

CHAIRMAN'S STATEMENT

On behalf of the board of directors (“**Board**”) of Kenford Group Holdings Limited (“**Company**”) and its subsidiaries (together, the “**Group**”), I am pleased to report that the shares and warrants of the Company have been successfully listed and commenced trading on the Main Board of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) from 16 June 2005 onwards. A total of 400,000,000 new shares and a total of 100,000,000 bonus warrants (convertible into 50,000,000 new shares) were issued, raising net proceeds of approximately HK\$36.5 million (after accounting for an overprovision of IPO expenses of about HK\$2.5 million, against a provision of HK\$21.0 million as stated in the prospectus of the Company dated 31 May 2005). The over-provided HK\$2.5 million will be used to strengthen the engineering, research and development capability of the Group. The successful listing marks the recognition and support of the Group by the professionals and public investors, and the growth of the Group's business is projected to grow thereafter.

I am also pleased to report to our shareholders that the overall business performance of the Group has achieved rewarding results for the year ended 31 March 2005. The Group recorded a turnover of approximately HK\$464.9 million for the year ended 31 March 2005, representing an increase of approximately 54% as compared with that of 2004. The Group's net profit attributable to shareholders was approximately HK\$57.4 million representing an increase of approximately 85% as compared with that of 2004.

BUSINESS REVIEW AND PROSPECTS

Founded in 1984, our business had grown from a small business to a corporation listed on the Main Board of the Stock Exchange. Leveraging on our strong marketing sense and innovative ideas, we will continue to keep ourselves abreast of market changes and developing design, research and trendy array of products. We see potential business opportunities to grow, especially in the Mainland China and the USA. The listing enabled us to have better resources and a solid platform for the growth of the business.

ACKNOWLEDGEMENT

Lastly, I would like to take this opportunity to extend my sincere thanks to our shareholders, business partners, customers and suppliers for their continuing support and trust. I would also like to thank all the management and staff of the Group for their hard work and contributions in the past years.

The Group will continue to adopt prudent yet aggressive strategies, get well prepared in capturing every opportunity for further expansion and in achieving the best possible returns for its shareholders.

By Order of the Board
Lam Wai Ming
Chairman

Hong Kong, 22 July 2005