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 RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The board of directors (the "Board") of Kenford Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	**2010** **HK$'000**	2009 *HK$'000*
Turnover	*4*	607,579	769,330
Cost of sales		(480,715)	(636,227)
Gross profit		126,864	133,103
Other income and gains		9,400	8,069
Distribution costs		(8,894)	(9,544)
Administrative expenses		(62,335)	(69,762)
Finance costs		(1,414)	(4,432)
Profit before income tax expense	*6*	63,621	57,434
Income tax expense	*7*	(10,074)	(6,478)
Profit for the year, attributable to owners of the Company		53,547	50,956
Other comprehensive income			
Translation differences on translating foreign operations		888	503
Gain on revaluation of properties		10,602	-
Deferred tax arising from change in valuation of properties		(2,581)	-
Other comprehensive income for the year, net of tax		8,909	503
Total comprehensive income for the year, attributable to owners of the Company		62,456	51,459
Earnings per share (HK cent)			
- Basic and diluted	*9*	12.357	11.759

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		148,636	138,892
Payments for leasehold land held for own use under operating leases		3,933	3,996
Goodwill		1,403	1,403
Total non-current assets		153,972	144,291
Current assets			
Inventories		67,679	62,043
Trade and bills receivables	*10*	124,214	105,086
Deposits, prepayments and other receivables		10,455	9,512
Cash and cash equivalents		142,896	116,263
Total current assets		345,244	292,904
Total assets		499,216	437,195
Liabilities			
Current liabilities			
Trade payables	*11*	80,633	59,426
Accruals and other payables		28,018	25,547
Borrowings – due within one year		59,253	69,666
Bank advances for discounted bills		-	2,802
Obligations under finance leases – due within one year		908	2,656
Current tax liabilities		7,140	5,890
Total current liabilities		175,952	165,987
Non-current liabilities			
Borrowings – due after one year		29,255	25,811
Obligations under finance leases – due after one year		1,117	2,025
Deferred tax liabilities		11,633	9,265
Total non-current liabilities		42,005	37,101
Total liabilities		217,957	203,088
Net current assets		169,292	126,917
Total assets less current liabilities		323,264	271,208
TOTAL NET ASSETS		281,259	234,107

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Capital and reserves attributable to owners of the Company		
Share capital	433	433
Share premium	55,496	55,496
Merger reserve	942	942
Properties revaluation reserve	36,036	28,015
Exchange fluctuation reserve	4,442	3,554
Share-based compensation reserve	1,162	-
Proposed dividends	15,166	9,966
Retained profits	167,582	135,701
TOTAL EQUITY	281,259	234,107

1. GENERAL INFORMATION

Kenford Group Holdings Limited was incorporated in the Cayman Islands on 10 November 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 June 2005. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Rooms 1106-8, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of electrical hair care products, electrical health care products and other small household electrical appliances.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for the following changes. All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards.

HKAS 1 (Revised), Presentation of Financial Statements

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. All income and expenses arising from transactions with non-owners are presented under the "Statement of Comprehensive Income"; while the owners' changes in equity are presented in the "Statement of Changes in Equity".

HKFRS 8, Operating Segments

HKFRS 8 replaces HKAS 14 "Segment Reporting", and requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by HKFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of HKFRS 8.

Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010 [3]
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions [4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [5]
HKAS 24 (Revised)	Related Party Disclosures [6]
HKFRS 9	Financial Instruments [7]

[1] *Effective for annual periods beginning on or after 1 July 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*
[3] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
[4] *Effective for annual periods beginning on or after 1 January 2010*
[5] *Effective for annual periods beginning on or after 1 July 2010*
[6] *Effective for annual periods beginning on or after 1 January 2011*
[7] *Effective for annual periods beginning on or after 1 January 2013*

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met. If the information necessary to apply the amendment retrospectively is not available, the Group will recognise the related asset and liability at their fair values on the date of adoption and recognise the difference in retained profits.

The adoption of HKFRS 3 (Revised) "Business Combinations" may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

HKFRS 9, which is effective for annual periods beginning on or after 1 January 2013, uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in HKAS 39. The approach in HKFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in HKAS 39. Thus HKFRS 9 improves comparability and makes financial statements easier to understand for investors and other users.

Other than those stated above, the Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for leasehold land and buildings in Hong Kong, buildings in the People's Republic of China (the "PRC"), which are measured at revalued amounts.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

4. TURNOVER

The Group is principally engaged in the design, manufacture and sale of electrical hair care products, electrical health care products and other small household electrical appliances. Turnover represents the net invoiced value of goods sold which is the most significant category of revenue during the year.

5. 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 hair care products, electrical health care products and other small household electrical appliances.

(a) Information about products

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

	2010	2009
	HK$'000	*HK$'000*
Electrical hair care products	588,322	740,476
Electrical health care products and other small household electrical appliances	19,257	28,854
	607,579	769,330

(b) Geographical information

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

An analysis of the Group's revenue by geographical location of external customers is as follows:

	2010	2009
	HK$'000	*HK$'000*
Europe	289,426	415,835
North and South America	113,241	168,258
Asia	172,501	149,904
Australia	20,300	24,404
Africa	12,111	10,929
	607,579	769,330

The following is an analysis of the Group's non-current assets by their geographical location:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	20,790	22,156
PRC (excluding Hong Kong)	133,182	122,135
	153,972	144,291

(c) Information about major customers

The followings are the Group's major external customers, who contributed 10% or more to the Group's revenue:

	2010	2009
	HK$'000	*HK$'000*
Customer A	213,076	186,726
Customer B	87,701	105,567
Customer C	82,193	134,519
Customer D	76,158	142,628

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is stated after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	653	645
Cost of inventories recognised as an expense	480,715	636,227
Depreciation of property, plant and equipment	16,083	15,919
Amortisation of payments for leasehold land held for own use under operating leases	92	71
Exchange losses, net	106	2,874
Loss on disposal of property, plant and equipment, net	77	63
(Reversal of impairment)/impairment of trade receivables	(571)	1,000
Minimum lease payments under operating leases	1,207	2,259
Research and development costs *(Note)*	4,374	5,214
Write-down of inventories	976	3,253
Interest Income	(86)	(454)
Rental Income	(127)	(127)

Note:

Research and development costs comprised mainly salaries paid to engineers who are responsible for the research and development functions.

7. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2010	2009
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
- tax for the year	3,598	4,592
- over provision in respect of prior years	(262)	(375)
Current tax – PRC Enterprise Income Tax ("EIT")		
- tax for the year	7,037	2,735
- over provision in respect of prior years	-	(52)
	10,373	6,900
Deferred tax		
- current year	(299)	(422)
Income tax expense	10,074	6,478

No provision for profit tax for group entities in the Cayman Islands or the British Virgin Islands has been made as these entities had no income assessable for profit tax in these jurisdictions for current and prior years.

8. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim, paid HK$0.015 (2009: HK$0.027) per share	6,500	11,700
Final, proposed HK$0.025 (2009: HK$0.013) per share	10,833	5,633
Special, proposed HK$0.010 (2009: HK$ 0.010) per share	4,333	4,333
	21,666	21,666

The directors recommended a final dividend of HK$0.025 per share and a special final dividend of HK$0.010 per share, totalling HK$15,166,000 (2009: a final dividend of HK$0.013 per share and a special final dividend of HK$0.010 per share, totalling HK$9,966,000). These proposed dividends are not reflected as a dividend payable at 31 March 2010. They are reflected as appropriations of retained profits according to the HKAS 10 "Events After the Reporting Period".

9. EARNINGS PER SHARE

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

	2010	2009
Profit for the year *(HK$'000)*	53,547	50,956
Weighted average number of ordinary shares in issue *(thousands)*	433,336	433,336
Basic and diluted earnings per share *(HK cent) (Note)*	12.357	11.759

Note:

There was no potential ordinary share in issue during the year of 2009 and the computation of diluted earnings per share for the year of 2010 does not assume the exercise of the share options outstanding during the year as the exercise price of the Company's options was higher than the average market price for shares from date of grant to year end. Accordingly, the diluted earnings per share is presented as the same as the basic earnings per share for both years.

10. TRADE AND BILLS RECEIVABLES

In general, the credit terms granted by the Group ranged from 14 to 90 days.

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	110,608	98,006
Bills receivables	13,606	7,080
	124,214	105,086

The aging analysis of trade receivables, net of impairment, prepared based on delivery date is as follows:

	2010	2009
	HK$'000	*HK$'000*
Aged:		
Within 60 days	79,109	73,583
61 - 120 days	31,444	20,760
121 - 365 days	55	3,283
More than 365 days	-	380
	110,608	98,006

The maturity dates of bills receivables are generally between one to three months.

At 31 March 2009, bills of exchange of HK$2,802,000 had been transferred to banks with recourse in exchange for cash. The transactions had been accounted for as collateralised bank advances.

11. TRADE PAYABLES

In general, the credit terms granted by suppliers ranged from 30 to 120 days. The aging analysis of trade payables prepared based on delivery date is as follows:

	2010	2009
	HK$'000	*HK$'000*
Aged:		
Within 60 days	73,733	56,904
61 - 120 days	5,843	1,489
121 - 365 days	759	483
More than 365 days	298	550
	80,633	59,426

DIVIDEND

The Board recommends the payment of a final dividend of HK2.5 cents per share and a special final dividend of HK1 cent per share (2009: a final dividend of HK1.3 cents per share and a special final dividend of HK1 cent per share) for the year ended 31 March 2010, amounting to approximately HK$15.2 million (2009: HK$10.0 million), payable to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 5 August 2010. Together with the interim dividend of HK1.5 cents per share, paid on 25 January 2010 (2009: HK2.7 cents per share) amounting to HK$6.5 million (2009: HK$11.7 million), the total dividends for the year ended 31 March 2010 will be HK5 cents per share (2009: HK5 cents per share). Subject to the approval of shareholders with regard to the proposed payment of the final dividend and special final dividend at the forthcoming annual general meeting, the dividend warrants will be dispatched to shareholders on or about Monday, 16 August 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 July 2010 to Thursday, 5 August 2010, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and special final dividend and/or to ascertain the right to attend the forthcoming annual general meeting of the Company, all transfers of shares duly accompanied by the relevant share certificates and the appropriate transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 28 July 2010. The record date will be on Thursday, 5 August 2010. The last day in Hong Kong of dealings in the shares with entitlement to final dividend and special final dividend will be on Monday, 26 July 2010. Shares of the Company will be traded ex-dividend as from Tuesday, 27 July 2010.

BUSINESS REVIEW

The Group designs, manufactures and sells electrical hair care products, electrical health care products and other small household electrical appliances. During the year under review, it has achieved satisfactory business performance. For the year ended 31 March 2010, the turnover and net profit of the Group were HK$607,579,000 and HK$53,547,000 respectively representing a decrease of 21.0 % and an increase of 5.1 % as compared to HK$769,330,000 and HK$50,956,000 in the last financial year.

We now market our products in approximately 52 countries. Electrical hair care products including hairdryers, hair straighteners, air brushes, curling irons, drop tongs, split tongs and hair crimpers accounted for 96.8% of our total turnover. The remaining 3.2% of total turnover was from health/personal products and kitchen appliances such as electric massagers, footbaths, facial saunas, hot sterilizers, wax heaters, coffee makers, juicers, ice crushers, vacuum cleaners and torches. Products of the two streams are sold by the Group through importers and brand owners to beauty supply retailers and wholesalers, chain stores, mass merchandisers, warehouse clubs and grocery stores as well as through catalogues. As most of our customers are famous global brands, demand for our products is steady. Currently, our four major clients on a Group basis account for approximately 76% of our total turnover.

To cope with the unstable raw material prices in our products, we held our first supplier conference in Dongguan guided by the motto of "Explore Win-win Results Together, Create Ongoing Best Results", in April 2010. Our purpose for this conference is to convey our message to our suppliers that they are our important partners and that together we can meet the challenges in the changing global economic condition to gain win-win results for both parties. To achieve better quality of raw materials and components from our suppliers, we would request our suppliers to sign the Quality Agreement to smooth out our potential differences on quality issues.

As leaner operational thinking continues to spread to every country in the world, leaders are also adapting these tools and principles to every industrial and commercial sector today. We also follow this principle of leaner operational thinking in five steps of identifying value, mapping the value stream, creating optimal flow, establishing momentum and seeking perfection. We have also strived to achieve our mission of "High Quality household electrical appliances with Zero Defects, Pre-control to prevent the occurrence of unqualified products, Zero Defects with Zero Inventory and Production Skill Enhancement" within our Company.

We have reduced production costs by controlling the charges of labour, materials and overheads. One of the ways we have reduced overhead is by saving energy with low investments and high return, which also achieves environmental protection. We have replaced our traditional lighting with energy-saving lighting last year, reducing electric fees more than 5%. We will save an additional 10% to 40% on energy through installing a new plastic injection machine, air pressure machine and air conditioner in our factories in the coming year.

In the wake of a global economic downturn that some have called the most severe in a century, the Group has set up a risk management committee comprising two executive directors and the financial controller to make sure that it is able to promptly respond to changes in the economic and market environment. Risk management which forms an integral part of business decision, planning and implementation, is embedded in the areas of corporate governance practised by the Group.

PROSPECTS

The financial crisis started with major international financial institutions collapsing in September 2008 and there followed a series of economic downturns around the world. Though signs of recovery are emerging, the existing economic conditions create a challenging environment for every business corporation. The Group exercises prudence in managing risks and opportunities in a balanced way to strengthen our market position.

We have noticed a change in the sales pattern of customers. Some clients have requested us to shorten delivery time. Such urgent orders increased by 30% during the financial year. Facing the trend, the Group is preparing to hasten production and logistics arrangement to meet the needs of its clients. Though the Group is well-known for its innovative and high quality products at competitive prices, it will work hard on securing more orders from existing collaborative projects with key clients and enhancing its products to cater for the demand for mid-range and high-end products. The outlook of the European and American consumer markets remains uncertain owing to unclear employment prospects and reduced consumer confidence. On the other hand, the Group expects to resume high revenue growth in 2010 driven by the rise of emerging markets including the PRC and African countries.

The Group continuously manages cash prudently and maintains a strong cashflow of more than HK$100 million for use in operation. The Group intends to proactively align its cost structure with market conditions and increase productivity. The Group plans to maintain its focus on strengthening research and development, pushing to advance production technology and enable capabilities to developing innovative products with strong value-added features that can improve its margins and satisfy the specific demands of our clients. During the year under review, the Group has introduced more than 20 brand new hair care products. Besides, in order to improve product quality and ensure its products meet the requirements of various EU regulations, the Group has also injected more resources into the quality control process.

The strategic focus of the Group will remain developing lifestyle products for ODM, OEM and OBM modes of production rather than traditional electrical appliances. Guided by the motto of “Better Ideas, Better Design, Better Quality”, the Group will continue to explore more business opportunities in other new product categories and other niche markets. We will drive our performance by improving our profitable core businesses and developing those businesses which show potential for profit. These endeavours will allow us to create greater value for our shareholders.

FINANCIAL REVIEW

For the year ended 31 March 2010, the Group recorded a turnover of HK$607,579,000 (2009: HK$769,330,000), representing a decrease of 21.0% against the last financial year. Turnover attributable to the sales of electrical hair care products accounted for approximately HK$588,322,000, representing approximately 96.8% of the turnover of the Group. The decrease in turnover of the Group was attributable to the slowdown of demand in mature markets such as Europe and America. Turnover from Europe, America and Asia are HK$289,426,000, HK$113,241,000 and HK$172,501,000, down by 30.4%, 32.7%, and up by 15.1% respectively.

The gross profit margin of the Group was approximately 20.9% for the year versus 17.3% for the previous financial year and net profit margin was 8.8% against 6.6% for that financial year. The slight increase in gross profit margin was the result of a slowdown in the increase of material prices and overhead during the year under review. We expect that the gross profit margin will be narrower in 2010/2011 owing to increase in the labour costs and material prices. The PRC government has announced that monthly minimum wages will be increased from RMB770 to RMB920 with effect from April 2010. The Group will try to increase the labour productivity to solve the potential problem of increasing production costs.

The percentage of distribution costs and administrative expenses to turnover were about 1.5% and 10.3% respectively against 1.2% and 9.1 % in the last financial year.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, the Group had approximately HK$142,896,000 cash and cash equivalents balances (2009: HK$116,263,000). The Group’s net current assets were approximately HK$169,292,000 (2009: HK$126,917,000). The net debt to equity ratio (the interest bearing borrowings less cash over total equity) as at 31 March 2010 was net cash while that as at 31 March 2009 was also net cash. The current ratio of the Group as at 31 March 2010 was maintained at 2.0 (2009: 1.8). The Group is in a healthy liquidity position and has sufficient financial resources to meet the requirements of its ordinary operations and capital expenditure.

As at 31 March 2010, the Group had aggregate banking facilities of HK$198,265,000 (2009: HK$212,873,000), of which HK$90,553,000 (2009: HK$109,300,000) was used. The interest rate varies from HIBOR/LIBOR plus 0.4% to 1.9% and 1% below the best lending rate. The decrease in banking facilities was from repayment of term loans and consolidation of unused banking facilities. The Group has continued to enjoy strong support from major bankers and to maintain a reasonable amount of banking facilities during the year under review.

The market capitalisation of the Company as at 31 March 2010 was approximately HK$214,501,000.

CHARGES ON ASSETS

The Group had no charges on assets as at 31 March 2010 (2009: Nil), except for the assets charged on trust receipt loans and obligations under finance leases.

FOREIGN EXCHANGE EXPOSURE

The Group's sales are mainly denominated in US dollars while purchases are principally denominated in HK dollars, US dollars and Euro dollars. Certain costs of the Group are denominated in Renminbi. Since the HK dollar has been pegged to the US dollar, the Group's exposure to the currency exchange risk of the US dollar has been minimal. Most of the Group's liquid funds have been placed in principal guaranteed short-term dual currencies deposits in various banks during the year under review. The management takes a prudent approach in minimising risks from exposure to Renminbi fluctuation by maintaining 100% capital protection short-term deposits with banks at a reasonable yield.

STAFF AND REMUNERATION POLICIES

As at 31 March 2010, the Group had approximately 58 employees (2009: 60) in Hong Kong. It operates a defined contribution pension scheme. As for the number of full-time and seasonal workers employed by its factories in China, it has been maintained at approximately 3,305 (2009: 2,987) during the year under review.

People are our most important asset and are indispensable to our success in the competitive marketplace. We thus offer a comprehensive remuneration package and provide various fringe benefits, including training, medical and insurance coverage, as well as retirement benefits. During the year under review, the Group has organised internal training courses at least once a month for staff at all levels and has provided external training courses to some senior executives. Topics of the training courses included ethical, language, technical and management skills. The Group has also organised hundreds of on-the-job training programmes at its production plants in the PRC and principal office in Hong Kong.

The Group has in place a share option scheme for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of its operations. On 22 February 2010, the Company has granted options to two Executive Directors for the subscription of a total of 790,000 shares and five members of senior management for the subscription of a total of 12,000,000 shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of HK$0.001 each in the share capital of the Company during the year ended 31 March 2010.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31 March 2010, except for the deviation from the CG Code Provision A.2.1. Under this CG code, the roles of chairman and chief executive officer should be separate 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.

DIRECTORS' SECURITIES TRANSACTIONS

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 2010.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established to formulate remuneration policy for the Board's approval. It has adopted the terms of reference in line with the CG Code Provisions set out in the CG Code under Appendix 14 of the Listing Rules. The Remuneration Committee comprises three Independent Non-Executive Directors namely, Mr. Chiu Fan Wa, Mr. Li Chi Chung, Mr. Li Tat Wah and two Executive Directors namely, Mr. Lam Wai Ming and Mr. Tam Chi Sang. Mr. Li Tat Wah was appointed as the chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established to formulate nomination policy for consideration by the Board and to implement the nomination policy laid down by the Board. It has adopted the terms of reference in line with the CG Code under Appendix 14 of the Listing Rules. The Nomination Committee comprises three Independent Non-Executive Directors namely, Mr. Chiu Fan Wa, Mr. Li Chi Chung and Mr. Li Tat Wah. Mr. Chiu Fan Wa was appointed as the chairman of the Nomination Committee.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 29 April 2005 with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three Independent Non-Executive Directors namely Mr. Chiu Fan Wa, Mr. Li Chi Chung and Mr. Li Tat Wah. Mr. Chiu Fan Wa, who is a qualified accountant with appropriate professional qualification and experience in financial matters, was appointed as the chairman of the Audit Committee. None of the Audit Committee members are members of the former or existing auditors of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2010.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 10:30 a.m. on Thursday, 5 August 2010 at The Ballroom Four, 18th Floor, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong and the Notice of the Annual General Meeting will be published and dispatched to shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.kenford.com.hk under "Results Announcement". The annual report for the year ended 31 March 2010 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Lam Wai Ming
Chairman

Hong Kong, 22 June 2010.

As at the date hereof, the board of Directors comprises two executive Directors, namely Mr. Lam Wai Ming (Chairman) and Mr. Tam Chi Sang (Managing Director) and three Independent Non-executive Directors, namely Mr. Chiu Fan Wa, Mr. Li Chi Chung and Mr. Li Tat Wah.