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Khoon Group Limited
坤集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 924)

**(1) CLARIFICATION ON PROFIT WARNING ANNOUNCEMENT
AND
(2) MONTHLY UPDATE ANNOUNCEMENT
PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE**

Reference is made to (i) the announcement of Khoon Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 24 August 2022 in relation to an expected profit warning (the “**Profit Warning**”) for the year ended 30 June 2022 of the Group (the “**Profit Warning Announcement**”); (ii) the announcement of the Company dated 27 July 2022 in relation to, among others, the MOU which sets out certain preliminary terms in relation to the Possible Transaction regarding the possible sale of the Sale Shares held by the Vendor to the Potential Purchaser or such entities controlled by the Potential Purchaser, which if materialised, will lead to a change in control of the Company and 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 or parties acting in concert with it (the “**Rule 3.7 Announcement**”); and (iii) the monthly update announcement of the Company pursuant to Rule 3.7 of the Takeovers Code dated 29 August 2022. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those used in the Rule 3.7 Announcement.

The Directors would like to clarify that the expectation of a net loss after tax of the Group for the year ended 30 June 2022 as referred to in the Profit Warning Announcement issued is regarded as a profit forecast under Rule 10 of the Takeovers Code and would need to be reported on by the Company’s financial adviser and auditor or accountant in accordance with Rule 10.4 of the Takeovers Code, and their reports must be included in the next document sent to the Shareholders under Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code.

Since the Profit Warning Announcement is required to be made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which requires the Company to issue a profit warning announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (timewise or otherwise (i.e. time required for the preparation of the financial results with a reporting accountant)) in meeting the requirements set out in Rule 10.4 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, the reports from the Company's financial adviser and auditor or accountant on the Profit Warning are required to be included in the next document to be sent to the Shareholders. As the annual results announcement of the Company for the year ended 30 June 2022 (the "**Annual Results**") is expected to be published by the end of September 2022 which is prior to the despatch of the next document to be sent to the Shareholders, the requirement under Rule 10 of the Takeovers Code to report on the Profit Warning is expected to be superseded by the publication of the Annual Results and the relevant results together with the notes to the financial statements will be included in the next document to be sent to the Shareholders.

The Company confirms that due to oversight, the Profit Warning Announcement had not been filed with the Executive for comment before its publication and thus the Company has not complied with Rule 12.1 of the Takeovers Code. The Company will exercise its best endeavours to ensure future compliance with the Takeovers Code.

Save for the clarification stated in this announcement, all information in the Profit Warning Announcement remains unchanged.

PROGRESS OF THE POSSIBLE TRANSACTION

The Board wishes to update the Shareholders and potential investors that as at the date of this announcement, the Due Diligence on the Group conducted by the Potential Purchaser and its professional advisers remains ongoing. The Company understands that the discussion between the Vendor and the Potential Purchaser in relation to the Possible Transaction is still ongoing; and no agreement or other commitment has been made by the Potential Purchaser in relation to the Possible Transaction.

MONTHLY ANNOUNCEMENT(S)

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Transaction will be made by the Company until an 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/or the Takeovers Code (as the case may be).

WARNINGS

Shareholders and potential investors should note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on such forecasts in assessing the merits and demerits of the Possible Transaction and the possible mandatory general offer for the securities of the Company as referred to in the Rule 3.7 Announcement.

There is no assurance that the Possible Transaction will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of the Takeovers Code. The Possible Transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the 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
Khoon Group Limited
Ang Jui Khoon
Chairman and Executive Director

Hong Kong, 23 September 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ang Jui Khoon, Mr. Ang Kok Kwang (Hong Guoguang) and Mr. Ang Yong Kwang (Hong Yongquan); and three independent non-executive Directors, namely Ms. Leung Wing Chi Kylie, Mr. Yeo Kwang Maccann and Mr. Hon Chin Kheong (Han Zhenqiang).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, 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 statements in this announcement misleading.