KITH HOLDINGS LIMITED
僑威集團有限公司*

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

ANNUAL RESULTS ANNOUNCEMENT FOR 2008

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 operating results of the Group for the year ended 31st December, 2008, together with the comparative figures for the corresponding period in 2007, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December,

	NOTES	**2008** ***HK$'000***	2007 *HK$'000*
Revenue	4	**1,551,041**	1,655,359
Cost of sales		**(1,351,327)**	(1,485,352)
Gross profit		**199,714**	170,007
Other income		**28,963**	52,334
Distribution and selling expenses		**(3,604)**	(3,853)
Administrative expenses		**(76,309)**	(66,838)
Impairment loss on trade and other receivables from third parties, deposits and prepayments		**(22,969)**	(2,933)
Fair value (loss) gain on held-for-trading investments		**(6,493)**	11,128
Impairment loss on available-for-sale investments		**(2,153)**	–
Fair value loss on other financial assets		**(5,134)**	–
Finance costs		**(26,958)**	(27,478)
Profit before tax		**85,057**	132,367
Income tax expense	5	**(23,673)**	(25,042)
Profit for the year	6	**61,384**	107,325
Attributable to:			
Equity holders of the parent		**37,951**	77,527
Minority interests		**23,433**	29,798
		61,384	107,325
Earnings per share:	8		
Basic		**HK 14.52 cents**	HK 29.11 cents
Diluted		**HK 14.50 cents**	HK 29.09 cents

CONSOLIDATED BALANCE SHEET

At 31st December,

	NOTES	**2008** **HK$'000**	2007 HK$'000
Non-current Assets			
Property, plant and equipment		**585,792**	568,530
Prepaid lease payments		**19,883**	19,290
Goodwill		**2,695**	2,695
Available-for-sale investments		**12,715**	10,456
Deferred tax assets		**830**	787
		621,915	601,758
Current Assets			
Inventories		**98,678**	94,423
Deferred consideration		**–**	4,991
Trade and other receivables from third parties, deposits and prepayments	9	**512,683**	579,023
Trade and other receivables from minority shareholders		**25,607**	25,929
Prepaid lease payments		**613**	613
Loans receivable		**157,640**	85,157
Held-for-trading investments		**19,071**	14,594
Other financial assets		**9,998**	–
Bank balances and cash		**91,801**	136,177
		916,091	940,907
Current Liabilities			
Trade and other payables	10	**98,178**	360,800
Tax liabilities		**8,712**	11,310
Dividend payable		**1,309**	1,114
Borrowings – due within one year		**563,981**	313,071
		672,180	686,295
Net Current Assets		**243,911**	254,612
Total Assets Less Current Liabilities		**865,826**	856,370

	2008	2007
	HK$'000	*HK$'000*
Non-current Liabilities		
Borrowings – due after one year	**84,748**	117,800
Deferred tax liabilities	**35,299**	30,469
	120,047	148,269
Net Assets	**745,779**	708,101
Capital and Reserves		
Share capital	**26,145**	26,145
Share premium and reserves	**444,467**	423,300
Equity attributable to equity holders of the parent	**470,612**	449,445
Minority interests	**275,167**	258,656
Total equity	**745,779**	708,101

Notes:

1. **GENERAL**

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors consider Accufit Investments Inc., a company incorporated in the British Virgin Islands, to be the parent and ultimate holding company of the Company. The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 1st Floor, Hing Lung Commercial Building, 68 Bonham Strand East, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollar ("HKD"), which is also the functional currency of the Company.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

2 Effective for annual periods beginning on or after 1st January, 2009

3 Effective for annual periods beginning on or after 1st July, 2009

4 Effective for annual periods beginning on or after 1st July, 2008

5 Effective for annual periods beginning on or after 1st October, 2008

6 Effective for transfers on or after 1st July, 2009

7 Effective for annual periods ending on or after 30th June, 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

For management purposes, the Group is currently organised into two major operating divisions – printing and manufacturing of packaging products, and distribution of electronic and related products. Other operations include leasing out of assets for rental income and provision of financial services. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2008

	Printing and manufacturing of packaging products *HK$'000*	Distribution of products *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE	**481,306**	**1,066,187**	**3,548**	**1,551,041**
RESULT				
Segment result	**102,295**	**52,436**	**836**	**155,567**
Interest income				**22,198**
Impairment loss on trade and other receivables from third parties, deposits and prepayments				**(22,969)**
Fair value loss on held-for-trading investments				**(6,493)**
Impairment loss on available-for-sale investments				**(2,153)**
Fair value loss on other financial assets				**(5,134)**
Unallocated corporate expenses				**(29,001)**
Finance costs				**(26,958)**
Profit before tax				**85,057**
Income tax expense				**(23,673)**
Profit for the year				**61,384**
BALANCE SHEET				
ASSETS				
Segment assets	**861,949**	**364,474**	**8,267**	**1,234,690**
Unallocated corporate assets				**303,316**
Consolidated total assets				**1,538,006**
LIABILITIES				
Segment liabilities	**97,071**	**11,960**	**475**	**109,506**
Unallocated corporate liabilities				**682,721**
Consolidated total liabilities				**792,227**
OTHER INFORMATION				
Capital expenditures	**18,792**	**1,872**	**2,031**	**22,695**
Depreciation of property, plant and equipment	**37,423**	**820**	**537**	**38,780**
Amortisation of prepaid lease payments	**613**	**–**	**–**	**613**
Loss on disposal of property, plant and equipment	**1,485**	**–**	**–**	**1,485**
Share-based payment expenses	**–**	**–**	**378**	**378**

2007

	Printing and manufacturing of packaging products *HK$'000*	Distribution of products *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE	448,186	1,204,492	2,681	1,655,359
RESULT				
Segment result	96,665	31,947	7,701	136,313
Interest income				30,255
Impairment loss on trade and other receivables from third parties, deposits and prepayments				(2,933)
Fair value gain on held-for-trading investments				11,128
Unallocated corporate expenses				(14,918)
Finance costs				(27,478)
Profit before tax				132,367
Income tax expense				(25,042)
Profit for the year				107,325
BALANCE SHEET				
ASSETS				
Segment assets	812,615	458,587	16,334	1,287,536
Unallocated corporate assets				255,129
Consolidated total assets				1,542,665
LIABILITIES				
Segment liabilities	109,862	250,932	936	361,730
Unallocated corporate liabilities				472,834
Consolidated total liabilities				834,564
OTHER INFORMATION				
Capital expenditures	27,855	4,579	293	32,727
Depreciation of property, plant and equipment	33,311	1,051	1,674	36,036
Amortisation of prepaid lease payments	613	–	–	613
Impairment loss on trade and other receivables from third parties, deposits and prepayments	2,808	125	–	2,933
Gain on disposal of property, plant and equipment	–	987	7,846	8,833
Share-based payment expenses	–	–	126	126

Geographical Segments

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC"). Printing and manufacturing of packaging products are carried out in the PRC and distribution of products is carried out in the PRC, United States of America ("USA"), Hong Kong, Europe and Republic of Korea ("Korea").

The following table provides an analysis of the Group's sales by geographical market based on locations of customers, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2008	2007
	HK$'000	*HK$'000*
PRC	**701,242**	451,999
USA	**652,926**	239,118
Hong Kong	**141,318**	919,990
Europe	**33,145**	–
Canada	**14,245**	–
Korea	**1,325**	44,252
Others	**6,840**	–
	1,551,041	1,655,359

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**940,988**	823,688	**19,721**	28,016
USA	**221,768**	90,878	**–**	–
Hong Kong	**52,750**	356,152	**2,974**	4,711
Europe	**11,445**	–	**–**	–
Canada	**4,919**	–	**–**	–
Korea	**458**	16,818	**–**	–
Others	**2,362**	–	**–**	–
	1,234,690	1,287,536	**22,695**	32,727

4. REVENUE

Revenue represents the net amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Sales of goods	**1,547,493**	1,652,678
Interest income from the provision of financial services	**3,548**	1,595
Rental income under operating leases in respect of plant and machinery	**–**	1,086
	1,551,041	1,655,359

5. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**4,429**	6,470
PRC Enterprise Income Tax	**13,849**	14,124
	18,278	20,594
Underprovision of Hong Kong Profits Tax in prior years	**608**	71
	18,886	20,665
Deferred tax:		
Attributable to a change in tax rate	**117**	–
Current year	**4,670**	4,377
	4,787	4,377
	23,673	25,042

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced the corporate profit tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16th March, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1st January, 2008.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years starting from their first profit-making year followed by a 50% reduction for the next three years (the "Tax Holiday"). Under the New Law, those companies which were entitled to enjoy the Tax Holiday will continue to enjoy until it is expired in 2012.

The Tax Holiday for Yunnan Qiaotong Package Printing Company Limited ("Yunnan Qiaotong"), a PRC subsidiary of the Company, expired in 2000. Starting from 2001, Yunnan Qiaotong is classified as one of the approved "Advanced Technology Enterprise with Foreign Investment 外商投資先進技術型企業" and is entitled to preferential PRC Enterprise Income Tax rate of 15% up to 31st December, 2005. However, pursuant to an approval received from local tax authorities, Yunnan Qiaotong is classified as one of the approved "Enterprise with Foreign Investment in the Central and Western Regions 中西部地區外商投資企業". Accordingly, Yunnan Qiaotong continues to be entitled to a preferential PRC Enterprise Income Tax rate of 15%.

6. PROFIT FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Salaries, bonus and other benefits	**60,096**	52,431
Retirement benefits scheme contributions	**4,839**	6,034
Share-based payment expenses	**378**	126
Total staff costs including directors' emoluments	**65,313**	58,591
Auditors' remuneration	**1,973**	1,508
Depreciation of property, plant and equipment	**38,780**	36,036
Amortisation of prepaid lease payments	**613**	613
Loss (gain) on disposal of property, plant and equipment	**1,485**	(8,833)
Research and development costs (included in administrative expenses)	**5,337**	3,636
Cost of inventories recognised as an expense	**1,351,327**	1,485,352
After crediting (included in other income):		
Dividend income from held-for-trading investments	**(237)**	–
Interest income from unlisted structured deposits held at bank	**(2,757)**	–
Interest income on overdue debts	**(4,814)**	(18,078)
Penalty charges on overdue debts	**–**	(11,300)
Interest income on loans receivable	**(12,444)**	(10,006)
Bank interest income	**(2,183)**	(2,171)
Net foreign exchange gain	**(2,280)**	(1,552)

7. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Dividends recognised as distribution to equity holders of the Company during the year:		
Interim dividend paid for 2008		
– HK2.2 cents (2007: HK2.2 cents) per share	**5,752**	5,803
Final dividend paid for 2007		
– HK12.8 cents (2007: HK10.0 cents for 2006) per share	**33,466**	26,770
	39,218	32,573

The final dividend of HK5.1 cents (2007: HK12.8 cents) per share amounting to approximately HK$13,334,000 (2007: HK$33,466,000) have been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
Profit for the year attributable to equity holders of the Company	**37,951**	77,527

	2008	2007
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**261,453,600**	266,319,518
Effect of dilutive potential ordinary shares:		
Options	**346,871**	166,373
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**261,800,471**	266,485,891

9. TRADE AND OTHER RECEIVABLES FROM THIRD PARTIES, DEPOSITS AND PREPAYMENTS

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**458,443**	516,562
Less: allowance for doubtful debts	**(17,149)**	(4,633)
	441,294	511,929
Other receivables, deposits and prepayments	**71,389**	67,094
	512,683	579,023

The Group allows an average credit period of 30 to 120 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	2008	2007
	HK$'000	*HK$'000*
Within 60 days	**125,794**	284,101
Within 61 – 90 days	**118,740**	27,484
More than 90 days	**196,760**	200,344
	441,294	511,929

No interest is charged on trade receivables which are within the credit period. Thereafter, interest is charged at prime rate plus 10% per annum (2007: a fixed rate ranging from 10% to 15% per annum or variable rate at prime rate plus 10% per annum) on the outstanding trade balance.

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$51,891,000 (2007: HK$295,005,000) and bills payable of HK$12,481,000 (2007: HK$39,265,000), the aged analysis of which is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 60 days	**40,209**	269,598
Within 61 – 90 days	**3,302**	56,966
More than 90 days	**20,861**	7,706
	64,372	334,270

DIVIDENDS

The Company maintains a stable dividend policy. An interim dividend of HK2.2 cents per share has been paid for the six months ended 30th June, 2008. The Board recommends the payment of a final dividend of HK5.1 cents per share for the year 2008, and it maintains the same dividend payout ratio of approximately 50%.

BUSINESS REVIEW

Package Printing Division

Turnover from the package printing business for the year ended 31st December, 2008 was HK$481,306,000, representing an increase of 7.39% over the same period of 2007. Gross profit margin decreased slightly from 28.47% to approximately 26.70% in 2008. The decrease in gross profit margin was a result of the fierce competition of package printing industry and the rising labour and materials costs. Despite the unfavourable business environment, gross profit margin remained at a healthy level of 26.70% as the Group strived to control its cost through leveraging its bargaining power with suppliers and developing more efficient production techniques. Gross profit from the package printing business, which remains the core business of the Group, accounted for approximately 64.14% of the Group's total gross profit for the year ended 31st December, 2008.

Tobacco package printing was still the core product line of the package printing division, which accounted for 89.78% of the total turnover of the division. The consolidation of the tobacco industry is still ongoing in the PRC, which increased competition among tobacco package manufacturers. However, the Group is optimistic that orders will be secured through adoption of its business model by joint venturing with the local government as a strategic partner in the Group's major joint ventures. Furthermore, the Group's management is confident that, by entering into package printing business for other premium quality consumer products, the division will continue to grow and the risk of focusing on printed packaging for a single major product will consequently be lowered.

PRC's domestic consumption market is one of the few markets that was not affected as severely as the rest of the economies in the world. Together with the large stimulus package announced by the PRC government to boost domestic consumption, the Board is confident that the demand for high quality packaging products in the PRC will continue to grow, though at a slower pace compared to that of the previous years. With the Group's leading research and development ("R&D") capability, cutting-edge technology and equipment including the most advanced imported printing machinery and equipment which could fit the production of consumer product paper packaging in any colour, any shape and any size, as well as the latest anti-counterfeit printing technologies, the Group was expanding its product coverage with the aim to capture additional market shares in printed packaging for other consumer products including pharmaceutical, wine and health foods. The result was encouraging and the management is confident that, by entering into printed packaging markets for other premium quality consumer products, the Group will continue to grow organically and the risk of focusing on printed packaging for a single major product will be reduced.

The Group's joint venture in Chuzhou City, Anhui Province ("JV") is now in production and has started to contribute profit for the Group. In partnership with the local government, the JV has actively approached potential customers in different consumer product segments to broaden its own customer base. This strategy has proved to be successful and led to substantial orders from wine producers, gradually reducing the Group's reliance on tobacco products. The management is confident that the JV will continue to grow and will be one of the growth drivers of the Group in the future.

Distribution Business

Turnover from the distribution business during the year amounted to HK$1,066,187,000 representing a decrease of 11.5% comparing to the corresponding period in 2007. The gross profit margin increased from 3.30% in 2007 to 6.37% in 2008. The change was mainly due to the reduction in low contribution margin trading activities related to marine fuel oil and focus on the distribution of consumer electronic products. Because of this, the percentage of total turnover from distribution of electronic products, in particular, liquid crystal display television sets and converter boxes, accounted for 61.69% of the turnover from the distribution business.

The shifting of the distribution activities of electronic components and products from low added-value simple trading model to a higher contribution sophisticated supply chain management model has been smooth and substantially completed. Under this model, the Group will develop its own R&D team, line up with original equipment manufacturers ("OEM"), and establish its distribution network in North America with objectives to take up the management and control over the whole supply chain and to serve its end customers directly. The Group is poised to benefit from the worldwide trend of the transition to digital broadcasting from analogue broadcasting. The Group's investment in the production of the Advanced Television Systems Committee standards ("ATSC") converter box has been fruitful. The Group, with the co-operation of several manufacturers in the PRC and a strategic partner in the USA, has begun to ship ATSC converter boxes in June 2008 for selling in retail chain stores. Demand for these products is still expected to be great in the first half of 2009 as the USA government has sponsored the USA households to purchase ATSC converter boxes. The Group is also vying in the future consumer electronic products, such as Blu-ray disc players and other audio visual products, and has proceeded with R&D into these products. The Group will proceed cautiously in the pursuit of new product distribution in view of the uncertainty of the consumer electronics market, and the Board remains optimistic about the future of this business.

Human Resources Development

As at 31st December, 2008, the number of employees of the Group maintained at the same level of 2007 of approximately 1,000 employees most of whom were working for the Group's production plants in the PRC.

The Group has offered continuous training to employees to update their knowledge on the latest technology on package printing and to maintain the Group's competitive edges in the most advanced package printing technology and design techniques. The Group adopts a systematic approach on staff performance appraisal to ensure that every employee is rewarded on a fair and assessable basis.

Future Prospects

It will be a challenging time for business in the coming years with the global financial turmoil, escalating material prices and the slowing global economic growth. However, the management is optimistic that the demand for high quality consumer products, mainly tobacco and wine, which are the major market segments of the Group, will continue to maintain steady growth with the stable economic growth and improving living standards in the PRC. With the stimulus package announced by the central government of the PRC to boost its domestic consumption and demand, the management is optimistic about the market of high quality package printing business in the PRC. With its leading edge anti-counterfeit techniques and experience in tobacco package printing product design, the Group is confident in achieving a leading position in the package printing for other fast growing premium consumer products. As a result, the Group is seeking opportunities to diversify itself from the tobacco package printing to other markets, like pharmaceutical, wine and health foods. To sustain healthy growth of the Group in the long run, the management will follow the policy of expansion through setting up new joint ventures with potential business partners with strong sales network in different market segments or with local government in different geographical areas of the PRC.

In view of the significant contribution of the USA market to its distribution business of consumer electronic products, the Group is planning to set up office in the USA and to bring in more marketing staff to expand its geographical coverage in the market. In the past two years, the electronic product distribution division had made substantial contribution to the Group's turnover and profit, and this is expected to continue in 2009. To cope with the additional funding requirements for future growth of the division, the management will consider various means of fund raising when it is necessary and the market conditions are acceptable.

The Group will continue to seek other business opportunities for further development and diversification, which include widening its product portfolio and geographical coverage for the package printing division, expanding through setting up new joint ventures with potential business partners in the PRC and expanding existing distribution markets on consumer electronic products. In the short run, the Group will adopt a prudent approach towards expansion, closely monitor its working capital and implement cost saving measures.

FINANCIAL OVERVIEW

The Group's total turnover of approximately HK$1,551,041,000 was similar to that of 2007. The package printing business continued to maintain a steady growth in turnover. For the distribution business, even though the total turnover remained similar for 2008 and 2007, there was a significant change in product mix. In 2008, approximately 97% of the turnover within the distribution business was related to the distribution of consumer electronic products and components while the distribution of marine fuel oil accounted for approximately 72.5% of the distribution business in 2007.

The gross profit for the year increased by approximately HK$29,707,000 or 17.5% as compared to that of 2007. The significant increase in gross profit was a result of cessation of distribution business of marine fuel oil in 2008 as this business accounted for 72.5% of the turnover of the distribution business in 2007 but was extremely slim in gross profit margin. The shift in focusing the distribution business on consumer electronic products had significantly increased the gross profit margin of the Group.

There was no significant change to distribution and selling expenses. Administrative expenses increased from approximately HK$66,838,000 in 2007 to approximately HK$76,309,000 in 2008. The increase was mainly due to higher conversion rate of Renminbi ("RMB") against HKD and the increase in general administrative costs.

The profit attributable to equity holders for the year decreased from HK$77,527,000 in 2007 to HK$37,951,000 in 2008, representing a decrease of 51% as compared to that of 2007. This was mainly attributable to the impairment loss of trade and other receivables of approximately HK$22,969,000 and fair value loss on held-for-trading investments and other financial assets of approximately HK$6,493,000 and HK$5,134,000, respectively. Basic earnings per share for the year ended 31st December, 2008 decreased to HK14.52 cents as compared to HK29.11 cents for 2007. The Group maintains a steady dividend policy of distributing approximately 50% of its profit attributable to equity holders as dividends to shareholders.

WORKING CAPITAL

As at 31st December, 2008, the Group had net current assets of approximately HK$243,911,000. The current assets as at 31st December, 2008 comprised of inventories of approximately HK$98,678,000, trade and other receivables and short-term loans receivable of approximately HK$695,930,000, bank balances and cash of approximately HK$91,801,000, held-for-trading investments of approximately HK$19,071,000 and other financial assets of approximately HK$9,998,000. The current liabilities comprised of trade and other payables of approximately HK$98,178,000, dividend and tax payables of an aggregate amount of approximately HK$10,021,000, and short-term borrowings of approximately HK$563,981,000. The turnover days for inventories and trade debtors were 26.1 days and 112.2 days respectively, comparing to 16.4 days and 104.9 days in 2007.

The decrease in trade receivables at 31st December, 2008 was mainly due to the impairment loss of approximately HK$12,516,000 of certain trade receivables as a result of the global financial turmoil in 2008. The significant decrease in trade payable was a result of using banking facilities to finance the Group's distribution business instead of using suppliers' financing. During the year, the Group acquired approximately HK$53,890,000 of unlisted structured deposits. The fair value loss of held-for-trading investments and other financial assets was approximately HK$6,493,000 and HK$5,134,000, respectively.

The net asset value of the Group as at 31st December, 2008 amounted to approximately HK$745,779,000 versus approximately HK$708,101,000 as at 31st December, 2007.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2008, the Group's aggregate bank borrowings amounted to approximately HK$648,729,000. The total bank borrowings as at 31st December, 2008 were higher than those of 31st December, 2007. The net gearing ratio, representing the interest bearing liabilities less cash divided by shareholders' equity plus minority interests, increased from 41.6% in 2007 to 74.7% in 2008. The significant increase in bank borrowings and the net gearing ratio was a result of the increase in the use of banking facilities to support the Group's distribution business of consumer electronic products.

The interest rates for all the loans are fixed on monthly, quarterly or semi-annual basis. The finance costs for the year of HK$26,958,000 were slightly lower than those of 2007 because of the lower interest rate during the year. The Group continues to monitor its working capital requirement closely with a view to reduce its total bank borrowings to lower the finance costs and net gearing ratio of the Group.

All of the sales and purchases for the package printing division are denominated in RMB and most of the sales and purchases for the distribution division are denominated in United States dollar or HKD. The exchange exposure is adequately managed through this natural hedge.

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

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on Friday, 5th June, 2009 at 3:00 p.m.. For details of the AGM, please refer to the notice of AGM which will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 1st June, 2009 to Friday, 5th June, 2009 (both days inclusive) during which period no transfer of shares will be registered.

To be qualified for the above mentioned final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Abacus Limited of 26/F, Tesbury Center, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 29th May, 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

During the financial year ended 31st December, 2008, the Company has complied with all code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange except for code provision A.2.1 of the Code as the Company does not at present have any officer with the title "chief executive officer" and Mr. Hui King Chun, Andrew has assumed the role of both Chairman and Managing Director since the establishment of the Company, and is in charge of the overall management of the Company. The Board intends to maintain this structure for the time being as it believes that this structure can ensure efficient and effective formulation and implementation of business strategies without compromising the balance of power and authority between the directors and management of the Company.

Further information is set out in the Corporate Governance Report contained in the annual report for 2008.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE") OF LISTING RULES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st December, 2008.

AUDIT COMMITTEE

The Company has set up an audit committee, comprising of three independent non-executive directors of the Company, namely Mr. Tam Yuk Sang, Sammy, Mr. Ng Chi Yeung, Simon and Mr. Ho Lok Cheong. The audit committee has reviewed the audited financial statements for the year ended 31st December, 2008, the accounting principles and practices adopted by the Group with management and has discussed internal controls and financial reporting matters, with the directors.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2008 annual report, as well as the announcement of annual results, containing the relevant information required by the Listing Rule will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.kithholdings.com) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises of seven executive directors, namely Mr. Hui King Chun, Andrew, Mr. Yau Chau Min, Paul, Mr. Hui Bin Long, Mr. Li Chun Ren, Mr. Zhou Jin, Mr. Wang Feng Wu and Mr. Wang Guang Yu and three independent non-executive directors, namely Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.

By Order of the Board
Kith Holdings Limited
Hui King Chun, Andrew
Chairman

Hong Kong, 30th April, 2009

* *For identification purpose only*