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 2015

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 2015 (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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	*2&3*	**585,027**	617,218
Cost of sales		**(504,144)**	(569,468)
Gross profit		**80,883**	47,750
Other income, gains and losses	*4*	**7,473**	10,226
Distribution costs		**(9,272)**	(10,718)
Administrative expenses		**(75,291)**	(82,382)
Finance income		**444**	441
Finance costs		**(1,553)**	(1,827)
Profit (loss) before taxation		**2,684**	(36,510)
Income tax (expense) credit	*5*	**(1,891)**	4,896
Profit (loss) for the year attributable to owners of the Company	*6*	**793**	(31,614)
Other comprehensive income (expense)			
Items that will not be reclassified to profit and loss:			
Gain on revaluation of leasehold land and buildings		**10,990**	18,505
Deferred tax arising from revaluation of leasehold land and buildings		**(2,283)**	(2,713)
Item that may be reclassified to profit and loss:			
Exchange differences arising on translation of foreign operations		**(99)**	3,921
Other comprehensive income for the year		**8,608**	19,713
Total comprehensive income (expense) for the year attributable to owners of the Company		**9,401**	(11,901)
Basic earnings (loss) per share (HK cents)	*7*	**0.181**	(7.203)
Diluted earnings (loss) per share (HK cents)	*7*	**0.181**	(7.203)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	***2015*** ***HK$'000***	*2014* *HK$'000*
Non-current assets			
Property, plant and equipment		**194,197**	188,753
Prepaid lease payments		**3,726**	3,821
Deposits paid for acquisition of property, plant and equipment		**5,842**	4,321
Goodwill		**1,403**	1,403
		205,168	198,298
Current assets			
Inventories		**89,605**	108,470
Trade and bills receivables	*9*	**117,177**	117,691
Deposits, prepayments and other receivables		**17,640**	15,184
Tax recoverable		**2,325**	-
Structured deposits		-	10,090
Short-term bank deposit		**2,524**	-
Bank balances and cash		**96,920**	93,667
		326,191	345,102
Current liabilities			
Trade payables	*10*	**71,607**	81,653
Accruals and other payables		**19,921**	19,480
Provision for onerous contract		**710**	-
Bank borrowings		**44,476**	62,071
Tax liabilities		**5,381**	4,850
		142,095	168,054
Net current assets		**184,096**	177,048
Total assets less current liabilities		**389,264**	375,346
Non-current liabilities			
Provision for onerous contract		**363**	-
Deferred tax liabilities		**15,820**	11,666
		16,183	11,666
NET ASSETS		**373,081**	363,680
Capital and reserves			
Share capital		**439**	439
Share premium and reserves		**372,642**	363,241
TOTAL EQUITY		**373,081**	363,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include 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 on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. In addition, the consolidated financial statements have been prepared under the historical cost basis, except for leasehold land and buildings and structured deposits, which are measured at revalued amounts or fair values.

The Group has applied the following amendments to HKFRSs and a new interpretation issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of these amendments to HKFRSs and the new interpretation 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.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle [2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle [1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle [3]
HKFRS 9	Financial instruments [5]
HKFRS 15	Revenue from contracts with customers [4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture [3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception [3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations [3]
Amendments to HKAS 1	Disclosure initiative [3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions [1]
Amendments to HKAS 27	Equity method in separate financial statements [3]

[1] Effective for annual periods beginning on or after 1 July 2014.
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[3] Effective for annual periods beginning on or after 1 January 2016.
[4] Effective for annual periods beginning on or after 1 January 2017.
[5] Effective for annual periods beginning on or after 1 January 2018.

Annual improvements to HKFRSs 2010 - 2012 cycle

The Annual improvements to HKFRSs 2010 - 2012 cycle include a number of amendments to various HKFRSs. The relevant ones are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The directors do not anticipate that the application of the amendments included in the Annual improvements to HKFRSs 2010 - 2012 cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the consolidated financial statements. However,, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until the Group performs detailed review.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

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:

	2015	2014
	HK$'000	HK$'000
Electrical haircare products	**576,819**	607,969
Electrical healthcare products and other small household electrical appliances	**8,208**	9,249
	585,027	617,218

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM") for the purposes of resources allocation and assessment of performance of a single reportable and operating segment, which is the design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances.

Amounts of segment assets and liabilities of the Group are not reviewed by the Group's CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

(a) Geographical information

The Group's revenue is mainly derived from customers located in Europe, Asia, North and South America, Africa and Australia while the Group's business activities are conducted predominantly in Hong Kong and the People's Republic of China (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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Europe	**313,282**	288,653	-	-
Asia	**206,364**	230,734	**205,168**	198,298
North and South America	**53,309**	77,933	-	-
Africa	**6,428**	11,953	-	-
Australia	**5,644**	7,945	-	-
	585,027	617,218	**205,168**	198,298

(b) Information about major customers

Revenue from customers of the year and the corresponding year contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	HK$'000	HK$'000
Customer A	**259,921**	292,306
Customer B	**92,973**	71,912

4. OTHER INCOME, GAINS AND LOSSES

	2015	2014
	HK$'000	HK$'000
Other income:		
Mould income	3,475	5,797
Compensation received in respect of cancelled orders	4,308	4,404
Sundry income	756	473
	8,539	10,674
Other gains and losses:		
Gain on disposal of property, plant and equipment	64	276
Impairment loss recognised in respect of property, plant and equipment	(780)	-
Net foreign exchange gain (loss)	723	(889)
Change in fair value of investments held for trading	-	165
Provision for onerous contract	(1,073)	-
	(1,066)	(448)
Total other income, gains and losses	7,473	10,226

5. INCOME TAX (EXPENSE) CREDIT

	2015	2014
	HK$'000	HK$'000
PRC Enterprise Income Tax:		
Current tax	-	(117)
(Under) over provision in prior years	(26)	202
	(26)	85
Deferred tax:		
Current year	(1,865)	4,811
	(1,891)	4,896

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No PRC Enterprise Income Tax has been provided for the year ended 31 March 2015 in the consolidated financial statements as the subsidiaries of the Group operating in the PRC are either suffering from tax losses for the year, or the assessable profits are wholly absorbed by tax losses brought forward.

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forward for both years.

6. PROFIT (LOSS) FOR THE YEAR

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

	2015	2014
	HK$'000	HK$'000
Auditor's remuneration	**700**	740
Amortisation of prepaid lease payments	**98**	98
Depreciation of property, plant and equipment	**16,552**	15,737
Net reversal of allowance for inventories (included in cost of sales) (Note)	**(793)**	(209)
Directors' emoluments	**13,062**	16,942
Other staff costs		
Salaries and allowances	**135,476**	153,075
Retirement benefits scheme contributions	**5,806**	5,086
Total staff costs	**154,344**	175,103
Costs of inventories recognised as expenses (included staff costs relevant to manufacturing processes)	**504,937**	569,677
Minimum lease payments in respect of rented properties	**2,102**	1,743

Note: Allowance for inventories is written back when the relevant inventory is sold.

7. EARNINGS (LOSS) PER SHARE

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

	2015	2014
	HK$'000	HK$'000
Profit (loss) for the purpose of basic and diluted earnings (loss) per share (Profit (loss) for the year attributable to owners of the Company)	**793**	(31,614)

Number of shares

	'000	'000
Number of ordinary shares for the purpose of basic earnings (loss) per share	**438,926**	438,926
Effect of dilutive potential ordinary shares – share options	**220**	-
Number of ordinary shares for the purpose of diluted earnings (loss) per share	**439,146**	438,926

The computation of diluted earnings (loss) per share did not assume the exercise of certain of the Company's share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 March 2015 and 2014.

8. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Dividends recognised as distribution and paid during the year:		
Final dividend – nil (2014: 0.82 HK cents per ordinary share for 2013)	**-**	3,599

The directors have resolved not to declare payment of a final dividend for both financial years.

9. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**116,948**	117,347
Less: Allowance for bad and doubtful debts	**(51)**	(51)
	116,897	117,296
Bills receivables	**280**	395
Total trade and bills receivables	**117,177**	117,691

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 at the end of the reporting period, which approximates the respective revenue recognition dates.

	2015 HK$'000	2014 HK$'000
0 – 60 days	**67,272**	58,277
61 – 120 days	**46,137**	56,713
121 – 365 days	**3,640**	1,701
Over 365 days	**128**	1,000
	117,177	117,691

The credit terms granted by the Group range from 14 days to 90 days. For those major customers, a credit term up to 120 days from the invoice date would be allowed.

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:

	2015 HK$'000	2014 HK$'000
0 – 60 days	**62,896**	69,273
61 – 120 days	**7,100**	10,432
121 – 365 days	**800**	1,003
Over 365 days	**811**	945
	71,607	81,653

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 March 2015, the Group continued to face the challenges of increased labour costs and a shortage of skilled labour. Despite the effort to improve profitability, the Group struggled to increase turnover and gross profit. Due to weakened global market demand, the Group recorded a turnover of HK$585,027,000 (2014: HK$617,218,000), a decline of 5.2% from the previous financial year attributable to the decrease of demand from markets in Mainland China and North and South America.

During the Financial Year 2015, turnover attributable to the sales of electrical haircare products accounted for approximately HK$576,819,000 (2014: HK$607,969,000), representing about 98.6% (2014: 98.5%) of the turnover of the Group. The remaining HK$8,208,000 (2014: HK$9,249,000), representing about 1.4% (2014: 1.5%), was for the sales of electrical healthcare products and other small household electrical appliances.

The Group reported a gross profit of HK$80,883,000 (2014: HK$47,750,000) during the year, representing a gross profit margin of 13.8% (2014: 7.7%), an increase of 6.1%, primarily due to stable raw material prices and ongoing cost reduction initiatives which were offset by rising labour costs.

In line with the increase of gross profit, profit before taxation for the year ended 31 March 2015 was HK$2,684,000 (2014: loss of HK$36,510,000), representing an increase of 107.4% from the previous financial year. The percentages of distribution costs and administrative expenses to turnover were about 1.6% and 12.9% respectively compared to 1.7% and 13.3% in the last financial year. The decrease in administrative expenses was caused by declining staff salaries and PRC government levies.

Profit for the year was HK$793,000, an increase of 102.5% from a loss of HK$31,614,000 for the financial year ended 31 March 2014.

Basic earnings per share amounted to HK0.181 cents, an increase of 102.5% compared to a (loss) of (HK7.203 cents) during the corresponding period last year.

The Board of Directors (“The Board”) has resolved not to declare payment of a final dividend (2014: Nil) for the financial year ended 31 March 2015. There was no interim dividend declared (2014: Nil) meaning that there were no dividends declared for the whole year (2014: Nil).

BUSINESS REVIEW

MARKET REVIEW

During the financial year, the European market showed improvement caused by our launching of new innovative production for our European customers. While the other markets showed varying levels of decline in demand. In the aftermath of the Global Financial Crisis, the overall worldwide consumption of haircare showed a modest pickup. We believe that should further crises not materialise and economic conditions continue to improve, global growth could be expected but only at a relatively slow rate in the coming year.

Consequently, the European market showed promising growth of 8.5% in turnover during this financial year. The turnover contribution from Europe as a percentage of revenue increased slightly to 53.6% during this financial year from 46.8% in the preceding financial year. At the same time, the turnover contribution percentage from Asia, North and South America, Africa and Australia dropped to 35.3%, 9.1%, 1.1% and 0.9% during this financial year from 37.4% , 12.6%, 1.9% and 1.3%, respectively, in the preceding financial year.

BUSINESS REVIEW - CONTINUED

MARKET REVIEW - CONTINUED

Testimony to the Group's quality is that most of its customers are renowned global brands. Our five major customers have accounted for approximately 86.0% and 83.8% of the Group's total turnover in the current financial year and the previous financial year, respectively.

OPERATION REVIEW

In order to remain competitive in this industry, the Group has consistently allocated resources to the research and development (“R&D”) of innovative and value-added applications in its haircare products. Highlights include the award-winning hair styler " Magic Hair Styler" which has been designed based on a thorough investigation into hair properties and the curling process. Users can more easily and safely curl the hair behind with the Magic Hair Styler. Another award-winning appliance “Hot Rotating Silicon Brush” features an integrated rotating heating system and special silicone styling bristles. The bristles can keep the lock of hair taut so as to facilitate perfect styling every time.

During the current financial year, the Group has faced operating challenges similar to those of other manufacturers in Mainland China, such as the slow recovery in export markets, declining growth in Mainland China domestic markets, the moderate appreciation of the Renminbi and higher operations costs and general expenses as a result of the increased overtime and labour costs due to labour shortages in Guangdong province. The monthly minimum wage in Dongguan was increased from RMB1,100 to RMB1,310 effective from May 2013. But amidst the macroeconomic uncertainty, prices of metal commodities, such as copper, lead, and aluminium alloys, are stabilising, which could provide some relief to the cost pressures on the Group. Though the Group's gross profit margin was adversely affected by most of these trends, it was very difficult to pass all of the higher expenses on to customers.

The labour shortage remains a serious issue in China, leading to significant increases in labour costs which has inevitably placed a heavier burden on the whole manufacturing process and operational efficiency. The Group is strategically coping with this issue, by transforming 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 and automate its manufacturing. Towards this end, it has strived to improve the production efficiency and eliminate waste and, ultimately, reducing 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 advance its long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had approximately HK$99,444,000 cash and bank deposits (2014: HK$103,757,000). The Group's net current assets were approximately HK$184,096,000 (2014: HK$177,048,000). The current ratio of the Group as at 31 March 2015 was maintained at 2.3 (2014: 2.1) and the net cash to equity ratio (cash and bank deposits less the interest bearing borrowings over total equity) was 14.7% (2014: 11.5%).

LIQUIDITY AND FINANCIAL RESOURCES - CONTINUED

As at 31 March 2015, the Group had aggregate banking facilities of HK$150,400,000 (2014: HK$159,202,000), of which HK$44,476,000 (2014: HK$62,071,000) was used. The borrowings comprised bank loan facilities of nil (2014: HK$6,308,000) and trade finance facilities of HK$44,476,000 (2014: HK$55,763,000). The maturity profile of the Group's borrowings falling due within one year amounted to HK$44,476,000 (2014: HK$62,071,000). The bank borrowings carry interest at rates ranging from HIBOR/LIBOR plus 2% to 2.25% (2014: 0.4% to 2.25%) or 1% (2014: 1%) below the Prime Rate.

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 2015 (2014: nil).

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 generated revenue in Mainland China 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 2015, the Group employed 49 staff (2014: 47) in Hong Kong and employed a total work force of approximately 1,808 (2014: 2,366) 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 directors have resolved not to declare the payment of final dividend in respect of the year ended 31 March 2015.

PROSPECTS

The Group expects to face new challenges in the year 2015 as the minimum wage is expected to further increase, along with a shortage of skilled labour in China, the climbing taxes and fees of the Mainland China government, the continuous increasing of manufacturing costs, the shorter product life cycles of consumer electronic products and volatile capital markets and currency fluctuations. At the same time, the visibility of sales orders received is comparatively low which presents difficulties in resources planning.

Despite the anticipated unfavourable macroeconomic environment for the ODM manufacturing sector, the Group continues to invest in new technology providing the ability to roll out new and innovative products, enhance product diversification, automate manufacturing and allocate considerably more resources to developing higher margin innovative products and brand building.

PROSPECTS - CONTINUED

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 should drive sales growth momentum in the years to come. Moreover, our bolstered R&D capabilities provide a solid platform for the Group to expand into the haircare manufacturing sector, which is currently undergoing consolidation, as the global economy revives 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 ended 31 March 2015.

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 2015, 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 2015.

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 three 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, 4 August 2015 to Thursday, 6 August 2015, 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, 6 August 2015 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, 3 August 2015.

PUBLICATION OF FURTHER INFORMATION

The annual report of the Company for the Year containing all the information required by Appendix16 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 10 July 2015.

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, 26 June 2015

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 three Independent Non-Executive Directors, namely Mr. Chiu Fan Wa, Mr. Choi Hon Keung, and Mr. Li Chi Chung.

Website: www.kenford.com.hk