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中國海外諾信國際控股有限公司

CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board (the "**Board**") of directors (the "**Directors**") of China Overseas Nuoxin International Holdings Limited (formerly known as "**Kenford Group Holdings Limited**") (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*3*	**415,358**	429,684
Cost of sales		**(394,369)**	(384,463)
Gross profit		**20,989**	45,221
Other income, gains and losses	*5*	**13,248**	2,683
Distribution costs		**(6,367)**	(6,544)
Administrative expenses		**(65,546)**	(70,931)
Finance costs		**(2,192)**	(1,443)
Reversal of impairment losses on financial assets		**112**	–
Impairment loss recognised in respect of property, plant and equipment		**(14,440)**	(7,143)
Loss before taxation		**(54,196)**	(38,157)
Income tax expense	*6*	**(139)**	(784)
Loss for the year attributable to owners of the Company	*7*	**(54,335)**	(38,941)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of leasehold land and buildings		**2,056**	4,332
Income tax relating to item that will not be reclassified		**(450)**	(1,082)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(10,366)**	16,949
Other comprehensive (expense) income for the year		**(8,760)**	20,199
Total comprehensive expense for the year attributable to owners of the Company		**(63,095)**	(18,742)
Basic loss per share *(HK cents)*	*8*	**(12.192)**	(8.738)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**99,822**	111,393
Prepaid lease payments		**3,082**	3,398
Deposits paid for acquisition of property, plant and equipment		**1,845**	2,533
		104,749	117,324
Current assets			
Inventories		**90,462**	65,057
Trade and bills receivables	*10*	**101,116**	112,569
Deposits, prepayments and other receivables		**18,712**	17,112
Tax recoverable		**8**	584
Bank balances and cash		**83,957**	58,072
		294,255	253,394
Current liabilities			
Trade payables	*11*	**80,797**	53,904
Accruals and other payables		**18,425**	24,516
Contract liabilities		**9,147**	–
Loans from related parties		**70,045**	4,045
Bank borrowings		**54,828**	57,662
Tax liabilities		**4,040**	4,541
		237,282	144,668
Net current assets		**56,973**	108,726
Total assets less current liabilities		**161,722**	226,050
Non-current liabilities			
Deferred tax liabilities		**15,254**	15,855
Net assets		**146,468**	210,195
Capital and reserves			
Share capital		**446**	446
Share premium and reserves		**146,022**	209,749
Total equity		**146,468**	210,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Office 810, Unit 1908, 19/F, 9 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of electrical haircare products.

The consolidated financial statements included the financial statements of the Company and its subsidiaries. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

Pursuant to special resolutions passed by the shareholders at an extraordinary general meeting of the Company held on 27 May 2019, the name of Company has changed from Kenford Group Holdings Limited to China Overseas Nuoxin International Holdings Limited. The change of name became effective on 31 May 2019.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 *HKFRS 15 "Revenue from Contracts with Customers"*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the major source which arise from contracts with customers on sales of electronic haircare products.

There is no material impact on the revenue recognition on the timing and amounts of revenue recognised upon the application of HKFRS 15 on 1 April 2018.

2.2 *HKFRS 9 "Financial Instruments"*

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

3. REVENUE

Revenue represents amounts received and receivable from sale of electrical haircare products.

4. 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 focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other that the Group's results and financial position as a whole. Accordingly, only geographic information and major customers are presented.

(a) Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**197,132**	207,974	**–**	–
Asia	**163,352**	165,568	**104,749**	117,324
North and South America	**47,761**	50,671	**–**	–
Australia	**4,358**	2,890	**–**	–
Africa	**2,755**	2,581	**–**	–
	415,358	429,684	**104,749**	117,324

(b) Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**166,179**	166,110
Customer B	**64,133**	67,861

5. OTHER INCOME, GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**80**	176
Compensation received in respect of cancelled orders	**1,661**	1,717
Income from mould development	**8,804**	846
Written off of other payables	**336**	285
Sales of samples	**840**	266
Penalty from vendors for bad quality or late delivery	**453**	327
Sundry income	**690**	495
	12,864	4,112
Other gains and losses:		
Net foreign exchange gain/(loss)	**361**	(936)
Fair value change in investments held for trading	**–**	(493)
Gain on disposal of property, plant and equipment	**23**	–
	384	(1,429)
Total other income, gains and losses	**13,248**	2,683

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
PRC Enterprise Income Tax:		
Current tax	**–**	6
Under/(Over) provision in prior years	**139**	(120)
	139	(114)
Deferred tax:		
Current year	**–**	898
	139	784

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%.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime (2018: at a flat rate of 16.5%) of the estimated assessable profit. No Hong Kong Profits Tax has been provided in the consolidated financial statements as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forwards for both years.

7. LOSS FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**1,202**	833
Amortisation of prepaid lease payments	**91**	93
Depreciation of property, plant and equipment	**5,526**	5,083
Less: Capitalised in inventories	**(4,141)**	(3,742)
	1,385	1,341
Reversal of allowance for inventories	**(156)**	(5,251)
Directors' emoluments	**2,391**	15,552
Other staff costs		
Salaries and allowances	**127,152**	110,347
Retirement benefits scheme contributions	**5,729**	6,048
Total staff costs	**135,272**	131,947
Less: Capitalised in inventories	**(94,225)**	(82,648)
	41,047	49,299
Costs of inventories recognised as expenses (included reversal of allowance for inventories)	**394,369**	384,463
Minimum lease payments in respect of rented properties	**3,259**	2,206

8. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(54,335)**	(38,941)
Number of shares	***'000***	*'000*
Number of ordinary shares for the purpose of basic loss per share	**445,646**	445,646

No diluted loss per share is presented as there is no potential dilutive ordinary shares during both years or at the end of the respective reporting periods.

9. DIVIDENDS

During the year ended 31 March 2019, no dividend has been recognised as distribution and paid.

During the year ended 31 March 2018, a special interim dividend in aggregate of HK$94,967,000 (2.131 HK cents per ordinary share) has been recognised as distribution and paid.

The Board does not recommend a final dividend for the year ended 31 March 2019 (2018: nil).

10. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**101,365**	108,481
Less: Loss allowance	**(571)**	(51)
	100,794	108,430
Bills receivables	**322**	4,139
Total trade and bills receivables	**101,116**	112,569

The following is an aged analysis of trade and bills receivables (net of loss allowance) presented based on the invoice date at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
0 – 60 days	**49,532**	65,801
61 – 120 days	**39,903**	21,836
121 – 365 days	**11,643**	24,650
Over 365 days	**38**	282
	101,116	112,569

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

11. TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 – 60 days	**65,187**	46,067
61 – 120 days	**11,483**	5,117
121 – 365 days	**2,806**	2,003
Over 365 days	**1,321**	717
	80,797	53,904

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 March 2019, the Group continued to face the challenges of high labour and raw material costs and shortage of skilled labour. With global market demand weaken, the decrease in sales as a result of a decrease in orders from the European and Mainland China markets caused by their struggling economies which outweighed the recovery of demand from the Japan and India markets, the Group recorded a decrease in revenue and gross profit. Its revenue was HK$415,358,000 (2018: HK$429,684,000), a decrease of 3.3% against the previous financial year.

The Group reported gross profit of HK$20,989,000 (2018: HK$45,221,000) for the year, representing a gross profit margin of 5.1% (2018: 10.5%), a decrease of 53.6% primarily resulted from (i) the increase in weighting of low margin products; and (ii) the increase in operating expenses due to the increase in labour costs and the surge in material cost, especially in packaging material, plastic resins and copper, which hampered the Group's gross profit margin.

Due to the rise of manufacturing costs and worsening of global economic outlook, management of the Group conducted a review of the recoverable amount of the property, plant and equipment and determined the recoverable amount of these assets. Based on the result of the assessment, management of the Group determined that the recoverable amount of these assets is lower than the carrying amount. An impairment of HK$14,440,000 on property, plant and equipment (2018: HK$7,143,000) has been recognised.

As a result of the above factors, loss before taxation for the year ended 31 March 2019 was HK$54,196,000 (2018: HK$38,157,000), representing an increase of 42.0% against the last corresponding year. Expressed proportionately as a percentage of revenue, distribution costs and administrative expenses were about 1.5% and 15.8% respectively for the year ended 31 March 2019 compared to 1.5% and 16.5% in the last corresponding year. In dollars term, administrative expenses was HK$65,546,000, representing a decrease of 7.6% when compared to the HK$70,931,000 spent in last corresponding year. The decrease was mainly due to the decrease in Directors' salaries and bonus.

Loss for the year was HK$54,335,000 representing an increase of 39.5% when compared to loss of HK$38,941,000 in the last corresponding year.

Basic loss per share for the year amounted to HK12.192 cents, representing an increase of 39.5% when compared to loss of HK8.738 cents in the last corresponding year.

During the year ended 31 March 2019, no dividend had been declared and paid. During the year ended 31 March 2018, a special interim dividend in aggregate of HK$94,967,000 had been declared and paid.

BUSINESS REVIEW

Market Review

China's economic deceleration, which started in the second quarter of 2018, became more apparent in the fourth quarter of 2018. China's economy grew at its slowest pace in 28 years in 2018. During the year of 2018, the market development was largely impacted by the Sino-US trade tensions and the deleveraging policy in China. However the economy slowdown was not cushioned till the end of year, which directly dampened the demand for electronic haircare appliances in the Mainland China, thereby affecting the Group's sales.

With demand for electrical haircare products sluggish and rise in cost of commodities-related raw materials, the overall operating environment continued to be challenging for the Company. However, despite such pressure, leveraging on its long-term relationship with customers and high-quality products, the Group has maintained a strong position as one of the key global suppliers in the electronic haircare appliances segment.

During the current financial year, at different levels, all geographic markets saw a decline in demand volume. Revenue contribution to total revenue from the European, Asian, North & South American, Australian and African markets changed slightly to 47.5%, 39.3%, 11.5%, 1.0% and 0.7% respectively from 48.4%, 38.5%, 11.8%, 0.7% and 0.6% in the last financial year. The Group believes the European and Asian markets will remain as its major geographic revenue contributors in the coming years.

The fact that most of the customers of the Group are renowned global brands is testimony to the superb quality of its products. Our five major customers together accounted for approximately 81.1% and 78.3% of the Group's total revenue in the current financial year and the previous financial year, respectively.

Operation Review

During the current financial year, the Group had faced operating challenges similar to those of other manufacturers in Mainland China, such as the slow recovery in export markets, Mainland China domestic markets in recession, the moderate appreciation of the Renminbi and higher operations costs and general expenses as a result of the increased overtime and labour costs due to labour shortages in Guangdong province. The monthly minimum wage in Dongguan was increased from RMB1,510 to RMB1,720 effective July 2018. But amidst the macroeconomic uncertainty, prices of metal commodities, such as copper, lead, and aluminium alloys, stabilized in the fourth quarter of 2018, which could provide limited relief to the cost pressures on the Group. Though the Group's gross profit margin was adversely affected by most of these trends, it was very difficult to pass all of the higher expenses on to customers.

Labour shortage continues to be a serious issue in China, leading to significant increase in labour costs thus a heavier burden on the entire manufacturing process and operational efficiency. The Group has employed a two-pronged approach to maintain its profitability. As such, the Group has continued to streamline its production processes as well as to adjust its sales strategy by focusing on niche markets and eliminating low margin products. To this end, the Group has continued to put more resources into production upgrade and automation that can help improve production efficiency and eliminate waste and, ultimately, reduce costs.

On the other hand, the Group has exerted extra efforts in improving the competitiveness of its high quality products together with bolstering its R&D capabilities with an aim to enhance its market share and maintain a long term relationship with its customers.

The immediate priorities of the Group are to monitor the progress of on-going initiatives to improve operational efficiency and to invest in people and processes conducive to its long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group had approximately HK$83,957,000 cash and bank deposits (2018: HK$58,072,000). Its net current assets amounted to approximately HK$56,973,000 (2018: HK$108,726,000). Current ratio of the Group as at 31 March 2019 was maintained at 1.2 (2018: 1.8) and net cash-to-equity ratio (cash and bank deposits less the interest bearing borrowings over total equity) was 19.9% (2018: 0.2%).

As at 31 March 2019, the Group had aggregate banking facilities of HK$98,400,000 (2018: HK$78,400,000), of which HK$54,828,000 (2018: HK$57,662,000) had been used. The borrowings comprised bank loan facilities of HK$nil (2018: HK$12,078,000) and trade finance facilities of HK$54,828,000 (2018: HK$45,584,000). The borrowings due within one year amounted to HK$54,828,000 (2018: HK$57,662,000). The bank borrowings carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.25% (2018: 1.8% to 2.25%) or 1% (2018: 1%) below Prime Rate.

CHARGES ON ASSETS

The Group had no charges on assets as at 31 March 2019 (2018: nil).

FOREIGN EXCHANGE EXPOSURE

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group conducts business transactions mainly in Hong Kong dollars, United States dollars and Renminbi. As the Hong Kong dollar remains pegged to the United States dollar, there has been no material exchange risk in this respect. To manage fluctuation of the Renminbi, the Group has been able to hedge Renminbi receipts and Renminbi payments on an ongoing basis with revenue generated in Mainland China. All of the Group's bank loan facilities are denominated in Hong Kong dollars and carry interest at floating rates.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 March 2019, the Group had operating lease commitments of HK$3,266,000 (2018: HK$1,845,000) and capital commitments of HK$1,530,000 (2018: HK$2,082,000).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities (2018: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2019, the Group had a total workforce of approximately 1,570 (2018: 1,609) including 29 employees (2018: 31) in Hong Kong. Employee costs, including directors' emoluments, amounted to HK$135,272,000 for the year ended 31 March 2019 (2018: HK$131,947,000). The Group's remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remunerations being performance-oriented and market-competitive. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other staff benefits including share option schemes, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

The Directors do not recommend the declaration of the payment of a final dividend for the year ended 31 March 2019.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, 23 August 2019 (the "**2019 AGM**"). A notice convening the 2019 AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 19 August 2019 to Friday, 23 August 2019 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting (the "**2019 AGM**"). During such period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to be eligible to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates 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 Friday, 16 August 2019.

PROSPECTS

Looking ahead, the Group is expected to face a challenging operating environment amid market uncertainties arising from Sino-US trade tensions and the pessimism about China's economy. On the one hand, the Group will carefully monitor the market trends in order to respond quickly and appropriately to changes. It will continue to adhere to the strategic direction of reinforcing its position as a major ODM supplier of world-leading brand owners. Also, the Group remains committed to enhancing operational efficiencies through prudent control of inventory and expenses. Meanwhile, the Group will persistently adhere to the strategic focus on developing lifestyle haircare products superior to traditional products for fashion and lifestyle brands. On the other hand, the Group has been exploring opportunities, to expand and diversify its business and activities, with a view to create new sources of income and to maximize the return to the Company and the Shareholders in the long run.

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 2019.

EVENTS AFTER THE REPORTING PERIOD

(1) On 29 March 2019, Eastern City Holdings Limited (東城控股有限公司), a direct wholly owned subsidiary of the Company, entered into a memorandum of understanding (the "**MOU No.** 1") with China Overseas Assets Management (Shanghai) Co., Ltd.* (中海外資產管理(上海)有限公司) ("**China Overseas AM**") in relation to the proposed formation of a joint venture company (the "**JV Company**") for the purpose of jointly investing in and developing financial-related business in the PRC. The JV Company, when established, is expected to enable the Group to tap into the financial services market in the PRC and capture potential opportunities arising from the increasing investment demand in the PRC. The provisions of the MOU No. 1 are not legally binding save for the provisions of confidentiality and governing law and jurisdiction.

    As at the date of this announcement, the formation of the JV Company has not been materialized.

    For further details of the MOU No. 1, please refer to the announcement of the Company dated 29 March 2019.

(2) On 25 April 2019, Emerald Power Ventures Limited(翠豐創投有限公司), a directly wholly-owned subsidiary of the Company entered into a memorandum of understanding (the "**MOU No. 2**") in relation to the possible acquisition of a majority equity interest in a target company (the "**Possible Acquisition**") which is an investment holding company with three subsidiaries operating in the following business area:

1. Dealing in securities, holder of a Type 1 licence under the SFO;

2. Advising on securities and asset management, holder of a Type 4 and Type 9 licences under the SFO; and

3. Money lending, holder of a money lender license.

The provisions of the MOU No. 2 are not legally binding save for the provisions of exclusivity, confidentiality and governing law and jurisdiction.

As at the date of this announcement, the Possible Acquisition has not been materialized. For further details of the MOU No. 2, please refer to the announcement of the Company dated 25 April 2019.

(3) By a special resolution passed at the extraordinary general meeting of the Company held on 27 May 2019, the English name of the Company was changed from "Kenford Group Holdings Limited" to "China Overseas Nuoxin International Holdings Limited" and the dual foreign name in Chinese of the Company was changed from "建福集團控股有限公司" to "中國海外諾信國際控股有限公司". The change of name became effective on 31 May 2019.

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 2019, except for the deviation from the CG Code A.2.1 and A.6.7 explained in the following.

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop an appropriate framework of corporate governance for the Group. The Group will keep on reviewing and improving its corporate governance practices and procedures from time to time to ensure its commitment to the corporate governance standard and strive for the enhancement of shareholder value.

Code Provision A.2.1 stipulates that the roles of chairman of the Board and chief executive officer should be separated and should not be performed by the same individual. For the period from 1 April 2018 to 28 March 2019, Ms. Cai Dongyan held the position of chairman of the Board (the "**Chairman**") as well as the chief executive officer of the Company. However, the Board believed that vesting of the roles of chairman and chief executive officer in the same person provided the Group with strong and consistent leadership in the development and execution of long-term business strategies and development plans. Therefore, the Board believed that the balance of power and authority was adequately ensured despite Ms. Cai Dongyan being both the Chairman and the chief executive officer.

With effect from 28 March 2019, Mr. Gao Jianbo was appointed as an executive director of the Company and the Chairman while Ms. Cai Dongyan ceased to be the Chairman but remained as an executive director and the chief executive officer of the Company. The separation of the roles of the Chairman and the chief executive officer is accepted as a good business practice to enhance the corporate governance of the Company. Following the said appointment, the Company is in full compliance with the Code Provision A.2.1. prescribed in the CG Code.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive director, Mr. Huang Zhiwei, did not attend the annual general meeting of the Company held on 17 August 2018 due to other business engagements.

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 ended 31 March 2019.

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 year ended 31 March 2019.

AUDIT COMMITTEE

The audit committee has reviewed and discussed with the management of the Company the accounting principles and practices, risk management and internal control systems adopted by the Group. The audit committee has also reviewed the consolidated financial statements of the Group for the year ended 31 March 2019 and this annual results announcement. The audit committee comprises three independent non-executive Directors and none of them is employed by or otherwise affiliated with former or existing auditors of the Company.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement of the Company for the year ended 31 March 2019 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.co-nuoxin.com). The annual report for the year ended 31 March 2019 will be published on the above websites and despatched to the shareholders of the Company in due course.

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
CHINA OVERSEAS NUOXIN
INTERNATIONAL HOLDINGS LIMITED
Zhang Huijun
Director

Hong Kong, 26 June 2019

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Gao Jianbo, Ms. Cai Dongyan, Mr. Zhang Huijun, Ms. Pauline Lam and Mr. Lin Liangyong, and three independent non-executive Directors, namely Mr. Han Dengpan, Mr. Huang Zhiwei and Mr. Lam Yick Man.

Website: www.co-nuoxin.com