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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)

**ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS
CODE AND RULE 13.09 OF THE LISTING RULES
AND
INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF
THE SECURITIES AND FUTURES ORDINANCE**

This announcement is made by KFM Kingdom Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”).

PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SFO

The board (the “**Board**”) of directors (the “**Directors**”) of the Company was being informed that, on 17 October 2023 (after trading hours), Massive Force Limited (“**Massive Force**”), the controlling shareholder of the Company, currently holding approximately 75.0% of the total issued share capital of the Company, entered into a non-binding memorandum of understanding (the “**Shares Disposal MOU**”) regarding a possible transaction (the “**Possible Shares Disposal**”) to dispose of all or part of the shares of the Company (the “**Shares**”) to KIG Real Estate Holdings Limited (the “**Potential Purchaser**”). As at the date of this announcement, the Potential Purchaser is a related party to the Group in which Mr. Sun Kwok Wah Peter and Mr. Wong Chi Kwok, each an executive Director, have controlling and substantial interests respectively. As such, the Potential Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Shares Disposal MOU, Massive Force and the Potential Purchaser agreed to enter into separate and exclusive negotiation in respect of the Possible Shares Disposal or similar transaction involving the sale of Shares or investment in the Company within 120 days from the date of the Shares Disposal MOU (or such later date as may be agreed in writing between Massive Force and the Potential Purchaser).

In addition, on 17 October 2023 (after trading hours), the Company entered into a non-binding memorandum of understanding (the “**Target Company Acquisition MOU**”) regarding a possible transaction to acquire controlling interests in a company (the “**Target Company**”) from the Potential Purchaser (the “**Possible Target Company Acquisition**”).

Pursuant to the Target Company Acquisition MOU, the Company and the Potential Purchaser agreed to enter into separate and exclusive negotiation in respect of the Possible Target Company Acquisition or similar transaction involving the sale of shares of the Target Company or investment in the Target Company within 120 days from the date of the Target Company Acquisition MOU (or such later date as may be agreed in writing between the Company and the Potential Purchaser).

The Possible Shares Disposal, if materialised, may lead to a change in control of the Company, triggering a mandatory general offer under Rule 26.1 of the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Purchaser and parties acting in concert with it). At the same time, the Possible Target Company Acquisition, if proceed, would constitute a notifiable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules.

The Board understands that, at present, the discussion regarding each of the Possible Shares Disposal and the Possible Target Company Acquisition (collectively, the “**Possible Transactions**”) is at an initial stage, and no formal and legally binding sale and purchase agreement has been entered into in respect of each of the Possible Transactions as at the date of this announcement. The discussions are still in progress and the Possible Transactions may or may not proceed.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

SECURITIES OF THE COMPANY

In compliance with Rule 3.8 of the Takeovers Code, as of the date of this announcement, the relevant securities of the Company comprised 600,000,000 Shares in issue and no outstanding options was granted pursuant to the share option scheme adopted on 23 August 2022. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

The associates of the Company and the Potential Purchaser (within the meaning ascribed thereto under the Takeovers Code, including but not limited to any person having interests of 5% or more in the relevant securities of the Company) are hereby reminded to disclose their dealings in any relevant securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

There is no assurance that any transaction mentioned in this announcement will materialise or eventually be consummated and the discussions may or may not lead to an offer for the Shares. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares and/or other securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

By order of the Board
KFM KINGDOM HOLDINGS LIMITED
Zhang Haifeng
Chairman

Hong Kong, 17 October 2023

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

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.