



於回顧年度內，本集團
達到其目標，設立
新生產設施，並透過
努力不懈及長期堅守承諾，
取得令人滿意之業績。

During the year under review,
the Group achieved its target by
setting up new production
facilities and also attained
satisfactory results through
dedicated efforts and long-term
commitment.

Turnover
HK\$1,188.5 m
+25.5%



本人謹代表僑威集團有限公司連同其附屬公司(「本集團」)之董事會(「董事會」)欣然公佈本集團截至二零零四年十二月三十一日止年度之經營業績及呈上有關年度之年報。

理想之經營業績

本集團於二零零四年取得理想業績，截至二零零四年十二月三十一日止年度之營業額及股東應佔溢利均成功達到雙位數字之增長。總營業額達1,188,531,000港元，較二零零三年之營業額947,208,000港元增加25.5%。總營業額中約27.7%來自包裝印刷業務。

股東應佔溢利由二零零三年之35,260,000港元上升16.1%至二零零四年之40,939,000港元。本集團於過去數年取得穩定而持續之增長，而本集團管理層對未來數年之前景亦感到樂觀。

股息

僑威集團有限公司(「本公司」)一向採取穩定股息政策。截至二零零四年六月三十日止六個月之中期股息每股1.5港仙已經派付。董事會建議派付二零零四年末期股息每股3.5港仙及特別股息每股3.0港仙，與二零零三年度相同。

On behalf of the Board of Directors of Kith Holdings Limited (the "Directors"), together with its subsidiaries (the "Group"), I am pleased to announce the operating results of the Group and to present the annual report for the year ended 31st December, 2004.

SATISFACTORY OPERATIONAL RESULTS

Satisfactory results have been achieved in 2004 and the Group has successfully achieved a double-digit growth in turnover and in profit attributable to shareholders for the year ended 31st December, 2004. Total turnover was recorded at HK\$1,188,531,000, representing an increase of 25.5% as compared to the turnover of HK\$947,208,000 in 2003. Approximately 27.7% of the total turnover was derived from the package printing business.

Profit attributable to shareholders increased by 16.1% from HK\$35,260,000 in 2003, to HK\$40,939,000, in 2004. The Group has been able to achieve steady and continuous growth over the years and the Group's management is optimistic about the prospects in the years ahead.

DIVIDENDS

Kith Holdings Limited (the "Company") has maintained a stable dividend policy. An interim dividend of HK1.5 cents per share was paid for the six months ended 30th June, 2004. The Directors recommended the payment of a final and special dividend of HK3.5 cents and HK3.0 cents per share respectively for the year 2004, which was the same as that of 2003.



Final and special
dividend
HK6.5
cents
per share



Profit attributable to
shareholders

HK\$40.9 m
+16.1%

業務回顧

包裝印刷部門

二零零四年乃本集團充滿挑戰之一年，此乃因為中華人民共和國（「中國」）煙草行業改革所帶來之影響。由於進行改革使然，年產量達100,000至300,000大箱之卷煙工廠進行一連串合併及重組。因此，本集團能夠覓得新客戶紅河卷煙廠（「紅河」），該公司於二零零三年在中國煙草行業按銷售收益／生產能力排名第七。覓得該新客戶亦使本集團之產品組合有所改變。因此，截至二零零四年十二月三十一日止年度，包裝印刷業務部門錄得營業額329,802,000港元，較二零零三年減少11.2%。然而，管理層預計有關影響僅屬暫時性，在中長期而言，本集團覓得紅河，相信營業額及毛利率會有所增長。

包裝印刷部門繼續為核心業務，於截至二零零四年十二月三十一日止年度為本集團貢獻約75.8%毛利。雖然受到中國包裝印刷業競爭激烈及二零零四年上半年紙價上漲影響，惟本集團仍能將包裝印刷部門之毛利率維持在約26.2%。

BUSINESS REVIEW

Package printing division

Year 2004 was a challenging year for the Group due to the effects brought about by the reforms in the tobacco industry in the People's Republic of China (the "PRC"). As a result of the reforms, tobacco factories with an annual production volume ranging from 100,000 to 300,000 master cartons underwent a series of mergers and reorganisations. As a result, the Group was able to attain a new customer, namely Hong He Cigarette Factory ("Hong He"), which ranked No. 7 in terms of sales revenue/production capacity in the PRC's tobacco industry in 2003. The introduction of the new customer also changed the Group's product mix. Accordingly, turnover from the package printing business for the year ended 31st December, 2004 was recorded at HK\$329,802,000, representing a reduction of 11.2% as compared to 2003. However, the management estimates the effects to be temporary as the introduction of Hong He, the Group believes it will contribute to the growth in turnover and gross margin in the medium to long term.

The package printing division, which remains the core business, contributed approximately 75.8% of the Group's gross profit for the year ended 31st December, 2004. Despite the impact of keen competition in the package printing business in the PRC and the rising paper price during the first-half of 2004, the Group was able to maintain its gross profit margin for the package printing division at approximately 26.2%.



Constructed **NEW**
R&D CENTRE
in Kunming

此外，本集團此部門於二零零四年的純利率為18.7%。透過不斷提高生產效率及實施有效之成本控制措施，本集團顯示其於過去數年一直維持毛利率於高水平之能力。

煙草行業仍為本集團包裝印刷部門之主要業務分類，佔該部門營業額之94.0%。隨著中國經濟出現強勢增長，加上消費品市場繁盛，高檔消費品需求在年度內仍然強勁。此外，根據2005中國市場年鑑，中國包裝業全年收益於二零零三年錄得44.9%之大幅增長。此等因素必定有助本集團於未來取得成功。

此外，本集團成功將其業務多元化發展至其他行業。本集團已於年內進軍口腔護理產品包裝市場，並從藥品製造商產生穩定之銷售收益。因此，非煙草銷售額佔包裝印刷業務於二零零四年之總營業額6.0%，而二零零三年則約佔4.0%。

新研究開發（「研發」）中心

年內，本集團位於雲南省昆明市之新研發中心（為雲南廠房之分廠）之建造工程正在進行中。本集團已增設一台配備塗層系統之五色

In addition, the Group's net profit margin for this division was 18.7% in 2004. The Group has demonstrated its capabilities in maintaining a consistently high gross profit margin over the years by continuously enhancing production efficiency and taking effective cost control measures.

The tobacco industry remained as the Group's core business segment within the package printing division, representing 94.0% of the turnover in this division. Along with the robust growth momentum in the PRC's economy and the prosperous consumer product market, the demand for high quality consumer products remained strong during the year. In addition, according to the China Market Yearbook 2005, annual revenue of the PRC's packaging industry recorded tremendous growth of 44.9% in 2003. These factors will definitely contribute to the Group's future success.

In addition, the Group has successfully diversified its business into other industry segments. The Group has entered into the market for oral-care product packaging during the year and also generated steady sales revenue from pharmaceutical manufacturers. As a result, non-tobacco sales accounted for 6.0% of the total turnover of the package printing business in 2004, as compared to approximately 4.0% in 2003.

New research and development ("R&D") centre

During the year, the Group's new R&D centre in Kunming City, Yunnan Province, which is a branch facility of the Yunnan plant, was under construction. A five-colour offset



Established
**NEW JOINT
VENTURE**
company

柯式印刷機，從而加強其研發能力，並與客戶建立更密切之關係。新研發中心之主要目的乃專門從事設計、製作樣板及印刷技巧應用。該中心預計於二零零五年第四季度投入運作。

新合營公司

背景資料：

- 安徽省滁州市安徽僑豐包裝印刷有限公司
- 於二零零四年六月簽約
- 總投資額及註冊資本分別為12,800,000美元及6,380,000美元

主要資本投資：

- 一台滾筒凹板印刷機
- 一台柯式印刷機連紫外光系統
- 兩台印後工序機器，以供燙金、壓凸及模切
- 興建新廠房

目標市場：

- 安徽省及中國東部之優質多色包裝產品
- 新合營企業初期將在安徽省從事印刷及製造卷煙及酒類包裝產品
- 設立新生產設施後之預期年生產量：
 - 首兩年：400,000大箱卷煙包裝產品
 - 第三至第五年：800,000大箱卷煙包裝產品

printing press with coating system was added to strengthen its R&D capabilities and cement closer relationships with customers. The main purpose of the new R&D centre is to specialise in design and sample making and printing technique implementation. It is expected to commence operation by the 4th quarter of 2005.

New joint venture company

Background information:

- Anhui Qiaofeng Package Printing Co., Ltd. in Chuzhou City, Anhui Province
- Contract signed in June 2004
- Total investment and registered capital amount were US\$12,800,000 and US\$6,380,000 respectively

Major capital investments:

- One rotogravure printing press
- One offset printing press with UV System
- Two post-press machines for hot-foil stamping, embossing and die-cutting
- Construction of new plant

Target market:

- High quality and multi-colour packaging products in Anhui Province and Eastern China
- Initially, the new joint venture will engage in the printing and manufacturing of tobacco and wine packaging products in Anhui Province
- Expected annual production capacity after the setting up of the new production facilities:
 - 400,000 master cartons of tobacco packaging products for the first two years
 - 800,000 master cartons of tobacco packaging products for the third to fifth years



Over **800**
professionals

分銷及投資部門

於回顧年度內，分銷及投資部門之營業額約為855,605,000港元，較二零零三年增加48.9%。大幅增長主要因為本集團發展歐洲分銷電子及電腦零件之業務所致。由於歐洲銷售額之毛利率較高，故分銷業務部門之整體貢獻於二零零四年有所增加。

本集團繼續採取審慎存貨政策，將存貨數量維持在低水平，從而舒緩分銷業務部門之經營風險。於二零零四年十二月三十一日，分銷業務部門之存貨為440,000港元。

有效之人力資源管理

於二零零四年十二月三十一日，本集團聘用合共約八百名員工，大部份員工於其中國生產廠房工作。

本集團一向著重人力資源，為僱員提供持續培訓，以維持本集團於先進包裝印刷及設計技術方面之競爭優勢。本集團亦安排高級技術人員多次到海外參觀，包括德國「Drupa Expo」及參觀日本及台灣之廠房，令彼等取得包裝印刷技術及機器方面之最新資訊。

Distribution and investment division

During the year under review, turnover from the distribution and investment business was approximately HK\$855,605,000, representing an increase of 48.9% over 2003. The tremendous growth was mainly attributable to the Group's development of the distribution business of electronic and computer components in Europe. As the gross profit margin for sales in Europe was higher, the overall contribution from the distribution business division increased during 2004.

The Group has continued to adopt a prudent inventory policy to mitigate business risks associated with the distribution business division by maintaining a minimal level of inventory of HK\$440,000 as at 31st December, 2004.

EFFECTIVE HUMAN RESOURCES MANAGEMENT

As at 31st December, 2004, the Group employed a total of approximately 800 employees, mostly for its production plants in the PRC.

The Group has placed strong emphasis on human resources and offered continuous training for the employees in order to maintain the Group's competitive edges in advanced package printing and design techniques. The Group has also arranged senior technical staff to attend several overseas visits, including "Drupa Expo" in Germany and factory visits in Japan and Taiwan, to keep them abreast with the latest information about package printing techniques and machinery.



Net gearing ratio
39.7%

本集團繼續對全體僱員採用表現評估計劃。是項計劃確保每位僱員均獲有系統及可予評定之獎勵。

The Group continues to use a performance appraisal programme for all employees. The programme ensures that each employee will be rewarded on a systematic and assessable basis.

穩健之財政狀況

本集團貫徹審慎之財政政策，並保持健全之財政狀況。於二零零四年十二月三十一日，本集團約有156,747,000港元之現金和銀行存款及約162,947,000港元之流動資產淨值。雖然本集團投資研發中心及安徽省新廠房，但是本集團在財務方面之整體負債比率，於二零零四年仍能維持低水平。本集團之財務負債比率，即淨資產（包括股東資金加少數股東權益）負債比率僅由二零零三年之31.9%增加至二零零四年之39.7%。

STABLE FINANCIAL POSITION

The Group has continued its prudent financial policy and maintained a healthy financial position. As at 31st December, 2004, the Group had cash and bank deposits of approximately HK\$156,747,000 and net current assets of approximately HK\$162,947,000. In view of the new investments in the R&D centre and the new plant in Anhui Province, the Group has been able to maintain its overall financial gearing at a low level in 2004. Its financial gearing ratio, that is, net debt to equity (shareholders' equity plus minority interests) ratio, only increased from 31.9% in 2003 to 39.7% in 2004.

未來展望

儘管競爭激烈，惟本集團管理層對其中國包裝印刷業務之營商環境仍然感到樂觀。一般相信中國經濟之增長動力在未來數年仍然會保持強勁。隨著中國生活水平不斷改善，對高質素消費品包裝之需求將會有增無減，透過不斷投資於先進機器、研發、新產品開發及防偽技術，管理層定可抓緊此市場分類湧現之商機。

FUTURE PROSPECTS

The Group's management is optimistic about the business environment for its package printing business in the PRC despite keen competition. It is generally believed that the growth momentum of the PRC's economy will remain strong in the years ahead. Along with the improving living standards in the PRC and rising demands for high quality consumer product packaging, the management will capture the opportunity from this market segment through continuous investment in advanced machinery, R&D, new product development and anti-counterfeit techniques.

Further enhanced production
EFFICIENCY



在位於雲南省昆明市之新研發中心落成後，本集團設計新產品及先進防偽技術之能力將會大為提高，更能滿足客戶之需要。此外，由於新設施將緩和雲南省昭通市生產廠房在製作樣板方面之工作量，故本集團管理層相信，本集團整體生產效率將會進一步提升。

此外，待位於安徽省滁州市新合營企業之建造工程完成後，本集團將可進軍安徽省及中國東部地區之市場。本集團之管理層相信，本集團之生產能力及市場覆蓋範圍將於安徽省新廠房落成後大幅增加。此外，本集團在挑選與磋商有潛質夥伴成立其他新合營企業時，將繼續採取主動但審慎之方針，以達到本集團每兩至三年在中國不同地區設立新合營企業之目標。本集團在黑龍江省及雲南省之現有廠房分別為中國東北部及西南部提供服務，而位於安徽省之新廠房在落成後將服務中國中部及東部，因此，本集團將可透過其全國生產及銷售網絡爭取不同地區之客戶，並於未來維持強勁之盈利增長。

Upon the completion of the new R&D centre in Kunming City, Yunnan Province, the Group's capabilities in designing new products and advanced anti-counterfeit techniques will be substantially improved to better cater to customers' needs. In addition, as the new facility will ease up the workload of sample making for the production plant in Zhaotong City, Yunnan Province, the Group's management believes that the production efficiency of the Group as a whole will be further enhanced.

Besides, upon the completion of the construction of the new joint venture in Chuzhou City, Anhui Province, the Group will be able to capture the market in Anhui Province and Eastern China areas. The Group's management believes that the production capacities and the market coverage of the Group will increase tremendously with the completion of the new plant in Anhui Province. In addition, the Group will continue to pursue a proactive, but selective, approach in identifying and negotiating with potential business partners to set up other new joint ventures in order to achieve the Group's target of setting up a new joint venture every two to three years in different regions of the PRC. With the Group's existing plants in Heilongjiang Province and Yunnan Province serving the north-eastern and south-western regions of the PRC respectively, and the new plant in Anhui Province serving the central and eastern regions of the PRC upon completion, the Group will be able to attain customers in different regions through its nationwide production and sales network and maintain strong earnings growth in the future.



DIVERSIFY PRODUCT MIX

to other industries

於未來數年，中國煙草業將繼續進行香煙製造商及香煙品牌整合改革。是項改革最終將孕育大型香煙製造商及少量知名品牌。由於售價較高之知名品牌及高級香煙一般會投入更多資源提昇香煙包裝，故能為本集團提供龐大商機。隨着中國加入世界貿易組織後，改善香煙包裝可提升產品形象及打擊贗品，並能提高競爭力與西方品牌互相競爭。

此外，本集團將繼續增加對藥品製造商以及其他消費品製造商（如食品及飲料以及口腔護理產品製造商）之銷售，以分散其產品組合至其他行業。本集團管理層亦正積極在黑龍江省若干主要藥品製造商當中物色機會，於未來成立合營企業。

本集團計劃進一步開發歐洲市場，從而提高分銷業務之整體利潤率。

In the years to come, the tobacco industry in the PRC will continue its reforms to consolidate tobacco manufacturers and brands. The reforms will eventually create giant tobacco manufacturers with a limited number of famous brands. As PRC's accession to the World Trade Organisation, it will provide immense opportunities for the Group as famous brands and higher-graded tobacco with higher selling prices will usually increase budgets to upgrade tobacco packaging which will enhance product image and enhance protection against counterfeit products, as well as increase competitiveness with western brands.

In addition, the Group will continue to increase sales to pharmaceutical manufacturers as well as other consumer product manufacturers, such as food and beverage and oral-care product manufacturers, to diversify its product mix to other industries. The Group's management is also intensively exploring the opportunities with certain major pharmaceutical manufacturers in Heilongjiang Province for the setting up of a joint venture in the future.

The Group plans to further develop the European markets in order to enhance the margin of the overall distribution business.

MAXIMISING RETURNS

to our shareholders



憑藉在國內建立經年之立足點以及期間所得之經驗，本集團將繼續發展其業務，管理層相信將於未來數年達到可持續而穩定之增長，同時為其股東爭取最高回報及為其僱員提供最佳福利。

致謝

本人謹代表本集團向其管理層及全體僱員衷誠致謝，感激各位竭盡所能，為本集團發展之成功作出貢獻。本人亦藉此機會向各位股東及業務夥伴致意，感謝彼等對本集團之信心及一直以來給予本集團之支持。

許經振
主席

香港，二零零五年四月二十一日

With a firm foothold established and experiences gained in the PRC, the Group will continue to develop its business and the management believes it will achieve sustainable and steady growth in the years ahead while maximising returns for its shareholders and benefits of its employees.

APPRECIATION

On behalf of the Group, I wish to express my sincere thanks to our management team and to our employees, who have devoted their expertise and efforts to the Group's successful development. I would also like to express my gratitude to our shareholders and business partners for their confidence and continuing support of the Group.

Hui King Chun, Andrew
Chairman

Hong Kong, 21st April, 2005