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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**", and 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 (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on a preliminary review of the latest unaudited consolidated management accounts of the Group and other information currently available to the Group, the Group is expected to record a consolidated net loss attributable to equity holders not more than HK$20,000,000 for the six months ended 30 September 2016 as compared to the consolidated net profit attributable to equity holders of approximately HK$42,095,000 for the six months ended 30 September 2015. The Group's results for the six months ended 30 September 2016 have been adversely affected by, among other factors:

1. The significant decline in turnover as most of the projects on hand were substantially completed during the year ended 31 March 2016;
2. The unanticipated variations arose in one of the projects at the final stage; and
3. The increase in general operational costs and administration expenses of the Group after the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited in March 2016 for corporate expansion purposes.

As the interim results of the Group for the six months ended 30 September 2016 have not yet been finalised, the information contained in this announcement represents only a preliminary assessment by the Board with reference to the latest unaudited consolidated management accounts of the Group and other information currently available, which have not been audited or reviewed by the auditors of the Company, nor have been confirmed by the audit committee of the Company. The results of the Group for the six months ended 30 September 2016 are therefore subject to adjustments and the interim results to be disclosed in the unaudited consolidated interim results announcement of the Group for the six months ended 30 September 2016, which is expected to be published before the end of November 2016, may be different from what is disclosed in this announcement. The Shareholders and potential investors are advised to read the interim results announcement carefully.

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

By Order of the Board
K. H. Group Holdings Limited
Yu Shiu Tin Paul
Chairman and executive Director

Hong Kong, 31 October 2016

As at the date of this announcement, the executive Directors are Mr. Yu Shiu Tin Paul (Chairman), Mr. Yeung Sau Ming Boris and Ms. Chan Lai Kuen; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Cheng Yan Kee, Mr. Cheung Chi Fai Frank and Professor Chung Hung Kwan Barnabas.