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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2663)

PROFIT WARNING

This announcement is made by KPa-BM Holdings Limited (the “**Company**”, 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**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts (the “**Management Accounts**”) of the Group for the year ended 31 March 2022 and the information currently available to the Board, the Group is expected to record a decrease of not less than 70% in its consolidated net profit after tax for the year ended 31 March 2022 (the “**Year**”) from its ordinary operation, as compared to that of the year ended 31 March 2021 before taken into account the government grants. The main reason for the decrease was that gross profit margin of the major projects was relatively low.

The management considered that there were several main factors leading to the thin gross profit margin of the major projects. (1) Material prices had increased in general during the Year. The market price of steel had risen to new records during the Year and therefore the Group has incurred higher material costs for the construction contracts. (2) Transportation charge substantially increased due to the negative impact on cross-border transport and logistics caused by the fifth wave of community outbreak of COVID-19 in Hong Kong. (3) The Group incurred extra labour and plant costs during idling time resulted from interrupted work programme in some construction sites.

On the other hand, the Group is still assessing whether the contract assets, trade and other receivables exhibit any indications of impairment loss. The loss allowance, if any, will further reduce the profit for the Year. However, the Board wishes to emphasize that the loss allowance are non-cash in nature and will not affect the Group’s cash position.

The Company is in the process of preparing the annual results of the Group for the year ended 31 March 2022. The information contained in this announcement is only based on the information currently available to the Board and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 March 2022, which have not been reviewed by the independent auditors and/or the audit committee of the Company. The actual annual results of the Group for the year ended 31 March 2022 may differ from what is disclosed in this announcement. The Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the annual results of the Group for the year ended 31 March 2022, which is expected to be published in late June 2022 in accordance with the requirements of the Listing Rules.

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

By order of the Board
KPa-BM Holdings Limited
Yip Pak Hung
Chairman and Executive Director

Hong Kong, 2 June 2022

As at the date of this announcement, the executive directors of the Company are Mr. Yip Pak Hung (Chairman of the Board) and Mr. Wai Yat Kin and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.

** For identification purpose only*