KENFAIR INTERNATIONAL (HOLDINGS) LIMITED
建 發 國 際（控 股）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 223)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Board") of Kenfair International (Holdings) Limited (the "Company" or "Kenfair International") submit herewith the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2007 as follows:

The consolidated financial statements have been reviewed by the audit committee of the Company and was approved by the Board on 25 July 2007.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Turnover	5	**236,319**	261,650
Other revenue	5	**3,097**	1,112
Other income	6	**290**	1,503
Fair value losses on financial assets at fair value through profit or loss		**–**	(15,126)
Loss on disposal of financial assets at fair value through profit or loss		**(8,500)**	–
Advertising and promotion expenses		**(39,532)**	(44,716)
Agency commission		**(15,948)**	(15,473)
Amortisation and depreciation		**(8,467)**	(8,234)
Hotel and travel package expenses		**(12,122)**	(14,537)
Impairment loss recognised in respect of intangible assets		**(7,425)**	–
Operating lease rentals		**(49,336)**	(39,026)
Staff costs		**(50,693)**	(55,087)
Other operating expenses		**(77,671)**	(100,749)
Loss from operating activities	6	**(29,988)**	(28,683)
Finance costs	7	**–**	(67)
Loss before tax		**(29,988)**	(28,750)
Taxation	8	**(4,423)**	(3,474)
Loss for the year		**(34,411)**	(32,224)
Attributable to			
– Minority interests		**–**	967
– Equity holders of the Company		**(34,411)**	(33,191)
		(34,411)	(32,224)
Dividends			
Interim dividend	9	**11,773**	11,773
Loss per share attributable to equity holders of the Company	10		
– Basic and diluted		**(15) cents**	(15) cents

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	2007	2006
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	**4,399**	5,410
Prepaid land premium	**355**	364
Intangible assets	**24,000**	37,521
Goodwill	**920**	920
Available-for-sale financial assets	**34,690**	18,867
Prepayments for acquisition of a subsidiary	**814**	–
	65,178	63,082
Current assets		
Prepayments, deposits and other receivables	**14,713**	9,902
Financial assets at fair value through profit or loss	**–**	15,962
Cash and cash equivalents	**37,237**	60,465
Pledged bank deposits	**3,175**	2,866
Tax prepayment	**545**	4,080
	55,670	93,275
Less: Current liabilities		
Tax payable	**7,118**	4,240
Deferred revenue	**4,035**	4,392
Deposits received in advance	**55,961**	63,504
Other payables and accrued liabilities	**6,908**	7,015
	74,022	79,151
Net current (liabilities)/assets	**(18,352)**	14,124
Total assets less current liabilities	**46,826**	77,206
Less: Non-current liabilities		
Deposits received in advance	**1,030**	3,702
Net assets	**45,796**	73,504
Equity		
Issued share capital	**2,355**	2,355
Reserves	**43,441**	71,149
Total equity attributable to equity holders of the Company	**45,796**	73,504

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 28/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Group was involved in the organisation of exhibitions and trade shows and providing ancillary services.

In the opinion of the directors, the ultimate holding company is Capital Concord Profits Limited ("Capital Concord"), which was incorporated in the British Virgin Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 3 to the financial statements in the annual report.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost except for available-for-sale financial assets and financial assets at fair value through profit or loss which are carried at fair value.

A summary of the significant accounting policies followed by the Group in the preparation of the financial statements is set out in note 2 to the financial statements in the annual report.

3. IMPACT OF NEW AND REVISED HKFRS

Impact of new and revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. The adoption of these new and revised standards and interpretations has had no material impact on these financial statements.

HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC) – Int 4	Determining whether an Arrangement contain a Lease
HK(IFRIC) – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HKFRS 6	Exploration for and Evaluation of Mineral Resources

Impact of new and revised HKFRSs not yet effective

The Group has not early adopted the following standards or interpretations that have been issued but are not effective.

	Effective for accounting period beginning on or after
HKAS 1 (Amendment) Capital Disclosures	1 January 2007
HKFRS 7, Financial Instruments: Disclosures	1 January 2007
HKFRS 8, Operating Segments	1 January 2009
HK(IFRIC) – Int 8, Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Int 9, Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Int 10, Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) – Int 11, HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) – Int 12, Service Concession Arrangements	1 January 2008

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosure about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual period beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosures requirements of HKAS 32.

The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The directors of the Company so far has concluded that the application of these new standards, amendments or interpretations will have no material impact of the results and the financial position of the Group.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's turnover, results, assets and liabilities are determined solely from one business segment, the organising of trade shows and exhibitions and providing ancillary services and accordingly, no further analysis of the Group's segment revenue, segment results, segment assets, segment liabilities, capital expenditure, depreciation and amortisation by principal activities is provided.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments, including Hong Kong, the People's Republic of China (the "PRC"), the United Kingdom ("UK"), the United States of America ("USA") and the Republic of Poland ("Poland").

Geographical segments

	2007	2006
	HK$'000	*HK$'000*
Segment revenue:		
Turnover from shows and exhibitions and providing ancillary services:		
Hong Kong	**197,091**	217,641
PRC	**–**	2,779
UK	**17,394**	17,432
USA	**11,688**	13,930
Poland	**10,146**	9,868
	236,319	261,650
Other segment information:		
Segment assets:		
Hong Kong	**116,657**	146,410
PRC	**4,191**	9,947
	120,848	156,357
Capital expenditure:		
Hong Kong	**1,226**	243
PRC	**102**	69
	1,328	312

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of participation fee income, entrance fee income, hotel and travel package income, advertising fee income and portal income from exhibitions and trade shows. It is stated net of output value added tax of approximately HK$5,276,000 (2006: HK$4,664,000) accrued at 17.5% or 22% of the gross income generated from the exhibition and shows held in the United Kingdom and Poland respectively.

An analysis of the Group's turnover and other revenue is as follow:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Participation fee income	**212,976**	233,819
Entrance fee income	**762**	918
Hotel and travel package income	**11,833**	14,632
Advertising fee income	**8,105**	9,576
Portal income	**2,643**	2,705
	236,319	261,650
Other revenue		
Interest income	**1,675**	1,112
Forfeited deposit received	**1,422**	–
	3,097	1,112
Total revenue	**239,416**	262,762

6. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	2007	2006
	HK$'000	*HK$'000*
Amortisation of intangible assets	**6,096**	4,549
Amortisation of development costs for shows and exhibitions	**–**	1,105
Amortisation of prepaid land premium	**9**	9
Depreciation of property, plant and equipment	**2,362**	2,571
	8,467	8,234
Staff costs (including directors' remuneration)		
– wages and salaries	**49,591**	54,000
– retirement benefits scheme contributions	**1,102**	1,087
	50,693	55,087
Auditors' remuneration	**500**	425
Development costs expensed for shows and exhibitions held during the year	**–**	10,460
Impairment of interest in an option to acquire an equity interest of a company	**2,358**	3,604
Minimum lease payments under operating lease rentals of land and buildings *(note (i))*	**49,336**	39,026
Fair value losses of financial assets at fair value through profit or loss	**–**	15,126
Loss on disposal of financial assets at fair value through profit or loss	**8,500**	–
and after crediting:		
Other income:		
Exchange differences, net	**–**	700
Gain on disposal of property, plant and equipment	**–**	44
Other income	**290**	759
	290	1,503

Note:

(i) The amount includes rentals paid for the venues of exhibitions and trade shows held in the United Kingdom and Poland, net of input value added tax of approximately HK$2,544,000 (2006: HK$1,373,000) accrued respectively at 17.5% or 22% of the gross rental expenses for the year.

7. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interests on bank loan wholly repayable within five year	**–**	67

8. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The amount of taxation charged to the income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Hong Kong profits tax		
Provided for the year	**4,592**	3,443
Over-provision in previous years	**–**	(125)
	4,592	3,318
Overseas income tax		
Provided for the year	**–**	85
(Over)/under-provision in previous years	**(169)**	71
	(169)	156
	4,423	3,474

The Group has tax losses arising in Hong Kong of approximately HK$44,902,000 (2006: HK$25,933,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised due to the unpredictability of the future profit streams.

9. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Interim dividend paid of HK$0.05 (2006: HK$0.05) per ordinary share	**11,773**	11,773

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss attributable to the ordinary equity holders of the Company of HK$34,411,000 (2006: HK$33,191,000) and the weight average number of 235,452,000 (2006: 222,277,000) ordinary shares in issue during the year.

For the year ended 31 March 2007, diluted loss per share has been presented even though there were no diluting events during these years. Diluted loss per share for the year ended 31 March 2006 has been disclosed even though the warrants outstanding during the year had anti-dilutive effect on the basic loss per share.

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board, I would like to report the results of the Group for the financial year 2007.

For the year ended 31 March 2007, the Group continued to launch trade fairs in Hong Kong and overseas and run exhibition-related business. It recorded a turnover of approximately HK$236,319,000 (2006: approximately HK$261,650,000), representing a decrease of approximately 10% compared with the previous year. Loss attributable to shareholders amounted to approximately HK$ 34,411,000 (2006: approximately HK$33,191,000). The net loss incurred were mainly due to the increased costs of the Group's three exhibitions organized in Europe and USA during the year. The significant drop in number of exhibitors of the 2nd Hong Kong Spring Fair, with a loss tripled as compared with the previous financial year, further eroded the Group's performance. Impairment was first made for the intangible assets as at 31 March 2007 based on the valuation performed by an independent valuer, BMI Appraisals Limited and such impairment also contributed to the operating loss during the year. Moreover, with the Government introducing a new development plan on the Tamar Site where Mega Show Part 1 was expanded to in the previous year, the Group was not able to use it for the Show during the year under review. Thus, the approximately HK$19,556,000 turnover from sales of exhibition booths and entrance fee income at the Tamar Site venue previously which did not recur during the year under review.

However, with our new exhibition to be held in Macao receiving encouraging response, we are confident that our investment in the Macao trade fair will transform into strong profit for the Group in the coming fiscal year.

After the year end date, the Group disposed of its investment properties in Hong Kong to an independent third party at a total consideration of HK$8,986,250. The net proceeds from the disposal will be used as general working capital of the Group and enhance liquidity of the Group.

DIVIDEND

The Board of Directors did not recommend payment of a final dividend for the year ended 31 March 2007. Thus, the interim dividend of HK5.0 cents per share already paid earlier in the year represents the total dividend for the year. The register of members of Kenfair International will be closed from 21 August 2007 to 24 August 2007, both dates inclusive, to determine the eligibility to vote in the forthcoming annual general meeting of the Company.

BUSINESS REVIEW

During the financial year 2007, Kenfair International staged a total of seven trade exhibitions in Hong Kong and overseas including the "Mega Show" series, the "Asia Expo" series, the Hong Kong Spring Fair and the Hong Kong International Furniture Fair. It also continued its comprehensive range of exhibition-related services, including trade publication, web portal and travel services, to support its flagship trade exhibitions.

TRADE EXHIBITIONS

Hong Kong Exhibitions ~ "Mega Show" series

Mega Show Part 1

Held from 20 to 23 October 2006, the UFI approved Mega Show Part 1 once again took up all space available at the Hong Kong Convention and Exhibition Centre ("HKCEC"). Occupying also the new exhibition hall - Expo Drive Hall and Expo Drive Entrance - of HKCEC, this year's show housed a total of 3,475 exhibitors in over 5,000 booths, upholding its reputation as the largest trade exhibition for toys, gifts, premium and household products in Asia and the largest-ever trade fair of its kind in Hong Kong.

Buyer attendance remained tremendous this year, attributable not only to the excellent quality of the show, but also to the strategic partnership with Alibaba.com, the leading e-commerce platform in China. The pre-registration system on www.alibaba.com helped to secure participation for Mega Show Part 1.

Furthermore, with Cathay Pacific Airways Limited ("Cathay Pacific") as its official carrier, the "Mega Show" series enjoyed enhanced exposure exhibitors and buyers who were promised quality flight services and exclusive travel packages.

In 2007, the Mega Show Part 1 will again be staged at HKCEC from 21 to 24 October, and it is expected to be another enormous success.

Mega Show Part 2

To offer an extended sourcing platform to international buyers and a perfect conclusion for their Asian sourcing trip, Mega Show Part 2, the second part of the "Mega Show" series, was held from 28 to 30 October 2006, at the HKCEC a few days after the Mega Show Part 1.

A new permanent section - Table Object Asia - was added to this year's Mega Show Part 2. It featured a wide range of tableware with different styles and designs from Asian countries to give international buyers more choices for meeting their sourcing needs.

Continual improvement in content and services has enabled the UFI-approved Mega Show Part 2 to maintain its position as one of the most effective business matching platform for global toys, gifts, premium and household products industries. It attracted 879 exhibitors from 18 countries and regions to put up 1,192 booths.

The next Mega Show Part 2 is scheduled for 28 to 30 October 2007.

The 2006 "Mega Show" series had received a total of 75,403 visitors from around the world.

2nd Hong Kong Spring Fair

Riding on the success of last year's inaugural show, the 2nd Hong Kong Spring Fair was held at the AsiaWorld-Expo from 9 to 12 January in 2007. A total of 442 manufacturers from over 10 countries and regions, including Hong Kong, China, Germany, India, Indonesia, Korea, Pakistan, the Philippines, Taiwan and the United Kingdom, set up 560 booths to showcase their latest range of merchandises.

Positioned as an exclusive sourcing platform for light industry products, it continued to attract buyers from all over the world. A total of 4,838 buyers attended the four-day event.

To better accommodate ever-changing market demands and improve the profitability of the show, the Group is exploring new theme for the Hong Kong Spring Fair, in the hope that it will bring even great profit to the Group.

Hong Kong International Furniture Fair

Cooperating with the Hong Kong Trade Development Council ("HKTDC"), the Group launched the first Hong Kong International Furniture Fair at AsiaWorld-Expo between 27 and 30 October 2006.

This first-ever furniture trade fair in Hong Kong was attended by a total of 166 manufacturers from 14 countries and regions. Seminars on latest products and industry trends held during the four-day show received very positive feedbacks from both suppliers and buyers. The show reported a satisfying buyer attendance of over 7,300 from 107 countries.

Aiming to repeat the tremendous success of this year's show, the 2nd edition of Hong Kong International Furniture Fair has been scheduled for between 27 and 30 October 2007 at again the AsiaWorld-Expo.

Exhibitions Outside Hong Kong ~ "Asia Expo" series

Asia Expo - Poland

The 2nd Asia Expo-Poland was held from 6 to 8 June 2006 in Warsaw, Poland. This year's show housed a total of 483 booths presented by 436 Asian suppliers and attracted a total of 4,037 buyers.

Serving as an effective and direct sourcing platform for Asian toys, gifts, premium and household products in Eastern Europe, the show was well received by buyers and suppliers. However, to make sure the Group's new plan to launch its first international trade exhibition in Macao in 2007 has ample supporting resources and manpower, the Group decided to postpone the 3rd Asia Expo-Poland.

Kenfair Asian expo

Held from 24 to 26 August 2006 at Bayside D, Mandalay Bay Convention Center in Las Vegas, 382 booths were set up at the Kenfair Asian expo to showcase a large variety of Asian toys, gifts, premium and household products, and a total of 3,524 international buyers were drawn to the show.

Since its debut in August 2003, Kenfair Asian expo has gained wide recognition as one of the most significant trading platforms for Asian manufacturers on the American continent. However, with the usual timeslot for the show reserved by another event next year, the Group decided to postpone the next show. Kenfair International is now exploring another ideal timeslot for the show.

Asia Expo

Positioned as one of the largest trade fairs in London for Asian-made toys, gifts, premium and household products, the UFI-approved Asia Expo has successfully helped thousands of Asian suppliers link up with a numerous European buyers in the past seven years.

This year, the 7th Asia Expo was held from 30 January to 2 February at the Grand Hall, Olympia Exhibition Centre, London, the United Kingdom (the "U.K."). It accommodated 604 exhibitors from Hong Kong, China, Taiwan, Korea, Vietnam, India and many other Asian countries in a total of 631 booths displaying high quality Asian products.

A total of 10,161 international buyers from 76 countries including major European countries such as the U.K., France, Italy and Spain were recorded during the four-day show, which was an 18% increase when compared with 2006.

The Group has already confirmed the timeslot for the 8th Asia Expo which will be between 29 January and 1 February 2008.

Exhibition-related Services

MegAsia

The Group's MegAsia trade magazine, which first appeared in October 2002, has become one of the premier sourcing guides for global buyers to find the right products and suppliers in the toys, gifts, premiums and houseware industries in Hong Kong and other Asian countries. Apart from product advertisements, each issue of MegAsia also comes with updated industry news and product trends, trade show information and in-depth company profiles of selected suppliers.

Other than in hard copies, MegAsia has a CD-ROM version and an online version e-MegAsia on the Group's website: www.kenfair.com. These electronic versions, which give non-stop exposure to products among buyers, have helped to draw an increasing number of suppliers to advertise in MegAsia.

During the year under review, MegAsia released a summer issue of Vol. Jun/2006 to coincide with the Group's 2nd Asia Expo-Poland and the 4th Kenfair Asian expo in Las Vegas held in late August. Then, the mega issue of Vol.Oct/2006 came out as the official show directory of the Group's flagship Hong Kong October Shows - "Mega Show" series. This October issue contained 354 advertising pages and over 10,000 free copies were picked up by buyers attending the "Mega Show" series. The Vol. Feb/ 2007 was published to cater for the Group's 7th Asia Expo in London, the U.K., which was held from 30 January to 1 February, 2007. During the year, the three editions of MegAsia, garnering a total of over 660 advertising pages, brought in impressive supplementary income for the Group.

www.kenfair.com

www.kenfair.com, the Group's official website, has been flourishing as a fully integrated product sourcing platform providing value-added features and innovative communication channels to attract suppliers in the region and global buyers to participate in our exhibitions. To date, the revamped www.kenfair.com continues to generate robust gains in membership, seeing an astounding growth of 78% over the past year to 81,712 members. The number of "Big Buyer" members (with annual sales over US$50 million) also increased by 38% to 884 since last fiscal year. These remarkable membership gain figures clearly reflect our successful recruitment efforts and the escalating popularity of www.kenfair.com among global buyers and suppliers.

During this reporting period, we had created the "Business Matching Service" to enable global buyers to easily match their product interests with appropriate exhibitors of our exhibitions. Besides, we worked to adapt the well-received "Exhibitor Locator System" to cover all the Group's trade fairs. We had also redesigned most web pages of the Group's trade fairs to more effectively broadcast our exhibition news and services to our customers. In the coming year, we will endeavour to produce several innovative features to further enhance the communication between global buyers and suppliers.

We are confident that www.kenfair.com will sustain its strong membership growth and continue to contribute significantly to the Group's core exhibition business.

Kenfair Travel Limited

Kenfair Travel Limited ("Kenfair Travel"), a wholly-owned subsidiary of the Group, obtained its travel agency license in 2003, and has since become an extended service arm of the Group. Kenfair Travel focuses on providing a comprehensive range of travel-related services, such as special travel packages, hotel accommodation, transportation, air-ticketing and tour arrangement, to exhibitors and buyers of the Group's flagship trade fairs.

During the year under review, Kenfair Travel provided special travel packages to 998 exhibitors of the "Asia Expo" series and handled 1,013 hotel bookings for exhibitors and buyers of the "Mega Show" series and Hong Kong Spring Fair.

OUTLOOK

Hong Kong has long been recognized as Asia's trade fair capital, however, in recent years, the exhibition industries in nearby countries and regions have developed very quickly, and are posing direct challenges the exhibition service sector in Hong Kong.

To combat the fierce competition, the Group, as a leading trade fair organizer in Hong Kong, will continue to enhance the quality of its existing world-class trade fairs in Hong Kong and overseas. It will also explore opportunities for its proven shows and new shows in different parts of the world, especially the fast-growing Great China Region.

China

Subsidiaries and branches in China

To facilitate development of the Group's core business in China and ensure the most efficient resources allocation, the Group implemented the following strategic actions during the year:

To expand our exhibition business in Beijing, we signed an agreement with CITIC Trust & Investment Co., Ltd ("CITIC Trust") to set up Beijing Kenfair Capital Exhibition Company Limited ("Kenfair (China)") in 2003. On 16 March 2007, the Company served a written notice to CITIC Trust to exercise the option in whole granted by CITIC Trust at a total consideration of RMB10,000,000 (approximately HK$9,434,000) which had fully been paid in 2003. Upon exercise of the option by the Group, upto but not exceeding 90% of the equity interest will be transferred at no additional consideration to the Group (the "Transfer"). With a view of complete control over the business of Kenfair (China) and, simplifying the management and identity of Kenfair (China), the Group has entered into a sales & purchase agreement with CITIC Trust for acquisition of the remaining 10% of the equity interest at consideration of RMB212,447 (approximately HK$214,593) (the "Acquisition"), which has been determined with reference to the net asset value of Kenfair (China) as at 31 July 2006 and the valuation report dated 25 September 2006 issued by an independent valuer. The Group believes the complete control over the business of Kenfair (China) will enhance the development of the Group's branding in the PRC, especially the northern part of the PRC. Completion of the Transfer and Acquisition will take place upon obtaining approval from the relevant regulatory authorities in the PRC and internal approval of the parties involved, which is expected on 13 September 2007.

To heighten financial efficiency, Kenfair International (Sichuan) Exhibition Limited, a previously wholly owned subsidiary of the Group incorporated in Chengdu, Sichuan, underwent deregistration after completing the mission of collecting data in Western China and exploring possibilities of organizing trade fair there.

In the coming year, the Group's subsidiaries in Beijing and Shanghai, together with its branch offices in Shenzhen and Dongguan, will continue to play an important role in facilitating its business development in China. These subsidiaries and branches will provide professional after-sales services to existing customers in China, as well as collecting the most up to date market information to boost the Group's databank of important industry contacts in China.

New trade fairs in the Pan-Pearl River Delta Region

Over the past few years, the exhibition industry in the Pan-Pearl River Delta Region has grown rapidly. Of the different areas in the Region, Kenfair International believes the exhibition industry in Macao and Guangzhou are most promising, thus it plans to expand its business to the two areas.

Mega Macao

In fact, the Group has already made its first step. Mega Macao, the Group's first trade exhibition in Macao will be staged between 18 and 20 October 2007 featuring four distinct themes including Asian Promotional & Advertising Premiums Fair, International Home Textiles, Garments, Fabrics & Accessories Fair, International Toys, Gifts & Homeware Fair and Macao International Consumer Electronics Fair. This brand new show is going to be the first international trade fair to be held at the Venetian Macao Convention and Exhibition Center, which is the largest convention and exhibition venue in the city.

Mega Macao is endorsed by the Macao Convention and Exhibition Association, which had agreed to be a supporting organization of the event. Mega Macao is deemed as one of the most anticipating trade shows in the region in 2007.

During the year, preparation work for the event had progressed smoothly and responses from exhibitors and buyers have been positive and encouraging. The Group is confident that Mega Macao will become a new focus of the international exhibition industry.

Potential new trade fair in Guangzhou

Guangzhou will be the next destination for the Group's trade shows. The economies of Guangzhou and areas in its vicinity have been booming for some time, yet the region's exhibition service market in far from being fully exploited. To tap the tremendous potentials in Guangzhou and its neighbouring areas, the Group plans to launch a new trade fair in the city in the near future featuring light industry products in exhibit categories including toys, gifts, houseware, textile, garments, fabrics, accessories and premiums, etc. The Group's four subsidiaries and branches in China are now working intensively to collect data and information for the Group to evaluate the feasibility of the new trade fair.

Overseas

Asia Expo — Middle East (Kingdom of Bahrain)

As a part of its effort to link Asian manufacturers with emerging markets at different parts of the world, the Group had worked hard to prepare for the launch of a brand new trade fair - Asia Expo-Middle East — in Bahrain. However, cultural differences had prolonged related discussion in organizing the show. Thus the Group decided to postpone the show.

With Macao emerging fast as a promising exhibition service market, the Group has decided to focus resources on preparing for its first trade show in Macao. The Group's management thus decided not to continue to pursue staging of the Asia Expo - Middle East, but direct its attention on to the Macao show.

Asian Jewellery Expo - London

In recent years, there is an increasing global demand for jewellery products from Asian countries and regions including China, India, Thailand and Hong Kong, etc. To facilitate Asian jewellery suppliers to tap the booming global jewellery market, Kenfair International will launch the Asian Jewellery expo, its first jewellery expo in London, the U.K.

This brand new 4-day expo has been scheduled to open at Earls Court on 6 January 2008 to provide an exclusive trading platform for Asian jewellery manufacturers to meet the tremendous number of buyers in the lucrative European markets.

Strategic Partnership Development Worldwide

During the year, Kenfair International maintained its partnership with Cathay Pacific, the world-famous airline. As the sole official carrier for the Group's flagship trade fairs in Hong Kong, including Mega Show Part 1 and 2 and the Hong Kong Spring Fair, Cathy Pacific offers our exhibitors and buyers with special flight packages as complementary offers from the Group.

Also, as the official trade media partner for Mega Show Part 1, Alibaba.com has helped and will continue to help to enhance the global exposure of the event.

To enhance business growth and facilitate exploration of international markets, Kenfair International will continue to develop strategic partnership with leading corporations, trade associations and government bodies in different countries and regions, particularly in its targeted markets.

CORPORATE GOVERNANCE

Kenfair International firmly believes that a corporation must have good corporate governance for it to maintain long-term growth and achieve proud business results. Therefore, Kenfair International adheres fully to the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), and other measures recommended with the exceptions disclosed below. In addition to abiding by rules and regulations, the guiding values upheld by a company and its leaders are also essential elements for ensuring a company's credibility and overall performance. Hence, Kenfair International continues to value the governance, counsel and guidance of its directors. All its executive directors are responsible for day-to-day management of the Group's operations, they meet regularly with senior management to communicate and formulate the Group's overall strategies and corporate policies. As for the Board, it remains vigilant to all conditions that may affect the Group's financial situation, business performance and shareholders' interests. The Group is committed to running a highly transparent business.

To ensure due diligence in the execution of financial and accounting policies, the audit committee meets regularly to review the completeness, accuracy and fairness of the Group's financial statements. We also take the nature and scope of external auditors' reviews into account to effectively guide our corporate finance implementations.

HUMAN RESOURCES

As at 31 March 2007, the Group employed a total of 160 staff in Hong Kong and China. All employees are remunerated in accordance with their performance, experience and prevailing industry practices.

The Group participates in retirement benefit schemes for its staff both in Hong Kong and China. It has also adopted a share option scheme since 10 April 2002, with options to be granted to employees at the discretion of the Board and no option has been granted up to the date of this announcement.

ASSET PLEDGED

As at 31 March 2007, the Group did not have any charge over its asset. However the Group's bank deposits amounted to USD407,000 which is approximately equivalent to HK$3,175,000 (2006: HK$2,866,000) have been pledged to a bank for general banking facility of EUR245,000 (2006: EUR245,000) relating to the lease of an overseas exhibition venue.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with internally generated cash flows. As at 31 March 2007, the bank balances and pledged bank deposits of the Group was approximately HK$40 million (31 March 2006: approximately HK$63 million).

As at 31 March 2007, the Group's total investment in shares amounted to approximately HK$35 million (31 March 2006: approximately HK$32 million) and were classified into long-term holding for capital growth and short-term holding for profit.

The Group had no bank borrowings as at 31 March 2007 (2006: Nil). The Group's financial position as at 31 March 2007 was satisfactory with a current ratio of approximately 0.75 (2006: approximately: 1.18) and a gearing ratio (total debts to total assets) of zero % (2006: zero%). Both the Group and the Company had no significant contingent liabilities as at the balance sheet date (2006: Nil). The Group's cash balances are mainly in Hong Kong and United States dollars. As such, the Group does not have any significant exposure to foreign exchange fluctuations.

After the year end date, the Group disposed of its investment properties in Hong Kong to an independent third party at a total consideration of HK$8,986,250. The net proceeds from the disposal will be used as general working capital of the Group and enhance liquidity of the Group.

On 27 June 2007, for the purpose of raising fund for future development of the core exhibition business, the Company announced that it proposed to raise approximately HK$11.77 million, before expenses, by issuing 117,726,000 new shares to qualifying shareholders on the basis of one offer share for every two shares held on the Record Date at a price of HK$0.10 per offer share (the "Open Offer") payable in full on acceptance. The Prospectus in relation to the Open Offer has been dispatched on 19 July 2007 and the completion of the Open Offer is expected on the early of August 2007. The net proceeds from the Open Offer will be approximately HK$10,180,000, which should strengthen the financial position of the Group.

CONCLUSION

On behalf of the Board, I would like to thank the management and our staff for their tremendous effort in taking our business forward during the review period. My sincere gratitude also goes to our investors, partners and customers for their trust in the Group all these years. Although the Group expects fiscal 2007 to be very challenging for its business, with the leadership of an experienced management team and our professional staff, it is confident about maintaining its leading edge and upholding its dominant position in local exhibition industry. I strongly believe that the Group will create significant value for shareholders in the years to come.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries had not purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance through the establishment and adoption of good practices and procedures which are in the best interests of the Company and its shareholders. The principles of corporate governance adopted by the Company enhance board practices, internal controls, transparency and accountability to the Company's shareholders.

The Company applied the principles and complied with all code provisions of the CG Code throughout the accounting period covered by this announcement (the "Period"), except for the following deviation:

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms, subject to re-election, and code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors of the Company ("INEDs") are not appointed for a specific term but are subject to the retirement by rotation in accordance with the articles of association of the Company (the "Articles"). However, the Chairman, Ip Ki Cheung and the Managing Director, Cheung Shui Kwai, are not subject to retirement by rotation. This constitutes a deviation from code provision of A.4.2 of the CG code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of the Chairman and the Managing Director provide the Company with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company adopted a code of conduct regarding directors' securities transactions as set out in the Model Code in Appendix 10 of the Listing Rules on the terms no less exacting than the required standard set out in the Model Code throughout the Period. After having made specific enquiry to all directors of the Company, the directors are of the opinion that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established the following Board Committees to oversee particular aspects of the Company's affairs. A majority of the members of each of these Committees is INEDs. Each of the Audit, Remuneration and Nomination Committee is governed by its respective terms of reference.

AUDIT COMMITTEE

The Audit Committee, which comprises the three INEDs, is chaired by Mr. Chan Wing Yau, George and the other two members of the Committee are Mr. Lai Yang Chau, Eugene and Mr. Law Sung Ching, Gavin.

The terms of reference of the Audit Committee is based on "A Guide for the Formation of an Audit Committee" and updated by "A Guide for Effective Audit Committees" as issued by the HKICPA (previously known as the Hong Kong Society of Accountants) in December 1997 and in February 2002 respectively. It sets out the powers and duties of the Audit Committee, which includes those as set out in code provisions C.3.3(a) to (n) of the CG Code, and is reviewed by the Board from time to time.

The Audit Committee meets regularly with the management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group, and reports directly to the Board. It reviews the external auditors about their independence and objectivity and holds meetings with the external auditors to discuss the nature and scope of audit and reporting obligations and also makes recommendations to the Board on the selection, appointment, resignation or dismissal of the external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee, which comprises two INEDs and one executive director, is chaired by Mr. Chan Wing Yau, George and the other two members of the Committee are Mr. Law Sung Ching, Gavin and Mr. Chan Siu Chung.

The Remuneration Committee held one meeting during the year under review. The Remuneration Committee has reviewed and discussed the salaries of all the directors and made recommendations to the Board.

NOMINATION COMMITTEE

The Nomination Committee, which comprises two INEDs and one executive director, is chaired by Mr. Law Sung Ching, Gavin and the other two members of the Committee are Mr. Lai Yang Chau, Eugene and Mr. Ip Ki Cheung.

The Nomination committee has held one meeting after the year end date.

The Nomination Committee has reviewed and discussed (1) the prevailing structure, size and composition of the Board; (2) the independence of the INEDs; and (3) nomination of directors for re-election at the forthcoming annual general meeting. The Nomination Committee has made recommendations to the Board.

SUBSEQUENT EVENTS

In accordance with the Company's announcement on 26 April 2007 and the circular dated 14 May 2007, the Group entered into a sale and purchase agreement to dispose a property for a consideration of HK$8,986,250 on 25 April 2007. The disposal has been completed on 19 July 2007.

On 27 June 2007, the Company announced that it proposed to raise approximately HK$11.77 million, before expenses, by issuing 117,726,000 new shares to qualifying shareholders on the basis of one offer share for every two shares held on the Record Date at a price of HK$0.10 per offer share payable in full on acceptance. The Subscription of the Offer Share is expected to be completed on the early of August 2007 and for the purpose of raising fund for future development of the core exhibition business. The Company is expected to receive net proceeds of approximately HK$10,180,000.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's result announcement for the year ended 31 March 2007 containing all information required by Appendix 16 of the Listing Rules is published on the website of the Stock Exchange at www.hkex.com.hk under "Latest Listed Company Information" and the Company's appointed website at www.capitalfp.com.hk/eng/index.jsp?co=223. The annual report of the Company for the year ended 31 March 2007 will be despatched to the shareholders and published on the above websites in due course.

On Behalf of the Board
Kenfair International (Holdings) Limited
Ip Ki Cheung
Chairman

Hong Kong, 25 July 2007

As at the date of this announcement, the directors of the Company consist of Mr. Ip Ki Cheung, Mr. Cheung Shui Kwai and Mr. Chan Siu Chung as executive directors, and Mr. Chan Wing Yau, George, Mr. Lai Yang Chau, Eugene and Mr. Law Sung Ching, Gavin as independent non-executive directors.