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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 pursuant to 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 (the “**Shareholders**”) of the Company and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2023 (the “**Year**”) and the information currently available to the Board, the Group expects to record a net loss of not more than HK\$74.2 million for the Year as compared to a net loss of approximately HK\$18.3 million for the year ended 31 March 2022 (the “**Comparative Year**”). The Board considers that the anticipated increase in net loss is mainly attributable to the combined effects of following:

- a) Decrease in revenue and gross profits due to substantial completion of certain projects on hand during the Year, especially for the projects located at the Kai Tak development area;
- b) Increase in construction costs towards the completion stages of certain foundations projects during the Year;
- c) Increase in project costs due to the unexpected changes in on-site arrangements and works schedules of certain projects as a result of the fifth wave outbreak of the COVID-19 during the Year;

- d) Increase in net provision for expected credit loss on trade receivables, other receivables and contract assets from approximately HK\$910,000 during the Comparative Year to approximately HK\$6,000,000 during the Year as a result of the deteriorating operating environment in the construction industry in Hong Kong; and
- e) Increase in receipt and recognition of non-recurring government grants from approximately HK\$212,000 during the Comparative Year to approximately HK\$2,935,000 during the Year under the Employment Support Scheme and Construction Innovation and Technology Fund launched by the Hong Kong SAR Government.

The Company is in the process of preparing and finalising the annual results of the Group for the Year. 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, 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 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, which is expected to be published in June 2023 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
Huang Yuan
Chairman and Executive Director

Hong Kong, 26 June 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely, Dr. Huang Yuan (Chairman), Mr. Bu Youjun and Mr. Yang Xuefeng and three Independent Non-executive Directors, namely, Mr. Feng Zhidong, Mr. Wang Bo and Mr. Liu Xin.

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