary, the changes of directors and no audit committee, nomination committee and remuneration committee are established owing to the current insufficient number of independent non-executive directors, the Company has not complied with the code provisions on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Corporate Governance Practices") for the year ended 31 December 2014.

As of the date of this report, the Board has taken various actions for the compliance with the Corporate Governance Practices including but not limited to the appointment of chief financial officer and company secretary, the appointment of independent non-executive directors to fulfill the sufficient number of independent non-executive directors and the formation of audit committee, nomination committee and remuneration committee.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management its internal controls and financial reporting matters. The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2014.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the year ended 31 December 2014 have been agreed with the Company's auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All existing directors confirmed that they have fully complied with the required standard set out in the Model Code. But the Board makes no representations as to whether the other than Directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

On behalf of the Board
Kith Holdings Limited
Zhang Xiaofeng
Director

Hong Kong, 26 March 2015

As at the date of this announcement, the board of Directors of the Company comprises Mr. Zhou Jin, Mr. Tao Fei Hu, Mr. Wang Feng Wu, Ms. Cheng Hung Mui, Mr. Zhang Xiaofeng, Mr. Liu Qingchang, Mr. Wei Ren and Mr. Liu Shihong as executive Directors, Mr. Gou Min and Ms. Connie Xiaohua Zhang as non-executive Directors, Mr. Ho Chun Chung, Patrick, Mr. Lee Kwong Yiu, Mr. Wang Jinlin, Mr. Liang Zhong and Mr. Zhang Jianxing as independent non-executive Directors.

* *For identification purpose only*