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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**”, 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 pursuant to 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 (the “**Shareholders**”) of the Company and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for six months ended 30 September 2022 (the “**Period**”) and the information currently available to the Board, the Group expects to record a net loss of not more than HK\$46.2 million for the Period as compared to a net loss of approximately HK\$4.9 million for the six months ended 30 September 2021 (the “**Comparative Period**”). The Board considers that the anticipated increase in net loss is mainly attributable to the combined effects of following:

- a) Decrease in revenue and gross profits due to decrease in workdone after the completion of certain large projects during the Period;
- b) Increase in construction costs towards the completion stages of certain foundations projects during the Period;
- c) Increase in project costs due to the unexpected changes in on-site arrangements and works schedules of certain projects as a result of the fifth wave outbreak of the COVID-19 during the Period;

- d) Increase in provision for expected credit loss on trade receivables and contract assets from approximately HK\$2,000,000 during the Comparative Period to approximately HK\$10,335,000 during the Period as a result of the deteriorating operating environment in the construction industry in Hong Kong; and
- e) Receipt and recognition of a non-recurring government grant of approximately HK\$2,152,000 under the Employment Support Scheme launched by the Hong Kong SAR Government during the Period whereas no such income was received during the Comparative Period.

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 the preliminary review by the Board on the unaudited management accounts of the Group for the Period, which have not been reviewed by the Independent Auditors and/or the Audit Committee of the Company. The actual interim results of the Group for the Period may differ from what is disclosed in this announcement. The Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the interim results of the Group for the Period, which is expected to be published in November 2022 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, 22 November 2022

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 Nonexecutive Directors, namely, Dr. Feng Zhidong, Mr. Wang Bo and Mr. Liu Xin.

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