# 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the provision of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the "**Board**") of directors of the Company wishes to inform the shareholders of the Company and the potential investors that, based on the unaudited consolidated results of the Company for the four months ended 31 July 2021 and the Board's assessment on the current market condition for the following two months ending 30 September 2021, the Group is expected to record a loss of approximately HK$8.0 million to HK$10.0 million for the six months ending 30 September 2021, as compared to a profit of approximately HK$22.0 million for the six months ended 30 September 2020.

Reference is made to the announcement of the Company dated 13 August 2021 (the "**Announcement**"). As disclosed in the Announcement, revenue generated from the Group's metal lathing segment has been adversely affected. Such decrease in revenue was mainly attributable by the subsisting drop in sales to the customers who engaged in the consumer electronics industry which the Group had experienced consecutive drop in number of orders for recent years, mainly due to (i) a change in business strategy for the relevant customers; and (ii) escalated China-US tensions. As the decrease in demand from customers who engaged in the consumer electronics industry subsisted during the four months ended 31 July 2021 and it is expected to continue during the two months ending 30 September 2021, it is expected that the gross profit of the Group's metal lathing segment will decrease significantly for the six months ending 30 September 2021, as compared to the same period last year. In addition, it is expected that there will be an additional depreciation in the right-of-use assets from the Group's newly leased properties during the six months ending 30 September 2021. Thus, it is expected that the financial performance of the Group will be adversely affected during the six months ending 30 September 2021.

As disclosed in the Announcement, the Group expects to record a loss from the Disposal (as defined in the Announcement). Since completion of the Disposal is subject to the satisfaction of the conditions precedent disclosed in the Announcement, completion of the Disposal may or may not proceed. Should completion of the Disposal take place on or before 30 September 2021, the Group may record such loss from the Disposal and the financial performance of the Group may be further adversely affected for the six months ending 30 September 2021.

The information contained in this announcement is based on the Board's preliminary assessment after reviewing the unaudited consolidated management accounts of the Group for the four months ended 31 July 2021 and the Board's assessment on the current market condition for the following two months ending 30 September 2021. The information contained in this announcement is neither based on any figure nor information that has been audited or reviewed by the external auditor of the Company. The Group's actual results are subject to the performance of the Group during the remaining period ending 30 September 2021 and will be reviewed by the Company's auditor and the audit committee prior to finalisation. Therefore, the actual results of the Group for the six months ending 30 September 2021 may differ from the information contained in this announcement.

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

By Order of the Board
**KFM Kingdom Holdings Limited**
**Mr. Zhang Haifeng**
*Chairman and non-executive Director*

Hong Kong, 25 August 2021

*As at the date of this announcement, the Board comprises (1) Mr. Zhang Haifeng as a non-executive Director; (2) Mr. Sun Kwok Wah Peter and Mr. Wong Chi Kwok as executive Directors; and (3) Mr. Wan Kam To, Ms. Zhao Yue and Mr. Shen Zheqing as independent non-executive Directors.*