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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 2014

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 2014 (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 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Revenue	2&3	617,218	657,302
Cost of sales		<u>(569,468)</u>	<u>(551,204)</u>
Gross profit		47,750	106,098
Other income, gains and losses	4	10,226	14,459
Distribution costs		(10,718)	(11,736)
Administrative expenses		(82,382)	(77,467)
Finance income		441	314
Finance costs		<u>(1,827)</u>	<u>(1,596)</u>
(Loss) profit before taxation		(36,510)	30,072
Income tax credit (expense)	5	<u>4,896</u>	<u>(8,789)</u>
(Loss) profit for the year attributable to owners of the Company	6	<u>(31,614)</u>	21,283
Other comprehensive income (expense)			
Items that will not be reclassified to profit and loss:			
Gain on revaluation of land and buildings		18,505	11,413
Deferred tax arising from revaluation of land and buildings		(2,713)	(415)
Item that may be reclassified to profit and loss:			
Exchange differences arising on translation of foreign operations		<u>3,921</u>	<u>1,260</u>
Other comprehensive income for the year		<u>19,713</u>	<u>12,258</u>
Total comprehensive (expense) income for the year attributable to owners of the Company		<u>(11,901)</u>	<u>33,541</u>
Basic (loss) earnings per share (HK cents)	7	<u>(7.203)</u>	<u>4.849</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		188,753	171,080
Prepaid lease payments		3,821	3,850
Deposits paid for acquisition of property, plant and equipment		4,321	5,662
Goodwill		1,403	1,403
		<u>198,298</u>	<u>181,995</u>
Current assets			
Inventories		108,470	111,992
Trade and bills receivables	9	117,691	151,308
Deposits, prepayments and other receivables		15,184	14,482
Investments held for trading		-	495
Structured deposits		10,090	3,716
Bank balances and cash		93,667	123,223
		<u>345,102</u>	<u>405,216</u>
Current liabilities			
Trade payables	10	81,653	101,331
Accruals and other payables		19,480	20,726
Bank borrowings		62,071	64,590
Tax liabilities		4,850	7,796
		<u>168,054</u>	<u>194,443</u>
Net current assets		<u>177,048</u>	<u>210,773</u>
Total assets less current liabilities		375,346	392,768
Non-current liabilities			
Deferred tax liabilities		11,666	13,588
NET ASSETS		<u>363,680</u>	<u>379,180</u>
Capital and reserves			
Share capital		439	439
Share premium and reserves		363,241	378,741
TOTAL EQUITY		<u>363,680</u>	<u>379,180</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 on The Stock Exchange of Hong Kong Limited and by the predecessor Hong Kong Companies Ordinance, Cap 32. In addition, the consolidated financial statements have been prepared under the historical cost convention, except for land and buildings, investments held for trading, and structured deposits, which are measured at revalued amounts or fair values.

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 cycle
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the other new and revised 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.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) - INT 12 "Consolidation - special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES - CONTINUED

HKFRS 10 Consolidated financial statements – continued

The directors of the Company reviewed and assessed the Group's investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded that there was no impact to the Group's consolidated financial statements for the adoption of HKFRS 10.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has not had any impact on the disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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:

	2014	2013
	HK\$'000	HK\$'000
Electrical haircare products	607,969	647,282
Electrical healthcare products and other small household electrical appliances	9,249	10,020
	<u>617,218</u>	<u>657,302</u>

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 Asia, Europe, 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 <u>external customers</u>		Non-current <u>assets</u>	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia	230,734	281,346	198,298	181,995
Europe	288,653	279,111	-	-
North and South America	77,933	69,802	-	-
Africa	11,953	14,935	-	-
Australia	7,945	12,108	-	-
	<u>617,218</u>	<u>657,302</u>	<u>198,298</u>	<u>181,995</u>

3. SEGMENT INFORMATION - CONTINUED

(b) Information about major customers

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

	2014 HK\$'000	2013 HK\$'000
Customer A	292,306	346,248
Customer B	<u>71,912</u>	<u>N/A¹</u>

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

4. OTHER INCOME, GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
Other income:		
Mould income, net of mould costs	5,797	8,483
Compensation received in respect of cancelled orders	4,404	3,883
Dividend income	-	21
Sundry income	<u>473</u>	<u>1,525</u>
	<u>10,674</u>	<u>13,912</u>
Other gains and losses:		
Gain on disposal of property, plant and equipment	276	344
Net foreign exchange loss	(889)	(488)
Change in fair value of investments held for trading	<u>165</u>	<u>691</u>
	<u>(448)</u>	<u>547</u>
Total other income, gains and losses	<u>10,226</u>	<u>14,459</u>

5. INCOME TAX CREDIT (EXPENSE)

	2014 HK\$'000	2013 HK\$'000
Current tax:		
PRC Enterprise Income Tax	<u>(117)</u>	<u>(9,162)</u>
Overprovision in prior years:		
Hong Kong Profits Tax	-	106
PRC Enterprise Income Tax	<u>202</u>	<u>-</u>
	<u>202</u>	<u>106</u>
Deferred tax:		
Current year	<u>4,811</u>	<u>267</u>
	<u>4,896</u>	<u>(8,789)</u>

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the subsidiaries of the Group operating in Hong Kong suffered from tax losses for both years.

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%.

6. (LOSS) PROFIT FOR THE YEAR

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

	2014 HK\$'000	2013 HK\$'000
Auditor's remuneration	740	733
Amortisation of prepaid lease payments	98	96
Depreciation of property, plant and equipment	15,737	15,659
Net reversal of allowance for inventories (included in cost of sales)	(209)	(387)
Directors' emoluments	16,942	17,012
Other staff costs		
Salaries and allowances	153,075	129,974
Retirement benefits scheme contribution	5,086	5,213
Total staff costs	175,103	152,199
Cost of inventories recognised as expenses (included staff costs relevant to manufacturing processes)	569,677	551,591
Minimum lease payments in respect of rented properties	1,743	2,057

7. (LOSS) EARNINGS PER SHARE

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

	2014 HK\$'000	2013 HK\$'000
(Loss) profit for the purposes of basic and diluted (loss) earnings per share		
((Loss) profit for the year attributable to owners of the Company)	<u>(31,614)</u>	<u>21,283</u>
<u>Number of shares</u>		
	'000	'000
Number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	<u>438,926</u>	<u>438,926</u>

The computation of diluted (loss) earnings per share 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 for both years.

8. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividend recognised as distribution and paid during the year:		
Interim dividend – Nil for 2014 (2013: HK0.78 cents for 2013)	-	3,424
Final dividend – HK0.82 cents per ordinary share for 2013 (2013: HK0.7 cents for 2012)	<u>3,599</u>	<u>3,072</u>
	<u><u>3,599</u></u>	<u><u>6,496</u></u>

The directors have resolved not to declare payment of a final dividend (2013: final dividend of HK0.82 cents per ordinary share has been proposed) for the financial year ended 31 March 2014.

9. TRADE AND BILLS RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables	117,347	149,981
Less: Allowance for bad and doubtful debts	<u>(51)</u>	<u>(51)</u>
	117,296	149,930
Bills receivables	<u>395</u>	<u>1,378</u>
Total trade and bills receivables	<u><u>117,691</u></u>	<u><u>151,308</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 at the end of the reporting period, which approximated the respective revenue recognition dates.

	2014 HK\$'000	2013 HK\$'000
0 – 60 days	58,277	115,385
61 – 120 days	56,713	33,372
121 – 365 days	1,701	2,380
Over 365 days	<u>1,000</u>	<u>171</u>
	<u><u>117,691</u></u>	<u><u>151,308</u></u>

The credit terms granted by the Group ranged 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:

	2014 HK\$'000	2013 HK\$'000
0 – 60 days	69,273	88,458
61 - 120 days	10,432	10,127
121 - 365 days	1,003	2,746
Over 365 days	<u>945</u>	<u>-</u>
	<u><u>81,653</u></u>	<u><u>101,331</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 2014, the Group recorded a turnover of HK\$617,218,000 (2013: HK\$657,302,000), a decrease of 6.1% from the previous financial year. The slight decrease in turnover was attributable to the decrease of demand from markets in Mainland China and Thailand.

During the Financial Year 2014, turnover attributable to the sales of electrical haircare products accounted for approximately HK\$607,969,000 (2013: HK\$647,282,000), representing about 98.5% (2013: 98.5%) of the turnover of the Group. The remaining HK\$9,249,000 (2013: HK\$10,020,000), representing about 1.5% (2013: 1.5%), was for the sales of electrical healthcare products and other small household electrical appliances.

The Group reported a gross profit of HK\$47,750,000 (2013: HK\$106,098,000) during the year, representing a gross profit margin of 7.7% (2013: 16.1%). The decrease was due to the increase in statutory minimum wages of approximately 20% in Mainland China, the rise in components costs and operating expenses as a result of the appreciation of the Renminbi and the one-off write-off of obsolete inventory due to the loss of production orders.

In line with the drop of gross profit, loss before taxation for the year ended 31 March 2014 was HK\$36,510,000 (2013: profit of HK\$30,072,000), representing a decrease of 221% from the previous financial year. The percentages of distribution costs and administrative expenses to turnover were about 1.7% and 13.3% respectively compared to 1.8% and 11.8% in the last financial year. The increase in administrative expenses was caused by rising salary and PRC government levies.

Loss for the year was HK\$31,614,000 a decrease of 249% from a profit of HK\$21,283,000 of the financial year ended 31 March 2013.

Basic (loss) earnings per share amounted to (HK7.203) cents, a decrease of 249% from earnings of HK4.849 cents during the corresponding period last year.

The Board of Directors ("The Board") has resolved not to declare payment of a final dividend (2013: a final dividend of HK0.82 cents totalling HK\$3,599,000) for the financial year ended 31 March 2014. There was no interim dividend declared (2013: HK0.78 cents per share) meaning that there were no dividends declared for the whole year (2013: HK1.6 cents per share).

BUSINESS REVIEW

MARKET REVIEW

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

The Americas and Europe all showed promising growth of 11.6% and 3.4%, respectively, in turnover during this financial year. The turnover contribution from the Americas and Europe as a percentage of revenue increased slightly to 12.6% and 46.8% during this financial year from 10.6% and 42.5%, respectively, in the preceding financial year. At the same time, the turnover contribution percentage from Asia dropped to 37.4% during this financial year from 42.8% in the preceding financial year.

BUSINESS REVIEW - CONTINUED

MARKET REVIEW - CONTINUED

Testimony to the Group's quality is that most of the Group's customers are renowned global brands. Our five major customers have accounted for approximately 83.8% and 78.9% 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 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 addition to styling. During the financial year under review, the Group successfully incorporated a number of innovative features in its leading products. Highlights include a beauty hair styler with Keratin protection function that can protect the heat-sensitive protein Keratin to maintain the healthy cell structure of the hair during the styling process; a hair styler with electronic temperature memory function that can help users to set the heat level used for their hair styling.

During the current financial year, the Group has faced the same operating challenges as other manufacturers in Mainland China, such as slow recovery in export markets, the drop in growth in PRC domestic markets, the appreciating 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 May 2013. At the same time, the market still expects the RMB to appreciate by 1-2% by the end of this calendar year. But amidst the macroeconomic uncertainty, prices for 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 hit by these trends, it was very difficult to pass all of the higher expenses on to customers.

Labour shortage has remained as 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. 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 and automate 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 waste 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 its long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group had approximately HK\$103,757,000 cash and bank deposits (2013: HK\$126,939,000). The Group's net current assets were approximately HK\$177,048,000 (2013: HK\$210,773,000). The current ratio of the Group as at 31 March 2014 was maintained at 2.1 (2013: 2.1) and the net cash to equity ratio (cash and bank deposits less the interest bearing borrowings over total equity) was 11.5% (2013: 16.4%).

LIQUIDITY AND FINANCIAL RESOURCES - CONTINUED

As at 31 March 2014, the Group had aggregate banking facilities of HK\$159,202,000 (2013: HK\$164,542,000), of which HK\$62,071,000 (2013: HK\$64,590,000) was used. The borrowings comprised bank loan facilities of HK\$6,308,000 (2013: HK\$14,056,000) and trade finance facilities of HK\$55,763,000 (2013: HK\$50,534,000). The maturity profile of the Group's borrowings falling due within one year and in the second to the fifth year amounted to HK\$62,071,000 and Nil, respectively (2013: HK\$58,282,000 and HK\$6,308,000, respectively). The bank borrowings carry interest at rates ranging from HIBOR/LIBOR plus 0.4% to 2.25% (2013: 0.4% to 2.25%) or 1% below the Prime Rate (2013: 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 2014 (2013: 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 2014, the Group employed 47 staff (2013: 53) in Hong Kong and employed a total work force of approximately 2,366 (2013: 2,832) 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 2014.

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 prospects for maintaining growth momentum of the global economy including Mainland China, the United States and European markets are still uncertain; 2) the appreciation of the RMB; 3) the continued labour shortage in Mainland China; 4) 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 into 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 the 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, 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 ended 31 March 2014.

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 2014, 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 2014.

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, 5 August 2014 to Thursday, 7 August 2014, 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, 7 August 2014 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, 4 August 2014.

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 11 July 2014.

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, 27 June 2014

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