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K. H. GROUP HOLDINGS LIMITED

劍虹集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1557)

PROFIT WARNING

This announcement is made by K. H. Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2021 (the “**Period**”) and information currently available to the Board, the Group expects to record a loss of not more than HK\$5.0 million for the Period as compared to a profit of approximately HK\$1.7 million for the six months ended 30 September 2020 (the “**Comparative Period**”). The Board considers that the expected net loss is primarily attributable to the following reasons:

- a) Increase in construction costs incurred towards the completion stage of a foundation project during the Period;
- b) The Group received and recognised a non-recurring government grant of approximately HK\$2.9 million under the Employment Support Scheme launched by the HKSAR Government during the Comparative Period but no such income has been received during the Period; and

- c) Recognition of a non-recurring net imputed interest expense of approximately HK\$1.2 million arose from the unsecured interest-free loan granted by New Grace Limited (the former controlling shareholder of the Company) during the Period. The Group did not incur any profit or loss arose from the said loan during the Comparative Period as the amount of imputed interest income is equal to the amount of imputed interest expenses.

The Company is in the process of preparing and finalising the annual results of the Group for the Period. The information contained in this announcement is only based on the information currently available to the Board and a preliminary review by the Board on the unaudited consolidated management accounts of the Group for the Period, which have not been audited or reviewed by the Independent Auditors or reviewed by the Audit Committee of the Company. The actual results of the Group for the Period may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the Period, which is expected to be published in November 2021 in accordance with the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
K. H. Group Holdings Limited
劍虹集團控股有限公司
Chen Rongsheng
Chairman and Executive Director

Hong Kong, 26 November 2021

As at the date of this announcement, the Board comprises two Executive Directors, namely, Mr. Chen Rongsheng (Chairman) and Mr. Guan Jingdong and three Independent Non-executive Directors, namely, Dr. Luo Tiejian, Professor Lu Haitian and Mr. Liu Xin.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.