

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Bermuda with limited liability)
(Stock code: 1201)

PROFIT WARNING

AND

2013 UNAUDITED FINANCIAL POSITION OF THE GROUP

This announcement is made by Kith Holdings Limited (Provisional Liquidators Appointed) (the “Company”) together with its subsidiaries (collectively referred to as the “Group”) pursuant to the provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company wishes to inform the shareholders of the Company and potential investors that based on its preliminary review of the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2013, it is expected that the Group would record a substantial loss for the year of 2013 due to an impairment allowance on the trade and other receivables, deposits and prepayments of approximately HK\$600.6 million mainly arising from (1) the distribution of television business-related products operation and (2) the distribution of other electronic and related products operation.

After assessing the recoverability and taking into consideration the prolonged overdue trade and other receivables, deposits and prepayments, an impairment allowance of approximately HK\$600.6 million was provided for in its accounts for the financial year ended 31 December 2013, which was made up of the following:

- (1) Provision of approximately HK\$168.1 million was provided for the period from January to June 2013 as disclosed in the interim report 2013; and
- (2) Provision of approximately HK\$432.5 million was further provided for the period from July to December 2013.

FINANCIAL POSITION OF THE GROUP

To keep the shareholders of the Company and the investing public informed of the latest financial information of the Group, the Company would like to provide the following unaudited consolidated management accounts of the Group for the financial year ended 31 December 2013:

Condensed Consolidated Statement of Profit or Loss

	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Revenue	978,008	2,027,839
Cost of sales	(755,282)	(1,743,978)
Gross profit	222,726	283,861
Other income	8,228	17,333
Impairment loss on trade and other receivables, deposits and prepayments	(600,578)	(18,199)
Loss on disposal of an associate	(44,413)	–
Distribution and selling expenses, administrative expenses, finance costs and other expenses	(208,778)	(188,059)
(Loss)/profit before tax	(622,815)	94,936
Income tax expense	(25,284)	(35,125)
(Loss)/profit for the year from continuing operations	(648,099)	59,811
Profit for the year from discontinued operation	–	37,169
(Loss)/profit for the year	<u>(648,099)</u>	<u>96,980</u>
(Loss)/profit for the year attributable to		
Owners of the Company	(681,072)	55,365
Non-controlling interests	32,973	41,615
	<u>(648,099)</u>	<u>96,980</u>

Condensed Consolidated Statement of Financial Position

	2013 (Unaudited) HK\$'000	2012 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	616,564	590,230
Others	63,337	158,500
Total non-current assets	679,901	748,730
Current assets		
Inventories	128,443	162,780
Trade and other receivables, deposits and prepayments	272,463	797,085
Bank balances and cash	56,916	57,044
Others	22,098	54,228
Total current assets	479,920	1,071,137
Current liabilities		
Trade and other payables	229,501	199,006
Borrowings	517,027	548,037
Others	44,129	28,586
Total current liabilities	790,657	775,629
Net current (liabilities)/assets	(310,737)	295,508
Total assets less current liabilities	369,164	1,044,238
Non-current liabilities	50,522	47,519
Net assets	318,642	996,719
Capital and reserves		
Share capital	26,145	26,145
Share premium and reserves	(77,581)	597,731
Equity attributable to owners of the Company	(51,436)	623,876
Non-controlling interests	370,078	372,843
Total equity	318,642	996,719

As the new auditors of the Company was recently appointed, additional time is required for the Company and its auditors to finalise the audited 2013 financial information.

Pursuant to the recent discussions with the auditors of the Company, in the absence of unforeseeable circumstances, it is estimated that the 2013 Annual Results and the 2013 Annual Report will be published in November 2014 and December 2014 respectively. It is further expected that the Company's 2014 Interim Results and Report will be published in December 2014. Further announcement will be made by the Company as and when appropriate.

The information contained in this announcement is based on the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2013 and the information currently available to the Company, which is subject to the audit procedures by the auditors of the Company. Shareholders of the Company and potential investors should be aware that the audited financial results may be different from those shown in this announcement.

GENERAL

As at the date of this announcement, the Board 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. Guo Min and Ms. Connie Xiaohua Zhang as non-executive Directors, Mr. Ho Chun Chung, Patrick as independent non-executive Director.

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 18 December 2013. Trading in the Shares will remain suspended until further notice.

For and on behalf of
Kith Holdings Limited
(Provisional Liquidators Appointed)
Lai Kar Yan (Derek)
Darach E. Haughey
Ho Kwok Leung Glen
Yeung Lui Ming (Edmund)
Joint and Several Provisional Liquidators
Acting as agents without personal liability

Hong Kong, 11 August 2014

* *For identification purpose only*