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(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2663)

PROFIT WARNING

This announcement is made by KPa-BM Holdings Limited (the “Company”, 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 under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board of Directors of the Company (the "Board") wishes to inform shareholders and potential investors that, based on a preliminary assessment of the available financial information, the Group expects an impact to some extent on its consolidated profit after tax for the year ended 31 March 2025. This is primarily due to a specific provision to be made in relation to outstanding receivables from a major customer group currently undergoing liquidation proceedings.

Background

The Group has been notified that certain major customers, all within the same corporate group (collectively, the "Applicant for Liquidation"), have applied for liquidation due to financial difficulties. On 21 February 2025, the High Court heard the case and, acknowledged the necessity for provisional liquidators, appointed two representatives from a professional accounting firm as provisional liquidators to oversee the process.

Following certain novation arrangements by the Applicant for Liquidation, the Group currently has only one ongoing project with the Applicant for Liquidation, which is expected to be completed within six months. The Group is actively liaising with the Applicant for Liquidation and considers the project completion difficulties or the risk of termination of the project to be manageable.

Financial Impact

The Applicant for Liquidation owes the Group a significant amount in accounts receivables and retention receivables. Given the financial distress of the Applicant for Liquidation, the recoverability of these outstanding amounts is highly uncertain. As a result, the Group is assessing the need for a specific provision for these receivables. Based on currently available information, the management estimates that such a provision would reduce the Group’s consolidated profit after tax by approximately HK\$14,000,000 for the year ended 31 March 2025.

Referring to the consolidated management accounts for the ten months ended 31 January 2025, which have not been reviewed by the audit committee nor audited by the auditor of the Company, the Board considers that this specific provision would have a significant impact on the Group's consolidated profit after tax for the year ended 31 March 2025.

Ongoing Assessment

The Group will continue to monitor the situation and refine its assessment as more updated information becomes available. The final actual financial loss may differ from the above estimate, depending on factors including the progress of the liquidation process, the provision of loss allowance audited by the auditor of the Company, and the Group's financial performance for February and March 2025. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the annual results of the Group for the year ended 31 March 2025, which is expected to be published by end of June 2025.

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

By order of the Board
KPa-BM Holdings Limited
Yip Pak Hung
Executive Director

Hong Kong, 7 March 2025

As at the date of this announcement, the Board comprised executive Directors Mr. Yip Pak Hung (chairman of the Board) and Mr. Wai Yat Kin; and independent non-executive Directors Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter, Dr. Yeung Kit Ming and Dr. Koon Chi Ming Sebastian.

** For identification purpose only*