KITH HOLDINGS LIMITED
僑威集團有限公司*

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

ANNUAL RESULTS ANNOUNCEMENT FOR 2011

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, 2011, together with the comparative figures for the corresponding period in 2010, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December,

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Continuing operations			
Revenue	4	**1,940,599**	2,013,550
Cost of sales		**(1,694,851)**	(1,764,112)
Gross profit		**245,748**	249,438
Other income		**21,058**	10,636
Distribution and selling expenses		**(13,996)**	(5,932)
Administrative expenses		**(130,253)**	(116,933)
Impairment loss on trade and other receivables from third parties, deposits and prepayments		**(3,227)**	(258)
Impairment loss on assets of a subsidiary previously classified as held for sale		**–**	(8,759)
Impairment loss on property, plant and equipment		**–**	(12,384)
Fair value loss on held-for-trading investments		**(799)**	(1,319)
Fair value gain on other financial assets		**1,900**	2,225
Impairment loss on available-for-sale investments		**(1,972)**	–
Finance costs		**(21,186)**	(16,169)
Profit before tax		**97,273**	100,545
Income tax expense	5	**(21,032)**	(25,024)
Profit for the year from continuing operations	7	**76,241**	75,521

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Discontinued operation			
Profit for the year from discontinued operation	6	**11,250**	15,128
Profit for the year		**87,491**	90,649
Profit for the year attributable to:			
Owners of the Company			
From continuing operations		**29,225**	46,141
From discontinued operation		**5,845**	9,634
		35,070	55,775
Non-controlling interests			
From continuing operations		**47,016**	29,380
From discontinued operation		**5,405**	5,494
		52,421	34,874
		87,491	90,649
Earnings per share for profit attributable to the owners of the Company:	9		
From continuing and discontinued operation			
Basic		**HK13.41 cents**	HK21.33 cents
Diluted		**HK13.41 cents**	HK21.33 cents
From continuing operations			
Basic		**HK11.18 cents**	HK17.65 cents
Diluted		**HK11.18 cents**	HK17.65 cents
From discontinued operation			
Basic		**HK2.23 cents**	HK3.68 cents
Diluted		**HK2.23 cents**	HK3.68 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December,

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**87,491**	90,649
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	**37,640**	25,403
Fair value changes on available-for-sale investments	**(2,146)**	1,361
Surplus arising on revaluation of property, plant and equipment	**–**	21,278
Deferred tax effect on surplus arising on revaluation of property, plant and equipment	**–**	(3,315)
Other comprehensive income for the year, net of tax	**35,494**	44,727
Total comprehensive income for the year	**122,985**	135,376
Total comprehensive income for the year attributable to:		
Owners of the Company	**53,436**	83,768
Non-controlling interests	**69,549**	51,608
	122,985	135,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**As at 31st December, 2011** *HK$'000*	As at 31st December, 2010 *HK$'000*
Non-current Assets			
Property, plant and equipment		**615,022**	618,094
Prepaid lease payments		**18,044**	18,657
Goodwill		**–**	2,695
Deposits paid for acquisition of property, plant and equipment		**2,306**	30,218
Available-for-sale investments		**21,183**	25,284
Deferred tax assets		**129**	123
Total non-current assets		**656,684**	695,071
Current Assets			
Inventories		**142,196**	174,957
Trade and other receivables from third parties, deposits and prepayments	10	**672,934**	584,099
Trade and other receivables from non-controlling shareholders		**89,512**	62,281
Tax recoverable		**15**	–
Prepaid lease payments		**613**	613
Short-term loans receivable		**95,526**	65,605
Held-for-trading investments		**4,873**	1,972
Other financial assets		**–**	377
Bank balances and cash		**81,814**	65,074
		1,087,483	954,978
Assets of a disposal group classified as held for sale	12	**49,299**	–
Total current assets		**1,136,782**	954,978
Current Liabilities			
Trade and other payables	11	**211,538**	264,260
Tax liabilities		**14,838**	12,694
Dividend payable to non-controlling shareholders		**8,118**	1,430
Borrowings		**561,305**	450,811
Obligation under finance lease – due within one year		**947**	775
		796,746	729,970
Liabilities directly associated with a disposal group classified as held for sale	12	**3,293**	–
Total current liabilities		**800,039**	729,970

	As at 31st December, 2011 *HK$'000*	As at 31st December, 2010 *HK$'000*
Net Current Assets	**336,743**	225,008
Total Assets Less Current Liabilities	**993,427**	920,079
Non-current Liabilities		
Obligation under finance lease – due after one year	**391**	969
Deferred tax liabilities	**38,917**	43,769
Total non-current liabilities	**39,308**	44,738
Net Assets	**954,119**	875,341
Capital and Reserves		
Share capital	**26,145**	26,145
Share premium and reserves	**551,879**	534,785
Equity attributable to owners of the Company	**578,024**	560,930
Non-controlling interests	**376,095**	314,411
Total Equity	**954,119**	875,341

Notes:

1 GENERAL INFORMATION

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 ("BVI"), 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 HM11, Bermuda and 1st Floor, Hing Lung Commercial Building, 68 Bonham Strand East, Hong Kong, respectively.

On 23rd December, 2011, the Stock Exchange granted an approval in principle (the "**In Principle Approval**") for the Group to spin off its design, development and sales of integrated circuits business through a separate listing of Megalogic Technology Holdings Limited ("Megalogic Holdings"), a then subsidiary of the Company, on the Growth Enterprise Market of the Stock Exchange (the "Spin-off").

The Spin-off has been completed on 19th January, 2012. Upon the completion of the Spin-off, the Group's interest in Megalogic Holdings has been diluted from 52.01% to 39.01% and resulted in losing control of Megalogic Holdings. Megalogic Holdings has been deconsolidated from that date and will be accounted for as an associated company. For the presentation of the consolidated financial statements for the year ended 31st December, 2011 and 2010, the design, development and sales of integrated circuits business was regarded as "discontinued operation".

The consolidated financial statements are presented in Hong Kong dollar ("HKD"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which have become effective for the accounting period beginning on 1st January, 2011.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010, except for early application of the Amendments to HKAS 1
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

Amendment to HKFRS 7 "Financial Instruments: Disclosures" (as part of the improvements to HKFRSs issued in 2010) requires disclosure in respect of the description of collateral held as security and of other credit enhancements and their financial effect of the amount that best represents the maximum exposure to credit risk. Certain trade receivables of the Group have been factored to a financial institution to mitigate credit risk. The application of the new amendment would only extend the disclosure and have no impact on the Group's results in the current and prior years.

Except as described above, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new standards, amendments and interpretation that have been issued but are not yet effective in these financial statements:

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1st July, 2011
[2] Effective for annual periods beginning on or after 1st January, 2012
[3] Effective for annual periods beginning on or after 1st July, 2012
[4] Effective for annual periods beginning on or after 1st January, 2013
[5] Effective for annual periods beginning on or after 1st January, 2014
[6] Effective for annual periods beginning on or after 1st January, 2015

HKFRS 7 (Amendments) ''Disclosures – Transfers of Financial Assets'' introduce new disclosure requirements on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remained on the entity's statement of financial position. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendments are not expected to have a significant impact to the Group.

HKFRS 7 Amendments "Disclosures – Offsetting Financial Assets and Financial Liabilities" issue new disclosure requirements in relation to the offsetting models of financial assets and financial liabilities. The amendments also improve the transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. The application of the amendments is unlikely to have any material financial impact on the Group.

HKFRS 9 "Financial Instruments" (as issued in November 2009) establishes new principles for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition. The main changes to the requirements of HKAS 39 are summarized below:

– Under HKFRS 9, all financial assets are subsequently measured at either amortised cost or fair value. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instrument. An instrument is subsequently measured at amortised cost only if it is a debt instrument and the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

– In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized directly in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. All other changes in fair value are recognized in profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognized in profit or loss.

HKFRS 10 ''Consolidated Financial Statements'' replaces all of the guidance on control and consolidation in HKAS 27 "Consolidated and Separate Financial Statements", and HK(SIC) — Int 12 "Consolidation — Special Purpose Entities". HKAS 27 is renamed "Separate Financial Statements"; it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged. HKFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The determination of power is based on current facts and circumstances and is continuously assessed. The fact that control is intended to be temporary does not obviate the requirement to consolidate any investee under the control of the investor. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances.

HKFRS 11 ''Joint Arrangements'' refines that joint arrangements are limited to joint operations and joint ventures only. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. HKFRS 11 addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The existing HKAS 28 was extended as ''Investments in Associates and Joint Ventures'' as a result of the compulsory requirement for equity accounting for all investments in joint ventures under HKFRS 11.

HKFRS 12 "Disclosures of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities. This new standard requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

HKFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The Group is presently studying the implications of applying HKFRS 9, HKFRS 10, HKFRS 11, HKFRS 12 and HKFRS 13 and have not yet quantified the extent of their impact as at the date of publication of these financial statements.

HKAS 1 (Amendments) ''Presentation of Items of Other Comprehensive Income'' changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Items that will not be reclassified to profit or loss will be presented separately from items that may be reclassified in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income'. However HKAS 1 still permits entities to use other titles. The amendments affect presentation only and have no impact on the Group's financial position and performance.

HKAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has a legally enforceable right of set-off" and some gross settlement systems may be considered equivalent to net settlements. The application of these amendments is unlikely to have any material financial impact on the Group.

The directors of the Company anticipate that the application of the other new standards, amendments and interpretation will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

The Group is currently organised into three main operating segments for continuing operations-printing and manufacturing of packaging products, distribution of television business-related products and distribution of other electronic and related products. In the current year, the Group's design, development and sale of integrated circuits operating segment was classified as discontinued operation. The comparative figures have been re-presented to segregate the disclosure of the continuing operations and the discontinued operation.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue represents the revenue generated by each operating segment. Inter-segment revenue represents inter-segment sales which were transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment results represents the profit earned by each operating segment without allocation of central administration expenses (unallocated corporate expenses), investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale investments, held-for-trading investments, other financial assets, current and deferred tax assets and unallocated corporate assets. Goodwill is allocated to the relevant reportable segments; and

– all liabilities are allocated to reportable segments other than borrowings, obligation under finance lease, current and deferred tax liabilities and unallocated corporate liabilities.

For the year ended 31st December, 2011

	Continuing operations				Discontinued operation	
	Printing and manufacturing of packaging products	Distribution of television business related products	Distribution of other electronic and related products	Total	Design, development and sales of integrated circuits	Group total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues and results						
SEGMENT REVENUE						
Reportable segment revenue	709,392	92,618	1,142,574	1,944,584	59,134	2,003,718
Elimination of inter-segment revenue	–	–	(3,985)	(3,985)	–	(3,985)
Consolidated revenue	709,392	92,618	1,138,589	1,940,599	59,134	1,999,733
SEGMENT RESULTS						
Reportable segment profit/(loss)	142,250	(20,412)	18,438	140,276	13,531	153,807
Interest income				3,775	3	3,778
Fair value loss on held-for-trading investments				(799)	–	(799)
Impairment loss on available-for-sale investments				(1,972)	–	(1,972)
Fair value gain on other financial assets				1,900	–	1,900
(Impairment loss)/reversal of impairment loss on trade and other receivables from third parties, deposits and prepayments				(3,227)	17	(3,210)
Unallocated corporate expenses				(21,494)	–	(21,494)
Finance costs				(21,186)	(9)	(21,195)
Profit before tax				97,273	13,542	110,815
Income tax expenses				(21,032)	(2,292)	(23,324)
Profit for the year				76,241	11,250	87,491
Segment assets and liabilities						
SEGMENT ASSETS						
Reportable segment assets	1,172,112	88,139	446,838	1,707,089	49,299	1,756,388
Available-for-sale investments				21,183	–	21,183
Deferred tax assets				129	–	129
Tax recoverable				15	–	15
Held-for-trading investments				4,873	–	4,873
Unallocated corporate assets				10,878	–	10,878
Consolidated total assets				1,744,167	49,299	1,793,466
SEGMENT LIABILITIES						
Reportable segment liabilities	151,679	24,245	41,604	217,528	3,293	220,821
Deferred tax liabilities				38,917	–	38,917
Tax liabilities				14,838	–	14,838
Borrowings				561,305	–	561,305
Obligation under finance lease				1,338	–	1,338
Unallocated corporate liabilities				2,128	–	2,128
Consolidated total liabilities				836,054	3,293	839,347

	Continuing operations				Discontinued operation		
	Printing and manufacturing of packaging products	Distribution of television business related products	Distribution of other electronic and related products	Total	Design, development and sales of integrated circuits	Corporate level	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER SEGMENT INFORMATION							
Capital expenditure	21,592	1,025	–	22,617	2,147	700	25,464
Depreciation of property, plant and equipment	49,707	317	–	50,024	1,255	1,067	52,346
Amortisation of prepaid lease payments	613	–	–	613	–	–	613
Impairment loss/(reversal of impairment loss) on trade and other receivables from third parties, deposits and prepayments	240	2,987	–	3,227	(17)	–	3,210
Loss on disposal of property, plant and equipment	293	–	–	293	–	6	299

For the year ended 31st December, 2010

	Continuing operations				Discontinued operation	
	Printing and manufacturing of packaging products	Distribution of television business related products	Distribution of other electronic and related products	Total	Design, development and sales of integrated circuits	Group total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues and results						
SEGMENT REVENUE						
Reportable segment revenue	602,904	513,044	904,904	2,020,852	61,574	2,082,426
Elimination of inter-segment revenue	–	–	(7,302)	(7,302)	–	(7,302)
Consolidated revenue	602,904	513,044	897,602	2,013,550	61,574	2,075,124
SEGMENT RESULTS						
Reportable segment profit	103,147	11,240	10,699	125,086	21,183	146,269
Interest income				5,005	–	5,005
Fair value loss on held-for-trading investments				(1,319)	–	(1,319)
Fair value gain on other financial assets				2,225	–	2,225
Unallocated corporate expenses				(14,283)	(2,855)	(17,138)
Finance costs				(16,169)	(66)	(16,235)
Profit before tax				100,545	18,262	118,807
Income tax expenses				(25,024)	(3,134)	(28,158)
Profit for the year				75,521	15,128	90,649
Segment assets and liabilities						
SEGMENT ASSETS						
Reportable segment assets	1,122,526	185,478	272,222	1,580,226	35,608	1,615,834
Available-for-sale investments				25,284	–	25,284
Deferred tax assets				123	–	123
Held-for-trading investments				1,972	–	1,972
Other financial assets				377	–	377
Unallocated corporate assets				6,459	–	6,459
Consolidated total assets				1,614,441	35,608	1,650,049
SEGMENT LIABILITIES						
Reportable segment liabilities	122,581	93,950	44,324	260,855	2,590	263,445
Deferred tax liabilities				43,380	389	43,769
Tax liabilities				10,335	2,359	12,694
Borrowings				446,820	3,991	450,811
Obligation under finance lease				1,744	–	1,744
Unallocated corporate liabilities				2,245	–	2,245
Consolidated total liabilities				765,379	9,329	774,708

	Continuing operations				Discontinued operation		
	Printing and manufacturing of packaging products	Distribution of television business related products	Distribution of other electronic and related products	Total	Design, development and sales of integrated circuits	Corporate level	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER SEGMENT INFORMATION							
Capital expenditure	48,661	528	–	49,189	2,117	118	51,424
Depreciation of property, plant and equipment	41,315	78	–	41,393	1,106	1,301	43,800
Amortisation of prepaid lease payments	613	–	–	613	–	–	613
Impairment loss/(reversal of impairment loss) on trade and other receivables from third parties, deposits and prepayments	104	6	167	277	(19)	–	258
Impairment loss on assets of a subsidiary previously classified as held for sale	8,759	–	–	8,759	–	–	8,759
Impairment loss on property, plant and equipment	11,861	522	–	12,383	383	1	12,767
Loss on disposal of property, plant and equipment	886	–	–	886	–	–	886

INFORMATION ABOUT MAJOR CUSTOMERS

The Group's sales to customers which accounted for 10% or more of its total revenue from continuing operations are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**N/A**[1]	346,511
Customer B	**266,888**	237,970
Customer C	**207,961**	229,009
Customer D	**212,483**	N/A[2]

1 The transaction with customer A did not account for more than 10% of the total sales of the Group for the year ended 31st December, 2011.

2 The transaction with customer D did not account for more than 10% of the total sales of the Group for the year ended 31st December, 2010.

The sales to customers A and B are included in the segment of distribution of television business related products and the segment of printing and manufacturing of packaging products, respectively. The sales to customers C and D are included in the segment of distribution of other electronic and related products.

GEOGRAPHICAL INFORMATION

The Group's continuing operations are located in Hong Kong, the People's Republic of China (the "PRC") and the United States of America (the "USA") and its discontinued operation is located in Hong Kong. Printing and manufacturing of packaging products are carried out in the PRC. Distribution of television business-related products is carried out in Hong Kong and the USA. Design, development and sales of integrated circuits and distribution of other electronic and related products are mainly carried out in Hong Kong and other parts of the PRC. The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or service. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and prepaid lease payments, and the location of the operation to which they are allocated, in the case of deposits paid for acquisition of property, plant and equipment. The Group's revenue from continuing operations and discontinued operation from external customers by geographical location of the customers and information about its non-current assets by geographical location of the assets are set out below:

	Revenue from external customers		**Non-current assets** *(Note)*	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		*(restated)*
Continuing operations				
Hong Kong (place of domicile)	**164,660**	190,470	**4,649**	5,025
Other parts of the PRC	**1,683,672**	1,299,793	**629,451**	658,887
USA	**92,267**	522,260	**1,272**	507
Others	**–**	1,027	**–**	–
	1,940,599	2,013,550	**635,372**	664,419
Discontinued operation				
Hong Kong (place of domicile)	**17,965**	27,315	**–**	5,245
Other parts of the PRC	**31,292**	33,910	**–**	–
Others	**9,877**	349	**–**	–
	59,134	61,574	**–**	5,245
	1,999,733	2,075,124	**635,372**	669,664

Note: Non-current assets exclude available-for-sale investments and deferred tax assets. For 2011, non-current assets also exclude those relating to design, development and sale of integrated circuits operations which are classified as held for sale

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Revenue from sales of goods		
– from continuing operations	**1,940,599**	2,013,550
– from discontinued operation	**59,134**	61,574
	1,999,733	2,075,124

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Income tax expense recognised in profit or loss		
Continuing operations:		
Current tax:		
Hong Kong Profits Tax	**3,325**	3,819
PRC Enterprise Income Tax	**22,155**	17,513
Other jurisdictions	**17**	55
	25,497	21,387
Underprovision in prior years:		
Hong Kong Profits Tax	**–**	170
	–	170
Deferred tax (credit)/charge:		
Current year	**(4,465)**	3,467
Total income tax expense recognised in profit or loss relating to continuing operations	**21,032**	25,024

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for certain PRC subsidiaries of the Company is 25% from 1st January, 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, one of the Company's PRC subsidiaries is 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"). That subsidiary is entitled to enjoy the Tax Holiday 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%.

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

	2011	2010
	HK$'000	*HK$'000*
Income tax recognised in other comprehensive income:		
Deferred tax		
– Arising on revaluation of property, plant and equipment	–	3,315
Total income tax recognised in other comprehensive income	–	3,315

6. DISCONTINUED OPERATION

During the year, the Stock Exchange granted the In Principle Approval on the Spin-off. Upon the completion of the Spin-off on 19th January, 2012, the Group's interest in Megalogic Holdings has been diluted from 52.01% to 39.01% and resulted in losing control of Megalogic Holdings, Megalogic Holdings has been deconsolidated from the date of the completion of the Spin-off and has been accounted for as an associated company since then.

The results of the operations in design, development and sale of integrated circuits for the year ended 31st December, 2011 which have been included in the consolidated income statement are set out below. The comparative profit and cash flows from discontinued operation have been re-presented to include those operations classified as discontinued in the current year.

	2011	2010
	HK$'000	*HK$'000*
Profit for the year from discontinued operation		
Revenue	**59,134**	61,574
Cost of sales	**(36,008)**	(39,797)
Gross profit	**23,126**	21,777
Other income	**3**	4,491
Distribution and selling expenses	**(657)**	(827)
Administrative expenses	**(8,921)**	(6,730)
Impairment loss on property, plant and equipment	**–**	(383)
Finance costs	**(9)**	(66)
Profit before tax	**13,542**	18,262
Income tax expense	**(2,292)**	(3,134)
Profit for the year from discontinued operation	**11,250**	15,128
Profit for the year from discontinued operation attributable to:		
Owners of the Company	**5,845**	9,634
Non-controlling interests	**5,405**	5,494
	11,250	15,128

	2011	2010
	HK$'000	*HK$'000*
Cash flows from discontinued operation		
Net cash (used in)/from operating activities	**(1,819)**	3,279
Net cash used in investing activities	**(2,144)**	(2,117)
Net cash from financing activities	**5,699**	3,727
Net cash inflow	**1,736**	4,889

Profit for the year from discontinued operation has been arrived at after charging the followings:

	2011	2010
	HK$'000	*HK$'000*
Staff salaries, bonus and other benefits	**4,630**	3,273
Retirement benefits scheme contributions	**134**	112
Total staff costs including directors' emoluments	**4,764**	3,385
Auditor's remuneration	**400**	90
Cost of inventories recognised as an expense	**36,008**	39,797
Depreciation of property, plant and equipment		
– owned assets	**1,255**	1,106
Net foreign exchange loss	**37**	12
Operating lease rentals in respect of land and buildings	**370**	370
Bank interest income	**3**	–

The carrying amounts of assets and liabilities relating to Megalogic Holdings which have been classified as a disposal group held for sale as at 31st December, 2011 are set out in note 12.

7. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit for the year from continuing operations has been arrived at after charging:		
Salaries, bonus and other benefits	**115,535**	89,551
Retirement benefits scheme contributions	**8,207**	6,364
Total staff costs including directors' emoluments	**123,742**	95,915
Auditor's remuneration	**1,800**	1,740
Depreciation of property, plant and equipment		
– owned assets	**50,447**	42,024
– assets held under finance leases	**644**	670
Amortisation of prepaid lease payments	**613**	613
Loss on disposal of property, plant and equipment	**299**	886
Research and development costs (included in administrative expenses)	**13,847**	7,861
Cost of inventories recognised as an expense	**1,694,851**	1,764,112
and after crediting (included in other income):		
Dividend income from held-for-trading investments	**(11)**	(3)
Interest income on short-term loans receivable	**(3,444)**	(4,843)
Bank interest income	**(331)**	(162)
Compensation income *(note)*	**(12,406)**	–
Net foreign exchange gain	**(667)**	(421)

Note: Pursuant to an agreement dated 19th July, 2010 between a manufacturer and two subsidiaries of the Company, the manufacturer agrees to compensate all goods returned during a 12-month warranty period if the actual goods returned rate exceeds the agreed goods returned rate (the "Compensation Condition"). During the year ended 31st December, 2011, the manufacturer agreed to pay the excess portion over the agreed goods returned rate and the relevant charges directly attributable to the goods returned according to the Compensation Condition, which amounts to approximately HK$12,406,000, to a subsidiary of the Company as compensation payment.

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution to owners of the Company during the year:		
Interim dividend paid for 2011 – HK2.3 cents (2010: HK2.3 cents) per share	**6,013**	6,013
Final dividend paid for 2010 – HK8.4 cents (2010: HK7.6 cents for 2009) per share	**21,962**	19,870
	27,975	25,883

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31st December, 2011 of HK4.3 cents (2010: HK8.4 cents in respect of the year ended 31st December, 2010) per share amounting to approximately HK$11,243,000 (2010: HK$21,962,000) have been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

From continuing operations

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**35,070**	55,775
Less: Profit for the year attributable to the owners of the Company from discontinued operation	**(5,845)**	(9,634)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**29,225**	46,141

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**261,453,600**	261,453,600
Basic earnings per share (in HK cents)	**11.18**	17.65
Diluted earnings per share (in HK cents)	**11.18**	17.65

For the years ended 31st December, 2010 and 2011, diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during both years.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK2.23 cents per share (2010: HK3.68 cents per share), based on the profit for the year attributable to the owners of the Company from discontinued operation of approximately HK$5,845,000 (2010: HK$9,634,000) and the denominators detailed above for both basic and diluted earnings per share.

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

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**621,603**	523,514
Less: allowance for doubtful debts	**(11,332)**	(11,737)
Trade receivables, net	**610,271**	511,777
Other receivables, deposits and prepayments	**62,663**	72,322
	672,934	584,099

The Group generally 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 end of the reporting period, presented based on the invoice date:

	2011	2010
	HK$'000	*HK$'000*
Within 60 days	**415,819**	369,504
Within 61 – 90 days	**95,902**	59,408
More than 90 days	**98,550**	82,865
	610,271	511,777

11. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**145,374**	208,499
Other payables and accruals	**66,164**	55,761
	211,538	264,260

An aging analysis of the trade payables presented based on the invoice date at the end of the reporting period is a follows:

	2011	2010
	HK$'000	*HK$'000*
Within 60 days	**97,798**	167,101
Within 61 – 90 days	**13,166**	7,398
More than 90 days	**34,410**	34,000
	145,374	208,499

12. ASSETS OF AND LIABILITIES DIRECTLY ASSOCIATED WITH A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The assets and liabilities relating to Megalogic Holdings which have been separately presented as assets of and liabilities directly associated with a disposal group classified as held for sale in the consolidated statement of financial position as at 31st December, 2011 are as follows:

	31st December, 2011
	HK$'000
Assets:	
Goodwill	**2,695**
Property, plant and equipment	**3,443**
Inventories	**3,972**
Trade and other receivables, deposits and prepayments	**30,563**
Tax recoverable	**991**
Bank balances and cash	**7,635**
Total assets of a disposal group classified as held for sale	**49,299**
Liabilities:	
Trade and other payables	**2,754**
Deferred tax liabilities	**539**
Total liabilities directly associated with a disposal group classified as held for sale	**3,293**
	46,006

13. EVENTS AFTER THE REPORTING PERIOD

a) Completion of the Spin-off of Megalogic Holdings

On 4th May, 2011, the Company announced a possible deemed disposal transaction by way of the spin-off of design, development and sales of integrated circuits business through a separate listing of Megalogic Holdings on the Growth Enterprise Market ("GEM") of the Stock Exchange. Details are set out in note 1.

The Spin-off was completed and Megalogic Holdings was successfully listed on GEM of the Stock Exchange on 19th January, 2012. Upon completion of the Spin-off, a gain of approximately HK$37,000,000, being the difference between the fair value of interest retained by the Group and the net assets of Megalogic Holdings effectively held by the Group together with the goodwill recognised, would be recognised in the consolidated income statement of the Group for the year ending 31st December, 2012.

b) Acquisition of properties under tripartite agreement

On 30th March, 2012, Yunnan Qiaotong, a debtor of Yunnan Qiaotong (the "Debtor") and a subsidiary of the Debtor (the "Transferee") entered into a tripartite agreement (the "Tripartite Agreement"), pursuant to which the Transferee assumed the Debtor's obligation to repay the outstanding loans (including total outstanding principal and accumulated interest) due to Yunnan Qiaotong amounting to RMB37,582,000 (equivalent to approximately HK$46,298,000) (the "Outstanding Loan"), which is included in short-term loans receivable balance as at 31st December, 2011. Approximately RMB16,972,000 (equivalent to approximately HK$20,908,000) of the Outstanding Loan has been repaid in cash on 30th March, 2012 in accordance with the terms of the Tripartite Agreement. The balance of approximately RMB20,610,000 (equivalent to approximately HK$25,390,000) will be settled by the transfer of 7 residential units which are under development by the Transferee and are permitted for pre-sale (the "Properties"). On the same date, Yunnan Qiaotong and the Transferee entered into property acquisition agreements in respect of the sale and purchase of each of the Properties. Up to the date of this announcement, the Properties are still under development and the transfer of Properties to Yunnan Qiaotong has not yet been completed.

DIVIDENDS

The Company maintains a stable dividend policy. An interim dividend of HK2.3 cents per share has been paid for the six months ended 30th June 2011. The Board recommends the payment of the final dividend of HK4.3 cents per share for the year 2011, and it maintains the same dividend payout ratio of approximately 50.0%.

BUSINESS REVIEW

Package Printing Division

The turnover from package printing business for the year ended 31st December, 2011 was HK$709,392,000, representing an increase of 17.7% from the same period of 2010. Gross profit margin remained steady at 31.3% compared to 32.5% in 2010. Gross profit from the package printing business, which remains the core business of the Group, accounted for approximately 82.5% of the Group's total gross profit for the year ended 31st December, 2011.

Tobacco package printing is still the core product line of the package printing division, which accounted for approximately 84.7% of the total turnover of the division. The history of the Group's profitable package printing business proves that the Group's business model will remain profitable for the foreseeable future.

Starting in 2011, the tobacco enterprises in the People's Republic of China (the "PRC") has mandated a tendering system for their business. Vendors like the Group's Yunnan subsidiary has to submit tenders for their annual business with the tobacco enterprises each year. The result of the Group's Yunnan subsidiary's tender was great and the subsidiary has secured orders for the year with amounts exceeding those in 2010. This result demonstrates the superior technical and marketing expertise of the Group's package printing division in the tobacco packaging business in the PRC.

During the year, the Company's 60% owned Yunnan subsidiary has acquired an additional 28% interest in the Group's Anhui subsidiary from a wholly-owned subsidiary of the Company. Both the Yunnan subsidiary and the Anhui subsidiary are engaged in the design, manufacturing and sales of package printing products. This move will lead to synergies from the mutual sharing of management personnel, technological know-how, production capabilities and market development and this in turn should enhance the Group's profitability. The consideration was approximately RMB25,036,000 and was determined based on the attributable net assets value of the underlying assets in this transaction. As a result of the transaction, the Group's effective interest in Anhui subsidiary has been diluted to 54.8%.

The Group continues to invest to upgrade and improve the technologies and capabilities of the package printing division. During the year, a new sophisticated printing machinery was ordered from Bobst SA at a consideration of approximately CHF4,180,000. The new machine will be installed and ready for production by the second half of 2012. This acquisition is financed partly by internal resources and partly by bank borrowings.

Distribution Business

Turnover from the distribution business of television business-related products (consisting mainly of LCD TV and converter boxes distributed to USA customers) during the year amounted to HK$92,618,000, a drastic decrease compared to HK$513,044,000 in 2010. This division also incurred a loss of approximately HK$20,412,000 during the year. The division's unsatisfactory performance was due to the sluggish demand in consumer electronics products in the USA and also because the USA subsidiary was entering a transitional phase during 2011. During the year, the USA subsidiary replaced the old brand name "Apex" with the new brands "Affinity" for television and "KCPI" for converter boxes. Due to this change, additional time and marketing effort was required for getting orders from the retail chain stores and this hurt the turnover and results of this division in 2011. The Group is currently reviewing its future operating and marketing strategy of this division.

Other electronic and related products

Turnover from the distribution business of other electronic and related products (consisting mainly of LCD panels, computer components and portable storage devices distributed to customers in Hong Kong and PRC) during the year amounted to HK$1,138,589,000, with an increase of 26.8% compared to the turnover of 2010. The gross profit margin increased slightly from 1.8% to 2.3%. The increase in turnover was due to the successful marketing efforts in capturing business in this segment.

Integrated circuits design and sales division

Minilogic Device Corporation Limited ("Minilogic"), the subsidiary specialised in the design, development and sales of integrated circuits, achieved a breakthrough in its business by producing and selling integrated circuits for "electronic cigarettes" in the PRC in 2010. The business for "electronic cigarettes" in the PRC cooled down slightly in 2011 and both the turnover and profit contribution dropped compared to 2010. The profit for the year of this division decreased from HK$15,128,000 in 2010 to HK$11,250,000 in 2011. This division was spun off on 19th January 2012 and will be accounted for as an associated company in 2012 and the results of this division is disclosed as "discontinued operation" in the consolidated financial statements.

Spin-off

On 4th May, 2011, the Company submitted a spin-off proposal to the Stock Exchange in relation to the proposed spin-off and separate listing of the design, development and sales of integrated circuits business on the Growth Enterprise Market ("GEM") of the Stock Exchange.

On 22nd June, 2011, Megalogic Technology Holdings Limited ("Megalogic Holdings") submitted an application for the listing of, and permission to deal in, the ordinary shares of Megalogic Holdings of HK$0.1 each ("Megalogic Shares") in issue and to be issued on the GEM.

Megalogic Holdings was incorporated as an exempted company in the Cayman Islands on 31st March, 2011. Prior to the Spin-off, a reorganisation was carried out pursuant to which Megalogic Holdings became the holding company of Minilogic. Minilogic is principally engaged in provision of integrated circuits solutions and the design, development and sales of integrated circuits products.

On 23rd December, 2011, the Stock Exchange granted an approval in principle (the "In Principle Approval") for the Group to spin off its design, development and sales of integrated circuits business through a separate listing of Megalogic Holdings, a then subsidiary of the Company, on GEM of the Stock Exchange (the "Spin-off").

The Spin-off has been completed on 19th January, 2012. Upon the completion of the Spin-off, the Group's interest in Megalogic Holdings has been diluted from 52.01% to 39.01% and resulted in losing control of Megalogic Holdings. Megalogic Holdings has been deconsolidated from that date and will be accounted as an associated company.

The Board believes that the Spin-off is beneficial to the shareholders as the Company will be able to realise the value of its investment in Megalogic Holdings by way of having an investment in readily marketable securities.

Human Resources Development

As at 31st December 2011, the number of employees of the Group was 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 edge 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

The management is confident that the demand for high quality consumer products, mainly tobacco, which is the major market segment of the Group, will continue to maintain steady growth with the stable economic growth and improving living standards in the PRC. The Board believes that with the Group's years of working relationship and partnerships with tobacco enterprises in the PRC, experienced management, strong research and development capability and continued investment in leading technologies and equipment, the Group will continue to reap rewards from the domestic consumption market in the PRC. The purchase of the new sophisticated printing machinery is a testament to the Group's commitment in maintaining the competitiveness and growth potential of this division.

In the past three years, the Group has successfully tapped into the equity markets for opportunities for future growth. The Group's shares were listed as Taiwan Depository Receipts in February 2010 and the integrated circuits design and sales division was spun off in January 2012 on GEM. The Group will continue to look for various investment opportunities to enhance the return to shareholders.

Looking forward, the Group will continue to seek other business opportunities for the further development and diversification, which include expanding its product portfolio and geographical coverage for the package printing division. On the other hand, the Group is reviewing the marketing environment of consumer electronic products in USA for adoption of future strategy in this market.

FINANCIAL OVERVIEW

The Group's total turnover from continuing operations of approximately HK$1,940,599,000 was 3.6% lower than that of 2010, which was a result of the large decrease in turnover of the television business related division of the Group. The package printing business continued to maintain a steady growth in turnover, from approximately HK$602,904,000 in 2010 to HK$709,392,000 in 2011. Gross profit margin of the package printing business was a very healthy 31.3% and remains steady over many years. The turnover for the distribution of electronics and other related products also increased significantly from approximately HK$897,602,000 in 2010 to HK$1,138,589,000 in 2011. However, the turnover for the distribution of television business related products decreased drastically from approximately HK$513,044,000 in 2010 to HK$92,618,000 in 2011. The overall turnover of the Group decreased as a result of the unsatisfactory performance of this division.

The gross profit from continuing operations for the year decreased by approximately HK$3,690,000 or 1.5% as compared to that of 2010. The decrease in gross profit was a direct result of the large decrease in turnover of the television products related business in USA. The overall gross profit margin of the Group from continuing operations increased slightly from 12.4% in 2010 to 12.7% in 2011.

Distribution and selling expenses increased from approximately HK$5,932,000 in 2010 to approximately HK$13,996,000. The increase was the result of additional transportation and freight cost incurred during the year.

Administrative expenses increased from approximately HK$116,933,000 in 2010 to approximately HK$130,253,000 in 2011. The increase was mainly due to the additional staff cost of the USA subsidiary and the research and development fees for the Group's projects during the year.

The profit attributable to owners of the company for the year decreased from HK$55,775,000 in 2010 to HK$35,070,000 in 2011, representing a decrease of 37.1% as compared to that of 2010. This was mainly attributable to the unsatisfactory performance of the television products related business division in the USA. Basic earnings per share for the year ended 31st December, 2011 decreased to HK13.41 cents as compared to HK$21.33 cents for 2010. The Group maintains a steady dividend policy of distributing approximately 50% of its profit attributable to owners of the Company as dividends to shareholders.

Working Capital

As at 31st December, 2011, the Group (excluding the assets and liabilities attributable to a disposal group classified as held for sale) had net current assets of approximately HK$290,737,000 (2010:HK$225,008,000). The current assets as at 31st December 2011 comprised of inventories of approximately HK$142,196,000 (2010: HK$174,957,000), trade and other receivables of approximately HK$762,446,000 (2010: HK$ 646,380,000) short term loans receivable of approximately HK$95,526,000 (2010: HK$65,605,000), bank balances and cash of approximately HK$81,814,000 (2010: HK$65,074,000), held-for-trading investments of approximately HK$4,873,000 (2010: HK$1,972,000) and other financial assets of approximately HK$Nil (2010: HK$377,000). The current liabilities comprised of trade and other payables of approximately HK$211,538,000 (2010: HK$264,260,000), dividend and tax payables of an aggregate amount of approximately HK$22,956,000 (2010: HK$14,124,000), and borrowings classified as current liabilities of approximately HK$562,252,000 (2010: HK$ 451,586,000).

The increase in trade receivables at 31st December, 2011 was mainly due to the large increase in turnover of the distribution of other electronic and related products. The decrease in trade payable and the increase in bank borrowings was a result of utilizing relatively more bank financing and hence less suppliers' credit to support the Group's distribution business. Of the short term loans receivable of approximately HK$95,526,000 at 31st December, 2011, a total of approximately HK$70,136,000 were settled after the balance sheet date.

The net asset value of the Group as at 31st December, 2011 amounted to approximately HK$954,119,000 versus approximately HK$875,341,000 as at 31st December, 2010.

Liquidity and financial resources

As at 31st December, 2011, the Group's aggregate bank borrowings amounted to approximately HK$561,305,000,which was higher than the total bank borrowings as at 31st December,2010 of HK$445,811,000. The increase in bank borrowings was a result of using more bank finance to support the growth of the division of distribution of electronics related products. The net gearing ratio, representing the interest bearing liabilities less bank balances and cash divided by shareholders' equity plus non-controlling interests, increased slightly from 44.3% in 2010 to 50.4% in 2011.

The interest rates for all the loans are fixed on monthly, quarterly or semi-annual basis. The finance costs for the year of HK$21,186,000 were higher than those of 2010 because of the increase in average borrowings of the Group compared to last year. The Group continues to monitor its working capital requirement closely with a view to lower the finance cost and maintain a healthy net gearing ratio of the Group.

All of the sales and purchases for the package printing division are denominated in Renminbi ("RMB") and most of the sales and purchases for the distribution division are denominated in United States dollar or Hong Kong dollar. As the corresponding sales and purchases are denominated in the same currencies, the Group has minimal exchange rate risk exposure.

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 Wednesday, 13th June, 2012 at 3 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 Friday, 8th June 2012 to Wednesday, 13th June, 2012 (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 Centre, 28 Queen's Road East, Hong Kong not later than Thursday, 7th June, 2012 at 4:00 p.m..

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

During the financial year ended 31st December, 2011, 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 on the Stock Exchange (the "Listing Rules") 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 2011.

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, 2011.

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 (chairman of the committee), 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, 2011, 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 2011 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 five executive directors, namely Mr. Hui King Chun, Andrew, Mr. Yau Chau Min, Paul, Mr. Hui Bin Long, Mr. Zhou Jin and Mr. Wang Feng Wu; three independent non-executive directors, namely Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong and one non-executive director, namely Mr. Liu Kam Lung.

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

Hong Kong, 31st March, 2012

* *For identification purpose only*