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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)

VOLUNTARY ANNOUNCEMENT FINANCE UPDATE

This voluntary announcement is made by KFM Kingdom Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”).

References are made to the (i) announcements of the Company dated 13 August 2021 and 20 December 2021 (the “**Announcements**”); and (ii) circular (the “**Disposal Circular**”) of the Company dated 15 December 2021 in relation to, among others, the disposal (the “**Disposal**”) of the Company’s metal lathing business entirely through the sale of all of the shareholding in the Company’s indirect wholly-owned subsidiary, Kingdom (Reliance) Precision Parts Manufactory Holdings Limited. Capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Disposal Circular, unless the context requires otherwise.

As disclosed in the Disposal Circular, as at the time of entering into the Disposal Agreement, based on the then information available to the Group, it was expected that the Group would record a total comprehensive expenses of approximately HK\$72.3 million from the Disposal, comprising, among others, approximately HK\$64.2 million of loss from the Disposal. As disclosed in the Announcements, completion of the Disposal took place on 20 December 2021.

The Board wishes to inform the shareholders of the Company and the potential investors that, based on the Company’s preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2022 and the information currently available to the Company, the Company is expected to record a loss of over HK\$50 million. Such loss recorded was primarily due to the loss from the discontinued operation of the Target Companies of over HK\$60 million arising from the Disposal.

Save as the abovementioned impact caused by the Disposal, it is expected that the Group will record an increase in profit from continuing operations (excluding the Target Companies) by over 40% as compared with the same in the corresponding period of 2021.

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 year ended 31 March 2022 and the information currently available to the Company. The information contained in this announcement is neither based on any figure nor information that has been audited or reviewed by the external auditors of the Company. The Group's actual audited annual result for the year ended 31 March 2022 will be audited by the Company's auditors prior to finalisation. Therefore, the actual audited annual results of the Group for the year ended 31 March 2022 may differ from the information contained in this announcement.

Shareholders 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, 26 May 2022

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.