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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)**

### **INSIDE INFORMATION EXPECTED SIGNIFICANT DECREASE IN LOSS BEFORE TAX**

This announcement is made by K. H. Group Holdings Limited (the “**Company**”, and 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 Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the Group’s unaudited condensed consolidated management accounts for the six months ended 30 September 2019 (the “**Period**”) and the financial information currently available to the Board, the Group is expected to record a significant increase in the loss attributable to owners of the Company for the six months ended 30 September 2019 as compared to that for the corresponding period in 2018. Such increase in loss is mainly due to the net effect of recognition of (i) a non-recurring imputed interest income of approximately HK\$14,610,000 and (ii) an imputed interest expenses of approximately HK\$2,740,000 arose from the unsecured, interest-free loan from New Grace Limited (the former controlling shareholder of the Company (the “**Unsecured Loan**”) during the six months ended 30 September 2018, while only an imputed interest expenses of approximately HK\$2,889,000 arose from the Unsecured Loan was recognised for the Period.

Despite of the significant increase in loss attributable to owners of the Company for the Period, there is improvement in the financial performance of the Company for the Period, details are as follow:

- The revenue for the Period has increased to not more than HK\$130,000,000 from HK\$93,559,000 for the six months ended 30 September 2018.
- The gross profit for the Period has significantly increased to not more than HK\$8,000,000 from HK\$1,835,000 for the six months ended 30 September 2018.
- The loss before tax for the Period has been significantly reduced to not more than HK\$10,000,000 from HK\$16,235,000 which is derived after eliminating the effect of recognition of the non-recurring imputed interest income of approximately HK\$14,610,000 for the six months ended 30 September 2018.

As the Company is still in the process of finalising the unaudited condensed consolidated interim results of the Group for the Period, the information contained in this announcement represents only a preliminary assessment by the Board with reference to the latest unaudited condensed consolidated management accounts of the Group and other information currently available, which have neither been reviewed by the auditors of the Company, nor have been confirmed by the Audit Committee of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for the Period which is expected to be published before 30 November 2019.

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

By Order of the Board  
**K. H. Group Holdings Limited**  
**Chen Rongsheng**  
*Chairman and Executive Director*

Hong Kong, 20 November 2019

*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, Dr. 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.*