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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: 464) (Warrant Code: 452)

PROFIT WARNING AND RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that as a result of the loss (after netting off total realised gain) and unrealised loss of the Group in the total amount of up to approximately US\$5.75 million (equivalent to approximately HK\$44.78 million) arising from certain structured financial arrangement entered into by the Group with a bank to minimise its potential foreign exchange risk exposure to appreciation of Renminbi, the Group's result for the financial year ending 31 March 2008 is expected to be adversely affected.

Shareholders of the Company and investors should exercise caution when dealing in the shares and warrants of the Company.

At the request of the Company, trading in the shares and warrants of the Company was suspended with effect from 9:36 a.m. on Wednesday, 30 January 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares and warrants of the Company with effect from 9:30 a.m. on Friday, 1 February 2008.

This announcement is made by Kenford Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that as a result of quick and significant drop of US interest rate recently, the Group has incurred loss (after netting off the total realised gain) of approximately US\$2.75 million (equivalent to approximately HK\$21.41 million) (the “**Realised Loss**”) and based on the information currently available, is expected to

incur unrealised loss of up to a maximum further amount of approximately US\$3 million (equivalent to approximately HK\$23.37 million) (the “**Unrealised Loss**”) arising from certain structured financial arrangement entered into by the Group with a bank in May and September 2007 (the “**Relevant Financial Arrangement**”) to minimise its potential foreign exchange risk exposure to appreciation of Renminbi during the year. The Group’s result for the financial year ending 31 March 2008 is expected to be adversely affected by the Realised Loss and the Unrealised Loss in the aggregate amount of up to approximately US\$5.75 million (equivalent to approximately HK\$44.78 million). There is no other similar financial arrangement entered into by the Group at present.

In view of the Group’s operating needs for Renminbi, the Group has entered into structured financial arrangement to minimise its foreign exchange exposure to appreciation of Renminbi since July 2006. The Relevant Financial Arrangement comprises 3 one-year cash-settled contracts (without physical delivery of Renminbi) which are linked to USD LIBOR and Renminbi exchange rate. If the USD LIBOR falls within a specific range in the relevant period, the contract will be settled as if the Group had purchased Renminbi at a pre-determined subsidized rate. However, the Group will incur loss if the USD LIBOR falls outside the specific range during certain specific quarter or quarters. As a result of the significant drop in US interest rate recently, the USD LIBOR has fallen beyond the specific range under the Relevant Financial Arrangement. The Company became aware of the Realised Loss and Unrealised Loss in late January 2008. On 29 January 2008, the Group unwound part of the Relevant Financial Arrangement, which in turn resulted in the Realised Loss, and the Unrealised Loss relates to the part of the Relevant Financial Arrangement which remains subsisting at present and has not been unwound.

The amounts of the Realised Loss and Unrealised Loss stated herein are only based on the preliminary assessment by the Company’s management according to the information currently available to the Company’s management. The Company was informed that the indicative costs for unwinding such remaining part of the structured financial arrangement on 31 January 2008 would be approximately US\$2.54 million (equivalent to approximately HK\$19.79 million). The Board expects that the Unrealised Loss will not exceed US\$3 million (equivalent to approximately HK\$23.37 million) unless there is a material drop of Renminbi exchange rate in the next four months.

The Realised Loss and Unrealised Loss arising from such current financial arrangement are non-recurring in nature. The Board believes that the principal business activities of the Group remain strong and intact and the Group continues to maintain a healthy liquidity position and has sufficient financial resources to meet the requirements of its ordinary operation and capital expenditure. Further details of the Group’s performance will be disclosed when the annual results for the year ending 31 March 2008 is announced.

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By order of the Board
KENFORD GROUP HOLDINGS LIMITED
CHAN KWOK TUNG, DONNY
Company Secretary

Hong Kong, 31 January 2008

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Mr Lam Wai Ming (Chairman), Mr Tam Chi Sang (Managing Director), Mr Chan Kwok Tung, Donny and three Independent Non-Executive Directors, namely Mr Chiu Fan Wa, Mr Li Chi Chung and Mr Li Tat Wah.

Websites: www.kenford.com.hk and www.equitynet.com.hk/0464