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)

POSITIVE PROFIT ALERT

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 the Inside Information Provisions under 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 of the Company (the "**Shareholders**") and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2020 (the "**Period**") and information currently available to the Board, the Group expects to record a profit of not more than HK$1.7 million for the Period as compared to a loss of approximately HK$9.9 million for the corresponding period in 2019. The Board considers that the expected turnaround from net loss to net profit is primarily attributable to the following reasons:

a) Significant increase in revenue and gross profit generated from new projects undertaken by the Group during the Period;

b) Receipt and recognition of a non-recurring Government grant of approximately HK$2,924,000 under the Employment Support Scheme launched by the HKSAR Government during the Period; and

c) Recognition of a non-recurring net imputed interest expense of approximately HK$2,889,000 arose from the unsecured interest-free loan from New Grace Limited (the former controlling shareholder of the Company) during the six months ended 30 September 2019[(note)]. The Group did not incur any profit or loss arose from the said loan during the Period.

Note:

The principal amount of the said loan is HK$100 million with an initial term of 30 months. New Grace Limited shall not be entitled to demand early repayment and the Company has no right to make early repayment of the said loan. Please refer to the announcement of the Company dated 7 May 2018 for details.

The Company is in the process of preparing and finalising the interim results of the Group for the Period. The information contained in this announcement is only based on the information currently available to the Board and a preliminary review by the Board on the unaudited consolidated management accounts of the Group for the Period, which have not been audited or reviewed by the Independent Auditors or reviewed by the Audit Committee of the Company. The actual results of the Group for the Period may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the Period, which is expected to be published in November 2020 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
Chen Rongsheng
Chairman and Executive Director

Hong Kong, 9 November 2020

As at the date of this announcement, the Board comprises two Executive Directors, namely, Mr. Chen Rongsheng (Chairman) and Mr. Guan Jingdong and three Independent Non-executive Directors, namely, Dr. Luo Tiejian, Professor Lu Haitian and Mr. Liu Xin.

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