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KFM KINGDOM HOLDINGS LIMITED
KFM金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3816)

PROFIT WARNING

This announcement is made by KFM Kingdom Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing (the "**Listing Rules**") the Listing of Securities on The Stock Exchange of Hong Kong Limited and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of the directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated results of the Group for the four months ended 31 July 2015 and the information currently available to the Company, the Group may record a loss for the six months ending 30 September 2015 (the "**Profit Warning Statement**"). This is mainly attributable to, among others things, (i) a significant decline in revenue of the Group during the four months ended 31 July 2015, including those generated from the Group's metal lathing segment which yield a relatively higher gross margin, by approximately 25% as compared to the same period last year; (ii) the Group's overall gross margin decreased as a result of the increase in labour cost due to the increased minimum wages in the PRC; and (iii) certain professional fees to be incurred in relation to the proposed corporate actions as stated in the Company's announcement dated 29 June 2015.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the four months ended 31 July 2015 and the information currently available to the Company. The information contained in this announcement is not based on any figure nor information that has been audited or reviewed by the external auditor of the Company. The Group's actual results for the six months ending 30 September 2015 are subject to the performance of the Group during the remaining period ending 30 September 2015 and shall be reviewed by the Company's auditor prior to finalisation. Therefore, the actual results of the Group for the six months ending 30 September 2015 may differ from the information contained in this announcement.

With the publication of the announcements of the Company dated 30 April 2015, 26 May 2015, 24 June 2015, 29 June 2015 and 29 July 2015 in relation to, among other things, the preliminary discussion between certain shareholders of the Company and independent third parties in respect of a possible transaction, which may lead to a change in control of the

Company and a mandatory general offer (the "**Offer**") in accordance with Rule 26.1 of The Code on Takeovers and Mergers (the "**Takeovers Code**"), the offer period has commenced on 30 April 2015. This Profit Warning Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and requires to be reported on by the Company's auditor and financial adviser in compliance with Rule 10.4 of the Takeovers Code. Meanwhile, this announcement is required to be made pursuant to Rule 13.09(2)(a) of the Listing Rules, which requires the Company to issue the profit warning announcement as soon as practicable. Due to the time constraint in issuing this announcement in compliance with the relevant rules and regulations, the Company has practical difficulty in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code for the purpose of this announcement. In the event that any document(s) in respect of the Offer will be despatched to the shareholders of the Company before the publication of the interim results announcement of the Company, the Profit Warning Statement will be reported on by the Company's auditor and financial adviser in compliance with Rule 10.4 of the Takeovers Code.

The Company would like to draw the attention of the Shareholders and potential investors that the Profit Warning Statement does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the Profit Warning Statement in assessing the merits and demerits of the Offer and the respective transactions contemplated thereunder.

The Executive (as defined in the Takeovers Code) will also normally require the profit forecasts to be reported on as soon as reasonably practicable and the relevant reports to be contained in the next document to be sent to shareholders. The interim results for the six months ending 30 September 2015 will be published as and when appropriate, which is expected to precede the despatch of the next document to be sent to shareholders of the Company. In this event, the interim results for the six months ending 30 September 2015 would fall under Rule 10.9 of the Takeovers Code and the reporting on requirement on the Profit Warning Statement will no longer be required.

Warning: The Offer is a possibility only.

The Offer may or may not be made. Shareholders and potential investors are advised to exercise caution in dealing in the shares (the "Shares") of the Company.

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

By order of the Board
KFM Kingdom Holdings Limited
Sun Kwok Wah Peter
Chairman

Hong Kong, 4 September 2015

As at the date of this announcement, the executive directors are Mr. Sun Kwok Wah Peter, Mr. Wong Chi Kwok, Mr. Lam Kin Shun and Mrs. Chow Suen Christina and the independent non-executive directors are Mr. Wan Kam To and Mr. Lam Hon Keung Keith.

All the directors of the Company jointly and severally accept fully responsibility for the accuracy of the 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.