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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)

**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE
AND
RESUMPTION OF TRADING**

The Board announces that the Company entered into the Subscription Agreements with the Subscribers on 13 December 2007 whereby the Subscribers conditionally agreed to subscribe for an aggregate of 30,000,000 Shares at HK\$0.60 per Subscription Share.

The Subscription Price of HK\$0.60 per Subscription Share represents: (i) a discount of approximately 9.09% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on 13 December 2007, being the date of the Subscription Agreements and (ii) a discount of approximately 7.41% to the average closing price of HK\$0.648 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Shares represent approximately 7.44% of the existing issued shares of the Company and approximately 6.92% of the issued shares of the Company as enlarged by the Subscription. The Company currently intends to apply the net proceeds from the Subscription to finance future business development in the People's Republic of China.

The Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

At the request of the Company, trading in the Shares and warrants of the Company was suspended with effect from 9:30a.m. on 14 December 2007 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 9:30a.m. on 17 December 2007.

THE SUBSCRIPTION AGREEMENTS

The Board announces that the Company entered into the Subscription Agreements with the Subscribers on 13 December 2007 whereby the Subscribers conditionally agreed to subscribe for an aggregate of 30,000,000 Shares.

The following is the principal terms of the First Subscription Agreement:–

Date:	13 December 2007
Parties:	the Company the First Subscriber the Controlling Shareholders
The Subscription Shares:	20,000,000 Shares, representing approximately 4.96% of the existing issued shares of the Company and approximately 4.62% of the issued shares of the Company as enlarged by the Subscription
The Subscription Price:	HK\$0.60 per Subscription Share

The following is the principal terms of the Second Subscription Agreement:–

Date:	13 December 2007
Parties:	the Company the Second Subscriber the Controlling Shareholders
The Subscription Shares:	10,000,000 Shares, representing approximately 2.48% of the existing issued shares of the Company and approximately 2.31% of the issued shares of the Company as enlarged by the Subscription
The Subscription Price:	HK\$0.60 per Subscription Share

It is the terms of the Subscription Agreements that:–

(a) Condition:

The completion of the Subscription Agreements is conditional upon listing of and permission to deal in all the respective Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

If the condition set out above is not fulfilled on or prior to 11 January 2008 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreements will terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save for any antecedent breach of the Subscription Agreements).

(b) Payment of Subscription Price:

The consideration for the Subscription Shares shall be paid by the Subscribers at Completion.

(c) Completion:

Completion is expected to take place on the third business day after the date upon which the condition set out in paragraph (a) above is satisfied, or such other date as the Company and the Subscribers may agree in writing.

(d) Undertakings:

- (1) The Company undertakes to the Subscribers that it will not declare any dividends or make any distributions unless the record date for any such dividends or distribution is on or after 17 January 2008.
- (2) The Controlling Shareholders undertake to the Subscribers not to dispose of (other than by way of security for a bona fide commercial loan) the Shares held by them as at the date of the Subscription Agreements for a period of three months from the date of Completion (the “**Lock-up Period**”) unless with the prior written consent of the Subscribers, provided that if at any time during the Lock-up Period, the First Subscriber or the Second Subscriber holds less than 10,000,000 Shares or 5,000,000 Shares respectively, the undertaking of the Controlling Shareholders under the First Subscription Agreement or the Second Subscription Agreement (as appropriate) shall forthwith cease to have any effect.

(e) Termination Events:

The Subscribers may terminate their respective Subscription Agreements with immediate effect upon giving notice to the Company if at any time on or before 4:00 p.m. before the date of Completion:–

- (1) any material change in the financial condition, business prospects or results of operations of the Group taken as a whole; or
- (2) any new law or regulation or change (whether or not forming part of a series of changes) in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of the Cayman Islands, Hong Kong or the People's Republic of China shall have been introduced or effected; or
- (3) a change or development occurs involving a material change in taxation or exchange control (or in the implementation of any exchange control) in the Cayman Islands, Hong Kong or the People's Republic of China; or
- (4) any act of God or acts of government shall have occurred, happened or come into effect; or
- (5) a petition is presented for the winding up or liquidation or any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme or arrangement or any resolution is passed for the winding up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or a substantial part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (6) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of execution of the Subscription Agreements) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (7) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which make it inexpedient or inadvisable or inappropriate for the Company or the Subscriber(s) to proceed with the transaction contemplated thereunder,

which in the reasonable opinion of the First Subscriber or the Second Subscriber (as the case may be) has or will or is likely to have material adverse effect on the financial condition, business prospects or results of operations of the Group taken as a whole, or in the case of (3) above, to the First Subscriber or the Second Subscriber in its capacity as a prospective shareholder of the Company.

Upon any termination of the Subscription Agreements pursuant to the termination events, it will be treated as if the condition set out paragraph (a) above had not been satisfied and the relevant Subscription Agreement had terminated thereunder. Subject to that, each of the parties thereto will cease to have any further rights or obligations under the relevant Subscription Agreement.

The First Subscription Agreement and the Second Subscription Agreement are not inter-conditional.

The Subscription Shares will be allotted and issued pursuant to the General Mandate. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate. The aggregate of 30,000,000 Subscription Shares to be allotted and issued will utilize approximately 37.19% of the General Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

SUBSCRIPTION PRICE AND SUBSCRIPTION SHARES

The Subscription Price of HK\$0.60 per Subscription Share represents: (i) a discount of approximately 9.09% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on 13 December 2007, being the date of the Subscription Agreements and (ii) a discount of approximately 7.41% to the average closing price of HK\$0.648 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Shares represent approximately 7.44% of the existing issued shares of the Company and approximately 6.92% of the issued shares of the Company as enlarged by the Subscription. The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the Completion together with the rights to all dividends and other distributions declared, made or paid at any time after the date of Completion save for any right or entitlement the record date for which precedes the date of Completion.

INFORMATION OF THE SUBSCRIBERS

The First Subscriber is an open ended investment fund established in 2007 and managed by Somerley Limited. The principal investment objective of the fund is to achieve capital appreciation through investing in listed and unlisted securities of companies operating in the Asian region or which derive a significant amount of their income from the Asian region, in particular, the Greater China region.

The Second Subscriber is a global investment fund advised by Lynas Capital Ltd, a small-cap specialist targeting superior returns with reduced risk through making long-term investments in undervalued and high quality growth companies.

To the best of the knowledge, information and belief of the Directors, the Subscribers and their respective associates are third parties independent of the Company and connected persons of the Company.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is principally engaged in the designing, manufacturing and selling a wide range of electrical hair care and health care products and other small household electrical appliances.

The Directors consider that the Subscription represents an ideal opportunity for the Company to raise additional capital which would enhance the capital base of the Company, to broaden the shareholders' base and to increase marketability of the Shares.

The Company currently intends to apply the net proceeds from the Subscription to finance future business development in the People's Republic of China.

Assuming completion of the two Subscription Agreements, the gross proceeds of the Subscription will be approximately HK\$18,000,000. After taking into account the expenses to be incurred in the Subscription, the net proceeds of the Subscription will be approximately HK\$17,500,000 and the net proceeds per Subscription Share will be approximately HK\$0.58.

The Directors consider that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements are fair and reasonable so far as the interests of the Company and the shareholders of the Company as a whole are concerned.

EFFECTS ON SHAREHOLDING

As at the date of this announcement, the Company has 403,320,500 Shares in issue and 97,759,000 outstanding warrants. Assuming no Share will be issued pursuant to the exercise of any outstanding warrant of the Company prior to Completion, the effects of the Subscription on the shareholding of the Company are as follows:–

Name of shareholders	At the date of this announcement		Immediately after Completion	
	No. of Shares	%	No. of Shares	%
Achieve Best Limited (Note 1)	40,800,000	10.1	40,800,000	9.4
Beaute Inc. (Note 2)	204,000,000	50.6	204,000,000	47.1
Realchamp International Inc. (Note 3)	40,800,000	10.1	40,800,000	9.4
Champion Sight Investment Inc. (Note 4)	14,400,000	3.6	14,400,000	3.3
Kwong Pak Chuen, Patrick (Note 5)	600,000	0.1	600,000	0.1
Lam Wai Hung (Note 6)	1,000,000	0.2	1,000,000	0.2
<i>Public shareholders</i>				
The First Subscriber	–	–	20,000,000	4.6
The Second Subscriber	1,700,000	0.4	11,700,000	2.7
Other public shareholders	100,020,500	24.8	100,020,500	23.1
	<u>403,320,500</u>	<u>100.0</u>	<u>433,320,500</u>	<u>100.0</u>

Notes:

- The entire issued share capital of Achieve Best Limited is owned by Mr. Lam Wai Ming, an Executive Director. Achieve Best Limited also held 5,100,000 warrants of the Company.
- Beaute Inc. is jointly owned by Apex Prima Limited and Potentasia Holdings Inc. in equal shares. Apex Prima Limited is wholly owned by Mr. Lam Wai Ming and Potentasia Holdings Inc. is wholly owned by Mr. Tam Chi Sang, both being Executive Directors. Beaute Inc. also held 25,500,000 warrants of the Company.
- The entire issued share capital of Realchamp International Inc. is owned by Mr. Tam Chi Sang, an Executive Director. Realchamp International Inc. also held 5,100,000 warrants of the Company.
- The entire issued share capital of Champion Sight Investment Inc. is owned by Mr. Chan Kwok Tung, Donny, an Executive Director. Champion Sight Investment Inc. also held 1,800,000 warrants of the Company.
- Mr. Kwong Pak Chuen, Patrick is a director of a wholly owned subsidiary of the Company.
- Mr. Lam Wai Hung is a director of a wholly owned subsidiary of the Company and the brother of Mr. Lam Wai Ming.

FUND RAISING ACTIVITY BY THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activity in the 12 months immediately preceding the date of this announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and warrants of the Company was suspended with effect from 9:30 a.m. on 14 December 2007 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 9:30a.m. on 17 December 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:—

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board” or “Director(s)”	the board of directors of the Company;
“Company”	Kenford Group Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange;
“Completion”	the completion of the Subscription;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholders”	Achieve Best Limited and Apex Prima Limited, being companies wholly owned by Mr. Lam Wai Ming, Potentasia Holdings Inc. and Realchamp International Inc., being companies wholly owned by Mr. Tam Chi Sang, Beaute Inc., being a company jointly owned by Apex Prima Limited and Potentasia Holdings Inc. in equal shares, Mr. Lam Wai Ming and Mr. Tam Chi Sang, both being Executive Directors;
“First Subscriber”	CorporActive Fund Limited, a company incorporated in the Cayman Islands and is an open-ended investment fund;
“First Subscription”	the subscription by the First Subscriber for the 20,000,000 Subscription Shares on the terms and conditions set out in the First Subscription Agreement;

“First Subscription Agreement”	the subscription agreement entered into between the Company as issuer and the First Subscriber as subscriber dated 13 December 2007 in relation to the First Subscription;
“General Mandate”	the general mandate to issue a maximum of 80,664,100 Shares granted by the shareholders of the Company to the Directors of the Company in the annual general meeting of the Company held on 7 September 2007;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency for the time being of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Second Subscriber”	Classics Fund Ltd.-Special Situations Fund-USD, a company incorporated in the Cayman Islands;
“Second Subscription”	the subscription by the Second Subscriber for the 10,000,000 Subscription Shares on the terms and conditions set out in the Second Subscription Agreement;
“Second Subscription Agreement”	the subscription agreement entered into between the Company as issuer and the Second Subscriber as subscriber dated 13 December 2007 in relation to the Second Subscription;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	the First Subscriber and the Second Subscriber;
“Subscription”	the First Subscription and the Second Subscription;
“Subscription Agreements”	the First Subscription Agreement and the Second Subscription Agreement;
“Subscription Price”	HK\$0.60 per Subscription Share;

“Subscription Share(s)” an aggregate of 30,000,000 new Shares to be subscribed by the Subscribers pursuant to the Subscription Agreement; and

“%” per cent.

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

Hong Kong, 14 December 2007

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