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建福集團控股有限公司
KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

On behalf of the board of directors (the “Board”) of Kenford Group Holdings Limited (the “Company”), I am pleased to present the audited financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2013 (the “Year”) together with the comparative figures for the prior year. These audited financial results for the Year have been reviewed by the audit committee of the Company (the “Audit Committee”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Revenue	2&3	657,302	634,357
Cost of sales		<u>(551,204)</u>	<u>(519,877)</u>
Gross profit		106,098	114,480
Other income, gains and losses	4	14,459	12,491
Distribution costs		(11,736)	(11,830)
Administrative expenses		(77,467)	(69,539)
Finance income		314	490
Finance costs		<u>(1,596)</u>	<u>(1,474)</u>
Profit before taxation		30,072	44,618
Income tax expense	5	<u>(8,789)</u>	<u>(13,752)</u>
Profit for the year attributable to owners of the Company	6	<u>21,283</u>	<u>30,866</u>
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		1,260	4,461
Gain on revaluation of land and buildings		11,413	2,652
Deferred tax arising from revaluation of land and buildings		<u>(415)</u>	<u>(96)</u>
Other comprehensive income for the year		<u>12,258</u>	<u>7,017</u>
Total comprehensive income for the year attributable to owners of the Company		<u>33,541</u>	<u>37,883</u>
Earnings per share (HK cents)			
- Basic	7	<u>4.849</u>	<u>7.054</u>
- Diluted	7	<u>4.849</u>	<u>7.042</u>
Dividends (HK cents)	8		
- Interim		0.78	1.38
- Proposed final		<u>0.82</u>	<u>0.70</u>
		<u>1.60</u>	<u>2.08</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Property, plant and equipment		171,080	157,927
Prepaid lease payments		3,850	3,933
Deposits paid for acquisition of property, plant and equipment		5,662	7,514
Goodwill		1,403	1,403
		<u>181,995</u>	<u>170,777</u>
Current assets			
Inventories		111,992	111,891
Trade and bills receivables	9	151,308	139,876
Deposits, prepayments and other receivables		14,482	8,360
Investments held for trading		495	2,604
Bank deposits		3,716	-
Bank balances and cash		<u>123,223</u>	<u>132,547</u>
		<u>405,216</u>	<u>395,278</u>
Current liabilities			
Trade payables	10	101,331	80,168
Accruals and other payables		20,726	28,378
Bank borrowings		64,590	82,444
Obligations under finance leases – due within one year		-	514
Tax liabilities		<u>7,796</u>	<u>8,929</u>
		<u>194,443</u>	<u>200,433</u>
Net current assets		<u>210,773</u>	<u>194,845</u>
Total assets less current liabilities		<u>392,768</u>	<u>365,622</u>
Non-current liabilities			
Obligations under finance leases – due after one year		-	104
Deferred tax liabilities		<u>13,588</u>	<u>13,383</u>
		<u>13,588</u>	<u>13,487</u>
		<u>379,180</u>	<u>352,135</u>
Capital and reserves			
Share capital		439	439
Share premium and reserves		378,741	351,696
Equity attributable to owners of the Company		<u>379,180</u>	<u>352,135</u>

NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. In addition, the consolidated financial statements have been prepared under the historical cost convention, except for certain land and buildings and financial instruments, which are measured at revalued amounts or fair value.

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets; and
Amendments to HKFRS 7	Financial instruments: Disclosures - Transfers of financial assets

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. REVENUE

The Group is principally engaged in the design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances.

The following is an analysis of the Group's revenue:

	2013	2012
	HK\$'000	HK\$'000
Electrical haircare products	647,282	623,184
Electrical healthcare products and other small household electrical appliances	<u>10,020</u>	<u>11,173</u>
	<u><u>657,302</u></u>	<u><u>634,357</u></u>

3. SEGMENT REPORTING

The Group determines its operating segment based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has one reportable segment, which is the design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances.

3. SEGMENT REPORTING – continued

(a) Geographical information

The Group's revenue is mainly derived from customers located in Asia, Europe, North and South America, Africa and Australia while the Group's business activities are conducted predominantly in Hong Kong and the PRC.

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from External customers		Non – current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Asia	281,346	270,588	181,995	170,777
Europe	279,111	270,044	-	-
North and South America	69,802	62,944	-	-
Africa	14,935	12,114	-	-
Australia	12,108	18,667	-	-
	<u>657,302</u>	<u>634,357</u>	<u>181,995</u>	<u>170,777</u>

(b) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013 HK\$'000	2012 HK\$'000
Customer A	346,248	309,937
Customer B	<u>N/A¹</u>	<u>74,129</u>

¹The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME, GAINS AND LOSSES

	2013 HK\$'000	2012 HK\$'000
Other income:		
Mould income, net of mould costs	8,483	8,207
Compensation received in respect of cancelled orders	3,883	4,950
Rental income	-	263
Dividend income	21	151
Sundry income	1,525	1,695
	<u>13,912</u>	<u>15,266</u>
Other gains and losses:		
Gain (loss) on disposal of property, plant and equipment	344	(1,119)
Net foreign exchange loss	(488)	(1,172)
Reversal of impairment loss on property, plant and equipment	-	735
Reversal of allowance for bad and doubtful debts, net	-	300
Change in fair value of investments held for trading	691	(1,519)
	<u>547</u>	<u>(2,775)</u>
Total other income, gains and losses	<u>14,459</u>	<u>12,491</u>

5. INCOME TAX EXPENSE

	2013 HK\$'000	2012 HK\$'000
Current tax:		
Hong Kong Profits Tax	-	1,541
PRC Enterprise Income Tax	9,162	12,466
	<u>9,162</u>	<u>14,007</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(106)	-
Deferred tax:		
Current year	<u>(267)</u>	<u>(255)</u>
	<u>8,789</u>	<u>13,752</u>

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

During the year ended 31 March 2013, no Hong Kong Profits Tax has been provided in the consolidated financial statements as a subsidiary in Hong Kong has no assessable profit for the year and the assessable profits of other subsidiaries in Hong Kong are wholly absorbed by tax losses brought forward.

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 of the PRC subsidiaries is 25%.

6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2013 HK\$'000	2012 HK\$'000
Auditor's remuneration	733	637
Amortisation of prepaid lease payments	96	96
Depreciation of property, plant and equipment	15,659	14,271
Reversal of allowance for inventories (included in cost of sales)	(387)	(578)
Directors' emoluments	17,012	22,438
Other staff costs (Note)		
Salaries and allowances	129,974	111,839
Retirement benefits scheme contribution	5,213	5,571
	152,199	139,848
Cost of inventories recognised as expenses	459,873	437,828
Minimum lease payments in respect of rented properties	<u>2,057</u>	<u>2,080</u>

Note: Included in other staff costs were research and development costs (comprised mainly salaries paid to engineers who are responsible for the research and development functions) of HK\$5,584,000 (2012: HK\$5,390,000).

7. EARNINGS PER SHARE

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

	2013 HK\$'000	2012 HK\$'000
Profit for the purposes of basic and diluted loss per share (Profit for the year attributable to owners of the Company)	<u>21,283</u>	<u>30,866</u>
<u>Number of shares</u>		
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	438,926	437,597
Effect of dilutive potential ordinary shares:		
Share options	-	715
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>438,926</u>	<u>438,312</u>

The computation of diluted per share for the year ended 31 March 2013 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares.

8. DIVIDENDS

	2013 HK\$'000	2012 HK\$'000
Dividend recognised as distribution and paid during the year:		
Interim dividend – HK0.78 cents per ordinary share for 2013 (2012: HK1.38 cents for 2012)	3,424	6,057
Final dividend – HK0.7 cents per ordinary share for 2012 (2012: HK2.8 cents for 2011)	3,072	12,356
Special dividend – Nil for 2012 (2012: HK1.2 cents for 2011)	-	5,200
	<u>6,496</u>	<u>23,613</u>

The final dividend of HK 0.82 cents (2012: HK 0.7 cents) per ordinary share has been proposed by the directors and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

9. TRADE AND BILLS RECEIVABLES

	2013 HK\$'000	2012 HK\$'000
Trade receivables	149,981	131,632
Less: Allowance for bad and doubtful debt	<u>(51)</u>	<u>(51)</u>
	149,930	131,581
Bills receivables	<u>1,378</u>	<u>8,295</u>
Total trade and bills receivables	<u><u>151,308</u></u>	<u><u>139,876</u></u>

The following is an aged analysis of trade and bills receivables (net of allowance for bad and doubtful debts) presented based on the invoice date, which approximates to the date of revenue recognition, at the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
0 – 60 days	115,385	105,226
61 – 120 days	33,372	26,717
121 – 365 days	2,380	5,468
Over 365 days	<u>171</u>	<u>2,465</u>
	<u><u>151,308</u></u>	<u><u>139,876</u></u>

10. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
0 – 60 days	88,458	67,318
61 - 120 days	10,127	9,596
121 - 365 days	2,746	2,736
Over 365 days	<u>-</u>	<u>518</u>
	<u><u>101,331</u></u>	<u><u>80,168</u></u>

The credit periods on purchases of goods range from 30 to 120 days.

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 31 March 2013, the Group recorded a turnover of HK\$657,302,000 (2012: HK\$634,357,000), an increase of 3.6% from the previous financial year. The slight increase in turnover was attributable to the increase of demand from our top brand overseas customers who benefitted from the improved consumer sentiment due to the gentle growth in the global economy especially in Germany, Russia, Thailand and the US.

During the Financial Year 2013, turnover attributable to the sales of electrical haircare products accounted for approximately HK\$647,282,000 (2012: HK\$623,184,000), representing about 98.5% (2012: 98.2%) of the turnover of the Group. The remaining HK\$10,020,000 (2012: HK\$11,173,000), representing about 1.5% (2012: 1.8%), was for the sales of electrical healthcare products and other small household electrical appliances.

During the year, the Group reported a gross profit of HK\$106,098,000 (2012: HK\$114,480,000), representing a gross profit margin of 16.1% (2012: 18.0%). The decrease was due to the increase of material prices and rising labour costs compounded by the appreciation of the Renminbi, all of which drove production costs upwards. Had we reclassified wages of HK\$6,662,000 under “Cost of sales” incurred by one of the major subsidiaries in Dongguan as salaries under “Administrative expenses” for the financial year ended 31 March 2012, similar to the current financial year’s presentation, the gross profit margin for 2012 would have been 19.1% instead of the 18.0% as stated above. The change of presentation for the financial year under review was caused by the complete restructuring of this subsidiary from a contract processing factory to a Wholly Foreign Owned Enterprise “WFOE” in August 2011.

In line with the drop of gross profit, profit before taxation for the year ended 31 March 2013 was HK\$30,072,000 (2012: HK\$44,618,000), representing a decrease of 32.6% from the previous financial year. The percentage of distribution costs and administrative expenses to turnover were about 1.8% and 11.8% respectively compared to 1.9% and 11.0% in the last financial year. The increase in administrative expenses was caused by the change of presentation as stated above.

Earning before interest expense, tax, depreciation and amortization (“EBITDA”) dropped to HK\$47,423,000 (2012: HK\$60,459,000), a decrease of 21.6% from the previous financial year. Affected by the increase in operating expenses, EBITDA over revenue (“EBITDA Margin”) was 7.2% compared to 9.5% in the previous financial year.

Profit for the year dropped to HK\$21,283,000, a decrease of 31.0% from HK\$30,866,000 of the financial year ended 31 March 2012.

Basic earnings per share amounted to HK4.849 cents, a decrease of 31.3% from HK7.054 cents during the corresponding period last year.

The Board has proposed a final dividend of HK0.82 cents per share (2012: a final dividend of HK0.7 cents), totalling HK\$3,599,000 (2012: HK\$3,072,000) for the financial year ended 31 March 2013. Together with the interim dividend of HK0.78 cents per share (2012: HK1.38 cents per share) already declared and paid, total dividends for the year amount to HK1.60 cents per share (2012: HK2.08 cents per share), representing a pay-out ratio of 33.0% (2012: 29.5%).

BUSINESS REVIEW

MARKET REVIEW

During the financial year, the exports markets were improving. After the aftermath of the Global Financial Crisis, the overall consumption of haircare products in both the US and Europe showed a modest pickup in growth. We believe that if further crisis risks do not materialise and economic conditions continue to improve, global growth could be expected but only at a relatively slow pace in the coming year.

Despite this challenging market environment, the demand for the Group's haircare products in most of markets did improve modestly. The Americas, Asia and Europe all showed promising growth of 10.9%, 3.9% and 3.4%, respectively, in turnover during this financial year. The turnover contribution from the Americas increased slightly to 10.6% during this financial year from 9.9% in the preceding financial year. At the same time, the turnover contribution from Asia remained flat at 42.7% in both financial years. And there was not much change from the turnover contribution from the European market with 42.5% and 42.6% in the financial year ended 31 March 2013 and 2012, respectively. As more and more consumers demand hair beautifying products in the emerging markets, such as Argentina, Panama, India, Brazil and Thailand, the Group believes that the geographical proportion of revenue should be more evenly distributed among the regions in the coming years.

Testimony to the Group's quality is that most of the Group's customers are famous global brands. Our five major customers have accounted for approximately 78.9% and 79.0% of the Group's total turnover in the current financial year and the previous financial year, respectively.

OPERATION REVIEW

With the PRC Government encouraging investors to change their processing factory operations into wholly foreign-owned enterprises ("WFOE") through incentive schemes, the Group had completed the process of changing its Dongguan processing factory to a WFOE in August 2011.

The market demand for electrical products was adversely affected by the unsatisfactory performance of the global economy in the first half of 2012. With the improved global growth in the second half of the financial year, the Group was able to achieve a better turnover than in the previous financial year. Nevertheless, the Group has faced a series of operating challenges shared by other manufacturers in Mainland China, such as the appreciating Renminbi, along with increased operations costs and general expenses. Though the Group's gross profit margin was hit by these factors, and it was very difficult to pass all the increased expenses on to customers, the Group still recorded an improvement in net cash and net cash to equity ratio.

In order to sustain our competitiveness in this industry, the Group is allocating more resources to the research and development ("R&D") of new innovative and value-added applications in its haircare products especially in the area of hair nutrition, over-heating indicators, quiet performance and all-in-one multi-functionality so as to address the increasing concern of today's consumers' about grooming their hair in additional to styling. During the financial year under review, the Group successfully incorporated a number of innovative features in its leading products. Highlights include a multi-function automatic beauty hair styler with both straightener and curling tong functions and a hairdryer with a novel ultrasonic mist generation feature that can penetrate the hair and enhance the health of the hair and scalp during the hair drying process.

Besides our in-house R&D team, the Group also collaborates with university and other outside research teams in product development. The cooperation with Hong Kong Polytechnic University has delivered cost-effective research results. The strengthened R&D capabilities enable the Group to more quickly develop and efficiently ramp up production of its new products. It also provides new business momentum for the Group to more quickly tap opportunities in this industry and enhance its competitive advantage.

During the current financial year, the Group faced the same operating challenges as other manufacturers in Mainland China, such as slow recovery in exports markets, the appreciating Renminbi and increased operations costs and general expenses. The monthly minimum wage in Dongguan has been confirmed to increase from RMB1,100 to RMB1,310 effective May 2013. At the same time, the market still

expects the RMB to appreciate by 2-3% by the end of this calendar year. But amidst the macroeconomic uncertainty, prices for metal commodities, such as copper, lead, and aluminum alloys, are stabilising, which can provide some relief to the cost pressures on the Group.

Labour shortage remained as a serious issue in China, which has led to significant increases in labour costs and has inevitably placed a heavier burden on the whole manufacturing process. To cope with this issue, a strategic direction of the Group is to transform itself from a labour-intensive operation into a more capital-intensive enterprise. To implement this transformation, the Group has continued to devote more resources to upgrade its manufacturing platform. Towards this end, it has strived to improve the competitiveness of its production system by adopting the “Lean Programme.” The objective of this programme is to increase production efficiency and eliminate wastage and, ultimately, reduce costs.

The immediate goal of the Group is to monitor the on-going initiatives to both improve operational efficiency and invest in people and processes to support the long-term development of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2013, the Group had approximately HK\$126,939,000 cash and bank deposits (2012: HK\$132,547,000). The Group’s net current assets were approximately HK\$210,773,000 (2012: HK\$194,845,000). The current ratio of the Group as at 31 March 2013 was 2.1 (2012: 2.0) and the net cash to equity ratio (cash and bank deposits less the interest bearing borrowings over total equity) was 16.4% (2012: 14.1%).

As at 31 March 2013, the Group had aggregate banking facilities of HK\$164,542,000 (2012: HK\$176,643,000), of which HK\$64,590,000 (2012: HK\$83,062,000) was used. The borrowings comprised bank loan facilities of HK\$14,056,000 (2012: HK\$44,703,000), trade finance facilities of HK\$50,534,000 (2012: HK\$37,741,000) and nil obligation under finance leases (2012: HK\$618,000). The maturity profile of the Group’s borrowings falling due within one year and in the second to the fifth year amounted to HK\$58,282,000 and HK\$6,308,000, respectively (2012: HK\$68,389,000 and HK\$14,055,000, respectively). The bank borrowings carry interest at rates ranging from HIBOR/LIBOR plus 0.4% to 2.25% (2012: 0.4% to 2.25%) or 1% below the Prime Rate (2012: 1%).

The Group has maintained a healthy liquidity position and has accumulated sufficient financial resources to meet working capital and capital expenditure requirements.

CHARGES ON ASSETS

The Group had no charges on assets as at 31 March 2013 (2012: Nil), except for the assets charged under finance leases.

FOREIGN EXCHANGE EXPOSURE

The Group’s financial statements are denominated in United States dollars. The Group conducts its business transactions mainly in United States dollars, Hong Kong dollars and Renminbi. As the United States dollar remains pegged to the Hong Kong dollar, there is no material exchange risk in this respect. To manage the appreciation of the Renminbi, the Group has successfully increased its revenue in Mainland China in order to hedge Renminbi receipts and Renminbi payments on an ongoing basis. All of the Group’s bank loan facilities were denominated in Hong Kong dollars and carried interest at floating rates.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2013, the Group employed 53 staff (2012: 53) in Hong Kong and employed a total work force of approximately 2,832 (2012: 2,440) inclusive of all its staff and workers in China. The Group’s remuneration policy is built on the principle of equitable packages to employees, incentive-based where applicable, with performance-oriented and market-competitive remuneration. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include share option schemes, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

The Board has proposed the payment of a final dividend of HK0.82 cents per share (2012: HK0.7 cents per share) for the year ended 31 March 2013. This amounts to approximately HK\$3,599,000 (2012: HK\$3,072,000), payable to the shareholders of the Company whose names appear on the register of members of the Company as at Friday, 16 August 2013. Together with the interim dividend of HK0.78 cents per share (2012: HK1.38 cents per share) amounting to approximately HK\$3,424,000 (2012: HK\$6,057,000), the total dividends for the year ended 31 March 2013 will be HK1.60 cents per share (2012: HK2.08 cents per share) amounting to approximately HK\$7,023,000 (2012: HK\$9,129,000). Subject to the approval of shareholders with regard to the proposed payment of the final dividend at the forthcoming annual general meeting, the dividend warrants will be dispatched to shareholders on or about Thursday, 12 September 2013.

PROSPECTS

In view of the mixed sentiment prevailing across global consumer markets, the Group expects several key challenges ahead in the years to come: 1) the growth momentum of the global economy especially the United States and European markets is still uncertain; 2) the appreciation of the RMB currency; 3) the continued labour shortage in Mainland China; 4) the rising manufacturing and labour costs and 5) the shorter life cycle of consumer electrical products, which in turn increases the difficulties in resources planning and the ability to predict sales orders.

Nevertheless, the Group intends to continue strengthening its R&D capabilities, enhancing product diversification, automating the manufacturing process and also devoting considerably more resources in developing higher margin and innovative products.

As one of the key global haircare product manufacturers, the Group will continue to align its strategic direction reinforcing its position as a major ODM supplier to the world's leading brand owners. Our strength in advanced and innovative product design and development will drive the sales growth momentum in the years to come. Moreover, our bolstered R&D capabilities supplemented by collaboration with key leading universities provide a mature platform for the Group to expand into the haircare manufacturing sector which is currently undergoing consolidation when the global economy picks up in the near future.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31 March 2013, except for the deviation from the CG Code A.2.1.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lam Wai Ming holds the position of Chairman currently and is deemed to be the Chief Executive Officer. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies and development plans. The Board believes that the balance of power and authority is adequately ensured.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the Code Provisions during the Year.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the directors of the Company (the "Directors") have confirmed that they fully complied with the required standards as set out in the Model Code throughout the financial year ended 31 March 2013.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Audit Committee comprises four INEDs of the Company and none of whom is employed by or otherwise affiliated with former or existing auditors of the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the members to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 6 August 2013 to Thursday, 8 August 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. Members whose names appear on the register of members of the Company on Thursday, 8 August 2013 will be entitled to attend and vote at the annual general meeting. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5 August 2013.

In order to ascertain the entitlement to the final dividend to be approved at the annual general meeting, the register of members of the Company will be closed from Wednesday, 14 August 2013 to Friday, 16 August 2013, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 August 2013.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company (<http://www.kenford.com.hk>) on or before 12 July 2013.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the entire workforce for their diligence and commitment during the year. I would further like to thank our shareholders for their confidence in the Group, our customers worldwide for their trust and support of our products and services, as well as our bankers and business partners for their ongoing support.

By Order of the Board
KENFORD GROUP HOLDINGS LIMITED
LAM WAI MING
Chairman

Hong Kong, 28 June 2013

As at the date of this announcement, the Board of the Company comprises two Executive Directors, namely Mr. Lam Wai Ming (Chairman), Mr. Tam Chi Sang (Managing Director) and four Independent Non-Executive Directors, namely Mr. Chiu Fan Wa, Mr. Choi Hon Keung, and Mr. Li Chi Chung, Mr. Li Tat Wah.

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