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建福集團控股有限公司
KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00464)

**ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS**

This announcement is made by Kenford Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company was informed by the controlling shareholders (as defined under the Listing Rules) of the Company (the “**Selling Shareholders**”) that they had entered into a memorandum of understanding (the “**MOU**”) with an independent third party (the “**Potential Purchaser**”) on 16 December 2016 (after trading hours) regarding the possible disposal of a total 286,390,000 shares (the “**Sale Shares**”) in the share capital of the Company (the “**Shares**”) directly or indirectly held by the Selling Shareholders to the Potential Purchaser, representing approximately 64.26% of the total issued share capital of the Company as at the date of this announcement (the “**Possible Transaction**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Potential Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Pursuant to the MOU, subject to the written consent from the Potential Purchaser, during the period from the date of the MOU to 10 February 2017 (or such longer period as mutually agreed by the parties to the MOU in writing) (the “**Exclusivity Period**”), each of the Selling Shareholders shall not engage in any discussion, negotiation, or enter into any letter of intent or agreement, with any third parties other than the Potential Purchaser (including one or more investor(s) who are involved in the Possible Transaction with the Potential Purchaser), in respect of the Possible Transaction. The parties to the MOU shall endeavour to agree on the terms of a binding formal sale and purchase agreement in respect of the Possible Transaction (the “**Formal Agreement**”) and procure the signing thereof within the Exclusivity Period. As stated in the MOU, during the Exclusivity Period, the Potential Purchaser is entitled to conduct due diligence on the business and operation (including but not limited to the financial data, corporate statistics, tax, business, operation, land and properties), financial and legal aspects of the Group.

If the Possible Transaction materialises, it will lead to a change in control of the Company and the Potential Purchaser may be required to make a mandatory general offer for all issued Shares other than those already owned or agreed to be acquired by the Potential Purchaser and parties acting in concert with it under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no formal agreements have been entered into in respect of the Possible Transaction, and the discussion is still in progress and the Possible Transaction may or may not proceed.

SECURITIES IN THE COMPANY

As at the date of this announcement, the Company has 445,646,000 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Formal Agreement will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code.

DEALING DISCLOSURE

For the purpose of the Takeovers Code, the offer period has commenced on the date of this announcement, being 16 December 2016. Associates of the Company (as defined under the Takeovers Code, including but not limited to a person who owns or controls 5% or more of any class of relevant securities of the Company or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Company) are reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in accordance with Rule 3.8 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who

deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING: There is no assurance that the Possible Transaction will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of the Takeovers Code. The Possible Transaction, therefore, may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

By order of the Board
KENFORD GROUP HOLDINGS LIMITED
PANG KIT TENG
Company Secretary

Hong Kong, 16 December 2016

As at the date of this announcement, the Board of the Company comprises two Executive Directors, namely Mr. Lam Wai Ming (Chairman), Mr. Tam Chi Sang (Managing Director) and three Independent Non-Executive Directors, namely Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Website: www.kenford.com.hk