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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board (the "Board") of directors (the "Directors") of K. H. Group Holdings Limited (the "Company") announces the condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2016, together with the comparative figures for the corresponding six months ended 30 September 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Audited)
	Note	***HK$'000***	*HK$'000*
REVENUE	*6*	**68,471**	294,941
Cost of sales		**(68,368)**	(232,756)
GROSS PROFIT		**103**	62,185
Other income		**56**	691
Administrative expenses		**(19,050)**	(10,675)
(LOSS)/PROFIT FROM OPERATIONS		**(18,891)**	52,201
Finance costs		**(459)**	(439)
(LOSS)/PROFIT BEFORE TAX		**(19,350)**	51,762
Income tax expense	*7*	**–**	(9,667)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*	**(19,350)**	42,095
		HK$	*HK$*
(LOSS)/EARNINGS PER SHARE			
– Basic	*10(a)*	**(4.8 cents)**	14.0 cents
– Diluted	*10(b)*	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2016

	Note	30 September 2016 (Unaudited) HK$'000	31 March 2016 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**54,022**	46,406
CURRENT ASSETS			
Inventories		**2,566**	1,228
Trade and retention receivables	*11*	**70,965**	93,584
Gross amounts due from customers for contract work		**82,654**	101,319
Prepayments, deposits and other receivables		**7,200**	9,918
Pledged bank deposits		**12,407**	12,378
Bank and cash balances		**29,622**	71,208
		205,414	289,635
CURRENT LIABILITIES			
Trade and retention payables	*12*	**31,661**	54,743
Gross amounts due to customers for contract work		**4,935**	3,967
Accruals and other payables		**7,175**	9,263
Finance lease payables		**17,210**	17,445
Current tax liabilities		**5,370**	6,475
Bank borrowings		**24,972**	56,618
		91,323	148,511
Net current assets		**114,091**	141,124
Total assets less current liabilities		**168,113**	187,530
NON-CURRENT LIABILITIES			
Finance lease payables		**218**	285
Deferred tax liabilities		**3,192**	3,192
		3,410	3,477
NET ASSETS		**164,703**	184,053
CAPITAL AND RESERVES			
Share capital		**4,000**	4,000
Reserves		**160,703**	180,053
TOTAL EQUITY		**164,703**	184,053

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 23 July 2015 under the Companies Law of the Cayman Islands. The address of its registered office is at P. O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is 10/F, Liven House, 61 King Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 March 2016 (the "Listing").

The Company is an investment holding company. The Group is principally engaged in the provision of foundation services and leasing of machinery in Hong Kong.

2. GROUP REORGANISATION

In preparation for the Listing, the Group underwent group reorganisation ("Group Reorganisation"). Upon completion of the Group Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 January 2016.

As the Group Reorganisation is undertaken to incorporate the Company as a holding company, the Group is a continuation of the existing group. Accordingly, for the purpose of this interim results announcement, the condensed consolidated interim financial statements of the Group have been prepared in accordance with the principles of merger accounting.

The condensed consolidated interim financial statements of the Group have been prepared as if the Group had always been in existence throughout both periods presented, or since the respective dates of incorporation or establishment of the Group companies, rather than from the date when the Company became the holding company pursuant to the Group Reorganisation.

3. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These condensed consolidated interim financial statements should be read in conjunction with the 2016 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2016.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated interim financial statements.

5. SEGMENT INFORMATION

The Board considers that the Group manages its businesses by divisions, which are organised into business units based on their services provided, and has the reportable operating segments as follows:

(i) Foundation – provision of foundation services

(ii) Leasing – leasing of machinery

The reportable segments are identified in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

	Foundation Six months ended 30 September		**Leasing Six months ended 30 September**		**Total Six months ended 30 September**	
	2016	2015	**2016**	2015	**2016**	2015
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**67,239**	294,886	**1,232**	55	**68,471**	294,941
Reportable segment results	**(5,521)**	62,536	**427**	(862)	**(5,094)**	61,674
Unallocated corporate income					**10**	24
Central administrative expenses and Directors' remuneration					**(14,266)**	(9,936)
(Loss)/profit before tax					**(19,350)**	51,762

All of the segment revenue reported above is from external customers.

Segment results represent profit or loss attributable to the segment without allocation of corporate income, central administrative expenses and Directors' remuneration.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
SEGMENT ASSETS		
Foundation	**246,251**	322,180
Leasing	**12,689**	13,127
Total segment assets	**258,940**	335,307
Unallocated assets	**496**	734
Consolidated assets	**259,436**	336,041
SEGMENT LIABILITIES		
Foundation	**90,836**	146,635
Leasing	**3,749**	5,229
Total segment liabilities	**94,585**	151,864
Unallocated liabilities	**148**	124
Consolidated liabilities	**94,733**	151,988

For the purposes of monitoring segment performance and allocating resources to segment:

(i) All assets are allocated to reportable segments other than the unallocated assets; and

(ii) All liabilities are allocated to reportable segments other than those unallocated liabilities which are centrally managed by Group's management.

Seasonality of operations

The Group's operations are not subject to significant seasonal factors.

6. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Foundation	**67,239**	294,886
Leasing	**1,232**	55
	68,471	294,941

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**–**	8,319
Deferred tax	**–**	1,348
	–	9,667

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the six months ended 30 September 2016.

Hong Kong Profits Tax had been provided at a rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2015.

8. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated after charging/(crediting) the following:

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Audited)
	Note	***HK$'000***	*HK$'000*
Costs of construction materials	*(a)*	**6,310**	91,562
Depreciation	*(b)*	**2,519**	2,240
Employee benefits expense (including Directors' emoluments):			
– Salaries, bonuses and allowances		**26,839**	19,447
– Retirement benefits scheme contributions		**734**	641
	(c)	**27,573**	20,088
Impairment loss on gross amounts due from customers for contract work	*(a)*	**6,053**	–
Listing expenses		**–**	2,743
Loss on disposals of property, plant and equipment		**41**	–
Operating lease charges			
– Hire of plant and equipment		**3,552**	3,536
– Land and buildings		**1,307**	950
	(d)	**4,859**	4,486
Derecognition of financial guarantees		**–**	(61)

Notes:

(a) The amounts were included in cost of sales.

(b) The amounts included in cost of sales for the six months ended 30 September 2016 and 2015 amounted to approximately HK$801,000 and approximately HK$2,103,000 respectively.

(c) The amounts included in cost of sales for the six months ended 30 September 2016 and 2015 amounted to approximately HK$15,454,000 and approximately HK$15,135,000 respectively.

(d) The amounts included in cost of sales for the six months ended 30 September 2016 and 2015 amounted to approximately HK$3,966,000 and approximately HK$3,536,000 respectively.

9. DIVIDENDS

	Six months ended 30 September 2016 (Unaudited) *HK$'000*	2015 (Audited) *HK$'000*
Special dividend paid	**–**	25,200

During the six months ended 30 September 2015, the Group declared and paid special dividend of HK$25,200,000 to its then shareholder.

The Board does not recommend the payment of an interim dividend to shareholders for the six months ended 30 September 2016.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the following:

	Six months ended 30 September 2016 (Unaudited) *HK$'000*	2015 (Audited) *HK$'000*
(Loss)/Earnings		
(Loss)/Earnings for the purpose of calculating basic (loss)/earnings per share	**(19,350)**	42,095

	Six months ended 30 September 2016 (Unaudited) *'000*	2015 (Audited) *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share *(Note)*	**400,000**	300,000

Note: In determining the number of shares in issue, the total of 300,000,000 shares issued (10,000 shares issued on the incorporation of the Company and 299,990,000 shares issued on capitalisation issue), were deemed to have been in issue since 1 April 2015.

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 September 2016 and 2015.

11. TRADE AND RETENTION RECEIVABLES

	Note	30 September 2016 (Unaudited) HK$'000	31 March 2016 (Audited) HK$'000
Trade receivables	*(a)*	**35,484**	49,484
Retention receivables	*(b)*	**35,481**	44,100
		70,965	93,584

Notes:

(a) The ageing analysis of trade receivables, based on the progress payment, is as follows:

	30 September 2016 (Unaudited) HK$'000	31 March 2016 (Audited) HK$'000
0 to 30 days	**30,058**	29,733
31 to 60 days	**–**	14,020
Over 60 days	**5,426**	5,731
	35,484	49,484

(b) As at 30 September 2016, the amount of retention receivables expected to be recovered after more than twelve months was approximately HK$10,862,000 (31 March 2016: approximately HK$17,342,000).

12. TRADE AND RETENTION PAYABLES

	Note	**30 September 2016 (Unaudited)** *HK$'000*	31 March 2016 (Audited) *HK$'000*
Trade payables	*(a)*	**17,775**	41,599
Retention payables	*(b)*	**13,886**	13,144
		31,661	54,743

Notes:

(a) The ageing analysis of trade payables, based on the date of receipt of goods/services, is as follows:

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
0 to 30 days	**9,337**	24,998
31 to 60 days	**3,596**	11,537
61 to 90 days	**97**	333
Over 90 days	**4,745**	4,731
	17,775	41,599

(b) As at 30 September 2016, the amount of retention payables expected to be due after more than twelve months was approximately HK$8,634,000 (31 March 2016: approximately HK$9,119,000).

13. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Group has provided guarantees to an insurance company as follows:

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Guarantees on performance bonds for construction contracts	**428**	19,155

(b) During the year ended 31 March 2016, a subcontractor claimed against the Group for certain construction works. The Group and the subcontractor agree to resolve their disputes by arbitration or by other means of dispute resolution. The Group assessed the maximum liability on the claim would be approximately HK$7,734,000.

The management, after taking external legal advice, considers that it is pre-mature to assess the outcome for the said claim.

Pursuant to the deed of indemnity, the controlling shareholders of the Company have irrevocably and unconditionally, jointly and severally, agreed to indemnify the Group against, among others, all loss and damages arising from the disputes.

Accordingly, no provision has been made for the claim.

14. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Property, plant and equipment		
Contracted but not provided for	**5,215**	2,960

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation following the identification of the business segment of Leasing during the current period under review. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2016, the Group was principally engaged in provision of foundation services and leasing of machinery in Hong Kong.

As at 30 September 2015, there were 4 active projects in progress. Two of them were still in progress and the remaining two were practically completed during the six months ended 30 September 2016.

In addition, there were another 4 active projects which were awarded after 30 September 2015 and were still in progress during the six months ended 30 September 2016. As such, as at 30 September 2016, there were 6 active projects in progress.

Subsequent to 30 September 2016, 3 new projects were awarded to the Group.

During the six months ended 30 September 2016, the leasing of machinery in Hong Kong is considered as the new business segment of the Group and regarded as another principal activity of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 76.8% from approximately HK$294,941,000 during the six months ended 30 September 2015 to approximately HK$68,471,000 during the six months ended 30 September 2016.

The overall decrease was mainly attributable to the achievement of significant progress or the practical completion of most of the foundation projects on hand during the year ended 31 March 2016.

Gross Profit/Gross Profit Margin

The overall gross profit margin decreased from approximately 21.1% during the six months ended 30 September 2015 to approximately 0.2% during the six months ended 30 September 2016.

The decrease in both gross profit and gross profit margin was mainly due to:

1. Significant decline in revenue as most of the foundation projects were substantially completed during the year ended 31 March 2016;

2. Unanticipated variations of approximately HK$6,053,000 arose in one of the foundation projects at the final stage which was included in cost of sales as one-off expense;

3. Additional construction costs were incurred towards the completion stage of certain foundation projects; and

4. The gross profit margin for certain new foundation projects commenced during the six months ended 30 September 2016 are generally lower than those in previous years which was disclosed in the Company's annual report 2015/16.

If the one-off expense arising from the unanticipated variations of approximately HK$6,053,000 was excluded, the overall gross profit margin would be adjusted to approximately 9.0% during the six months ended 30 September 2016.

Administrative Expenses

The Group's administrative expenses increased by approximately 78.5% from approximately HK$10,675,000 during the six months ended 30 September 2015 to approximately HK$19,050,000 during the six months ended 30 September 2016.

The increase was mainly attributable to (i) the increase in staff costs of approximately HK$5,938,000 arising from increase in bonuses and salary increment; (ii) the increase in Directors' remuneration of approximately HK$1,228,000 after the Listing; and (iii) the increase in the general operational costs and administrative expenses of the Group after the Listing for corporate expansion purposes.

Net Loss/Profit

As a result of the abovementioned, during the period under review, the Group reported a net loss of approximately HK$19,350,000 (during the six months ended 30 September 2015: net profit of approximately HK$42,095,000).

PROSPECTS

Due to the continuous slowdown in the global economy and the persisting downtrends of the retail market in Hong Kong, the Hong Kong economy in 2016 has been significantly affected. It is generally believed that the continued slowdown in infrastructure projects in Macau is one of the factors which has a great impact on the foundation market in Hong Kong as many major players of the construction industry previously enjoyed the construction industry's booming period in Macau are now back in Hong Kong to compete in the foundation market in Hong Kong again. The lengthening of the funding approval process in the Legislative Council for the planned public works by persistent filibustering in 2015 also deteriorates the construction industry in Hong Kong. Therefore, the foundation industry in Hong Kong is expected to continue to be very challenging in the second half of 2016 or even in 2017.

Housing, land and transport is always one of the most important agenda in the Government policy. As supported by recent Government policy, the Group believes that there will be opportunities in the foundation industry in Hong Kong due to the increasing land supply for housing and commercial building developments for both private and public sectors as well as fostering infrastructure development plans in the long term.

The successful Listing greatly promoted the Group's corporate image in Hong Kong and provided a readily accessible capital platform for our Group to tender for more projects with larger contract sums in the future.

The Group will continue to exercise due care in the pursuance of its existing core business and furtherance of its development plans so as to balance the risks and opportunities in the foundation industry in Hong Kong.

In order to take on more active role in the construction industry in Hong Kong, one of the subsidiaries of the Group accredited to the list of approved suppliers of materials and specialist contractors for public works, has been recently included in the "Large Diameter Bored Pile (with Bell-out)" piling system under the Development Bureau. The Group is also considering to apply for inclusion into the registered piling contractor list under the Hong Kong Housing Authority. It will further widen the Group's business scope in the construction industry in Hong Kong.

The Group will closely and carefully monitor the latest development in the global economy and foundation industry in Hong Kong and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group, including bank loans and finance lease payables, decreased from approximately HK$74,348,000 as at 31 March 2016 to approximately HK$42,400,000 as at 30 September 2016. As at 30 September 2016, these banking facilities were secured by (i) the Group's certain trade receivables of approximately HK$11,052,000 (31 March 2016: approximately HK$23,930,000); (ii) the Group's pledged bank deposits of approximately of HK$12,407,000 (31 March 2016: approximately HK$12,378,000); (iii) the Group's machinery with total net carrying amounts of approximately HK$33,979,000 (31 March 2016: approximately HK$31,049,000); and (iv) corporate guarantees executed by the Company.

Borrowings were denominated in Hong Kong Dollars ("HK$") and interests on borrowings were mainly charged at floating rates. The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through capital contributions from the shareholders, bank borrowings and net cash generated from operating activities.

As at 30 September 2016, the Group had pledged bank deposits and bank and cash balances of approximately HK$42,029,000 (31 March 2016: approximately HK$83,586,000). The gearing ratio of the Group as at 30 September 2016 (defined as the total borrowings divided by total equity) was approximately 25.7% (31 March 2016: approximately 40.4%). As at 30 September 2016, the current ratio of the Group was approximately 2.2 (31 March 2016: approximately 2.0).

During the six months ended 30 September 2016, the Group did not employ any financial instruments for hedging purpose.

FOREIGN EXCHANGE EXPOSURE

The Group has a minimal exposure to foreign currency risk as most of its business transactions and assets and liabilities are principally denominated in the functional currencies of the Group, i.e., HK$. As such, the Group currently does not have any foreign currency hedging policy in respect of foreign currency transactions and assets and liabilities as the Group's risk in foreign exchange is insignificant. The Group monitors its foreign currency exposure closely.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 30 September 2016, the Group did not have any significant investments, material acquisitions or disposals.

CAPITAL COMMITMENTS

As at 30 September 2016, the Group has capital commitments in respect of purchase of plant and equipment, which had been contracted for but not provided in the condensed consolidated interim financial statements, were in the total amount of approximately HK$5,215,000 (31 March 2016: approximately HK$2,960,000).

CONTINGENT LIABILITIES

Save as disclosed in note 13 to the condensed consolidated interim financial statements, the Group did not have any significant contingent liabilities as at 30 September 2016.

EVENT AFTER THE REPORTING PERIOD

There are no significant events after the reporting period and up to the date of this interim results announcement.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing have been and will be utilised subsequent to the Listing in accordance with the proposed applications set out in the section "Future Plans and Use of Proceeds" of the prospectus of the Company dated 8 March 2016. The table below sets out the proposed applications of the net proceeds from the Listing and its actual usage as at 30 September 2016:

	Net proceeds from the Listing	**Utilised**	**Unutilised**
	HK$'000	*HK$'000*	*HK$'000*
Operation of prospective projects	30,841	(30,841)	–
Hiring of additional staff	15,420	–	15,420
Purchase of machinery and equipment	23,130	(9,613)	13,517
General working capital	7,711	(7,711)	–
	77,102	(48,165)	28,937

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group had 101 full-time employees (31 March 2016: 127 full-time employees). Most of the Group's employees are foundation workers in Hong Kong. The remuneration policy and package of the Group's employees were periodically reviewed. Apart from the Mandatory Provident Fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The total staff costs incurred by the Group during the six months ended 30 September 2016 was approximately HK$27,573,000 (during the six months ended 30 September 2015: approximately HK$20,088,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

During the six months ended 30 September 2015, the Group declared and paid special dividend of HK$25,200,000 to its then shareholder.

The Board did not recommend the payment of an interim dividend to shareholders for the six months ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

CORPORATE GOVERNANCE

Save as disclosed below, during the six months ended 30 September 2016, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as stated in Appendix 14 of the Listing Rules.

In respect of code provision C.2.5 of the CG Code, the Company should have an internal audit (the "IA") function. Although the Company did not establish a standalone IA department during the six months ended 30 September 2016, the Board put in place adequate measures to perform the IA function at different aspects of the Group as the Company considers that the close and regular supervision by the executive Directors and senior management of the Group and the maintaining of internal control guidance and procedures on the Group's critical operational cycles could provide sufficient and effective internal control and risk management functions. Details of which were disclosed in the Company's annual report 2015/16.

The Board regularly reviews the effectiveness of the Group's internal control system at its Board meeting including its financial, operational and compliance controls, and its risk management functions. The Board will review the need for the IA function on an annual basis.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

SHARE OPTIONS

Share Option Scheme

The Company adopted a share option scheme on 19 February 2016 (the "2016 Share Option Scheme"). No share option has been granted under the 2016 Share Option Scheme since its adoption.

REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") comprises four independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the condensed consolidated interim financial information of the Group for the six months ended 30 September 2016. RSM Hong Kong, as the Company's auditor, has reviewed the condensed consolidated interim financial information of the Group for the six months ended 30 September 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange and the Company. The interim report of the Company will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

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

Hong Kong, 28 November 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.