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**KINGDOM**

**KINGDOM HOLDINGS LIMITED**

**金達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability and  
carrying on business in Hong Kong as “Kingdom (Cayman) Limited”)*

**(Stock Code: 528)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

- Revenue increased by approximately 12.4% to approximately RMB1,269,510,000 for the Review Period from approximately RMB1,129,916,000 for the Previous Period.
- A correction of market price was triggered by the abundant supply of raw materials due to a good harvest year in 2024, resulting in a continuous drop in the average linen yarn price from the fourth quarter of 2024 to the second quarter of 2025. The average selling price has bottomed out in the second quarter of 2025 and showed encouraging momentum of recovery at the end of the second quarter of 2025.
- The Group recorded a gross loss for the Review Period of approximately RMB45,467,000 (the Previous Period: gross profit of approximately RMB198,845,000) due to continuous drop in the average linen yarn price from the fourth quarter of 2024 to the second quarter of 2025, coupled with part of raw materials used in the cost of sales in 2025 were more expensive raw materials from last year.
- The Group recorded a loss for the Review Period of approximately RMB121,517,000 (the Previous Period: profit of approximately RMB78,508,000).
- The Group recorded a loss attributable to owners of the parent for the Review Period of approximately RMB118,553,000 (the Previous Period: profit of approximately RMB73,961,000).
- Loss per share was RMB0.19 for the Review Period (the Previous Period: earnings per share of RMB0.12).

The board of directors (the “**Board**”) of Kingdom Holdings Limited (the “**Company**”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Review Period**”) together with the comparative figures for the six months ended 30 June 2024 (the “**Previous Period**”):

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2025 (unaudited)*

		For the six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
	Notes	(Unaudited)	(Unaudited)
REVENUE	4	<b>1,269,510</b>	1,129,916
Cost of sales		<b>(1,314,977)</b>	(931,071)
Gross profit		<b>(45,467)</b>	198,845
Other income and gains	4	<b>3,602</b>	4,204
Selling and distribution expenses		<b>(18,402)</b>	(16,163)
Administrative expenses		<b>(50,131)</b>	(53,273)
Reversal of impairment losses on financial assets		<b>603</b>	601
Other expenses		<b>(12,747)</b>	(7,294)
Finance costs		<b>(21,507)</b>	(18,660)
Share of losses of associates		<b>(125)</b>	–
(LOSS)/PROFIT BEFORE TAX	5	<b>(144,174)</b>	108,260
Income tax credit/(expense)	6	<b>22,657</b>	(29,752)
(LOSS)/PROFIT FOR THE PERIOD		<b>(121,517)</b>	78,508
Attributable to:			
Owners of the parent		<b>(118,553)</b>	73,961
Non-controlling interests		<b>(2,964)</b>	4,547
		<b>(121,517)</b>	78,508
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	<b>RMB(0.19)</b>	RMB0.12
Diluted	8	<b>RMB(0.19)</b>	RMB0.12

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2025 (unaudited)*

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	<u>(121,517)</u>	<u>78,508</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>4,878</u>	<u>(7,722)</u>
TOTAL COMPREHENSIVE INCOME, FOR THE PERIOD	<u>(116,639)</u>	<u>70,786</u>
Attributable to:		
Owners of the parent	(113,675)	66,239
Non-controlling interests	<u>(2,964)</u>	<u>4,547</u>
	<u>(116,639)</u>	<u>70,786</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (unaudited)

		30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		874,239	914,341
Right-of-use assets		61,736	61,818
Other intangible assets		3,736	4,164
Investment in associates		29,498	29,623
Prepayments for equipment		695	1,143
Deferred tax assets		47,618	22,182
Other non-current assets		13,862	8,132
Total non-current assets		1,031,384	1,041,403
<b>CURRENT ASSETS</b>			
Inventories		672,943	1,195,126
Trade and notes receivables	9	501,630	536,765
Prepayments, deposits and other receivables		60,746	64,065
Pledged deposits		80,529	46,779
Cash and cash equivalents		534,742	230,871
Total current assets		1,850,590	2,073,606
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	10	315,458	454,696
Other payables and accruals		150,674	140,342
Interest-bearing bank and other borrowings		957,969	989,556
Dividend payable		29,140	607
Tax payable		2,433	10,918
Total current liabilities		1,455,674	1,596,119
NET CURRENT ASSETS		394,916	477,487
TOTAL ASSETS LESS CURRENT LIABILITIES		1,426,300	1,518,890

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

*As at 30 June 2025 (unaudited)*

	30 June 2025 <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2024 <i>RMB'000</i> (Audited)
<i>Notes</i>		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	8,976	9,625
Interest-bearing bank and other borrowings	84,785	34,436
Total non-current liabilities	93,761	44,061
Net assets	1,332,539	1,474,829
EQUITY		
Equity attributable to owners of the parent		
Share capital	6,329	6,329
Treasury shares	(13,305)	(13,305)
Reserves	1,269,230	1,408,556
	1,262,254	1,401,580
Non-controlling interests	70,285	73,249
Total equity	1,332,539	1,474,829

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025 (unaudited)*

## 1. CORPORATE AND GROUP INFORMATION

Kingdom Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 21 July 2006. The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 December 2006.

The Group is principally engaged in the manufacture and sale of linen yarns.

The Company’s registered address is Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman KY1-1111, Cayman Islands; and the principal place of business is located at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024.

## **2.2 CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting standard for the first time for the current period's financial information.

Amendments to IAS 21                      *Lack of Exchangeability*

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information

## **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into one single business unit that includes primarily the manufacture and sale of linen yarns. Management reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group. Accordingly, no segmental analysis is presented.

## Geographical information

### (a) Revenue

An analysis of the Group's geographical information on revenue attributed to the regions on the basis of the customers' locations for the six months ended 30 June 2025 is set out in the following table:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Mainland China	<b>674,368</b>	538,944
European Union	<b>233,383</b>	253,008
Other countries/regions	<b>361,759</b>	337,964
Total	<b>1,269,510</b>	1,129,916

### (b) Non-current assets

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Mainland China	<b>658,456</b>	677,472
Ethiopia	<b>325,310</b>	338,749
Total	<b>983,766</b>	1,016,221

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

## Information about major customers

No revenue amounting to 10 percent or more of the Group's total revenue was derived from sales to a single customer for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).



#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the sales value of linen yarn, hemp yarn and scraps, net of sales tax and deduction of any sales discounts and returns.

An analysis of revenue, other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of goods or services</b>		
Sales of linen yarn, hemp yarn and scraps	1,152,231	1,056,673
Sales of other products	100,450	50,072
Other services	16,829	23,171
	<u>1,269,510</u>	<u>1,129,916</u>
Total revenue from contracts with customers	<u>1,269,510</u>	<u>1,129,916</u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	1,252,681	1,106,745
Services transferred over time	16,829	23,171
	<u>1,269,510</u>	<u>1,129,916</u>
Total revenue from contracts with customers	<u>1,269,510</u>	<u>1,129,916</u>
	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other income</b>		
Government grants*	1,527	3,084
Bank interest income	480	567
Gain on disposal of items of property, plant and equipment	2	—
Others	1,593	553
	<u>3,602</u>	<u>4,204</u>
Total other income and gains	<u>3,602</u>	<u>4,204</u>

\* Various government grants have been received from the local governments. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories sold	<b>1,298,148</b>	907,900
Depreciation of property, plant and equipment and investment properties	<b>48,634</b>	50,846
Depreciation of right-of-use asset	<b>1,730</b>	1,896
Amortisation of other intangible assets	<b>428</b>	429
Research and development ("R&D") expenses	<b>4,747</b>	8,746
Auditors' remuneration	<b>1,125</b>	1,100
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other benefits	<b>93,718</b>	71,214
Pension scheme contributions	<b>16,600</b>	7,887
	<b>110,318</b>	79,101
Foreign exchange difference, net	<b>12,476</b>	4,268
(Gain)/Loss on disposal of items of property, plant and equipment	<b>(2)</b>	773
Provision for impairment of inventories	<b>3,140</b>	5,092
Reversal of provision for impairment of trade receivables	<b>(603)</b>	(601)
Bank interest income	<b>(480)</b>	(567)

## 6. INCOME TAX

Major components of the Group's income tax expense for the period are as follows:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current charge for the period	<b>3,428</b>	29,428
Deferred	<b>(26,085)</b>	324
Total tax (credit)/charge for the period	<b><u>(22,657)</u></b>	<b><u>29,752</u></b>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.
- (ii) In accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for current income tax of subsidiaries in Mainland China has been based on a statutory rate of 25% of the assessable profits of these companies for the year.
- (iii) Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profits arising in Hong Kong up to HK\$2 million. The assessable profits over HK\$2 million are subject to a tax rate of 16.5%.
- (iv) Pursuant to the rules and regulations of Italy, the Group is subject to tax at an income tax rate of 28.82%, which comprises the Italy Corporate Income Tax at 24% and the Italy Regional Income Tax at 4.82%.
- (v) Pursuant to the rules and regulations of Ethiopia, the Group is subject to tax at an income tax rate of 30%. The Group enjoys a tax holiday of profit tax exemption of 5 years since 2020 and the tax holiday is extended for 4 years from 2025.
- (vi) Pursuant to the rules and regulations of Egypt, projects within the Free Zones and the dividends from such projects are not subject to the provisions of the tax and fee laws in effect in Egypt. Therefore, the Group's subsidiary operating in the Free Zones is exempt from income tax at an income tax rate of 22.5%.

## 7. DIVIDEND

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 8. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 616,447,000 (six months ended 30 June 2024: 616,447,000) outstanding during the period.

The calculation of the diluted (loss)/earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
(Loss)/Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u><b>(118,553)</b></u>	<u><b>73,961</b></u>
	<b>Number of shares</b>	
	<b>2025</b>	<b>2024</b>
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u><b>616,447</b></u>	<u><b>616,447</b></u>

## 9. TRADE AND NOTES RECEIVABLES

	<b>30 June 2025 RMB'000 (Unaudited)</b>	<b>31 December 2024 RMB'000 (Audited)</b>
Trade receivables	<b>434,000</b>	500,657
Notes receivable	<b>68,974</b>	38,051
Impairment	<b>(1,344)</b>	(1,943)
Total	<b><u>501,630</u></b>	<b><u>536,765</u></b>

The Group's notes receivable were all aged within six months and were neither past due nor impaired.

An aged analysis of the Group's trade receivables as at the end of the period, based on the invoice date and net of provisions, is as follows:

	<b>30 June 2025 RMB'000 (Unaudited)</b>	<b>31 December 2024 RMB'000 (Audited)</b>
Within 1 month	<b>204,156</b>	188,641
1 to 2 months	<b>65,101</b>	152,549
2 to 3 months	<b>122,320</b>	82,736
Over 3 months	<b>41,079</b>	74,788
Total	<b><u>432,656</u></b>	<b><u>498,714</u></b>

## 10. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at 30 June 2025, based on the invoice date, is as follows:

	<b>30 June 2025 RMB'000 (Unaudited)</b>	<b>31 December 2024 RMB'000 (Audited)</b>
Due within 1 month or on demand	<b>96,073</b>	147,390
Due after 1 month but within 3 months	<b>219,385</b>	287,056
Over 3 months	<u>—</u>	<u>20,250</u>
Total	<b><u>315,458</u></b>	<b><u>454,696</u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The linen yarn price has experienced a continuous upward trend over the past few years and only until the fourth quarter of 2024, a correction of market price was triggered by the abundant supply of raw materials due to a good harvest year, resulting in a continuous drop in the average linen yarn price from the fourth quarter of 2024 to the second quarter of 2025. The average selling price has bottomed out in the second quarter of 2025 and showed encouraging momentum of recovery at the end of the second quarter of 2025.

During the Review Period, revenue of the Group increased by approximately 12.4% on a year-on-year basis from RMB1,129,916,000 to RMB1,269,510,000. There were 11,606 tonnes of linen yarn sold during the Review Period, which was 61.7% more than the 7,179 tonnes of linen yarn sold during the Previous Period. However, the continuous drop in the average linen yarn price from the fourth quarter of 2024 to the second quarter of 2025, which fell by approximately 30% for the Review Period as compared with the same period last year, coupled with part of raw materials used in the cost of sales in 2025 were more expensive raw materials from last year, resulted in a gross loss situation for the first half of 2025.

### **Major Markets and Customers**

By implementing an international sales strategy, the Group has a sales network covering approximately 20 countries and regions around the world. During the Review Period, the Group's domestic sales of RMB674,368,000, which contributed to approximately 53.1% of the Group's total revenue, recorded an increase of approximately 25.1% as compared with the corresponding period last year, while the Group's overseas sales of RMB595,142,000, which contributed to approximately 46.9% of the Group's total revenue, recorded a modest growth of approximately 0.7% on a year-on-year basis. In particular, total sales to European Union countries reported a 7.8% drop while non-European Union countries reported an increase of 7.0% on a year-on-year basis. Key European Union countries that the Group sold its products to include Italy, Portugal, Belgium, Lithuania and Spain. Meanwhile, the Group continues to develop the domestic market with an objective to secure more cooperation with target customers in China. China has shown robust growth in consumer linen markets in the past few years.

## Raw Material Procurement

The Group mainly sources its fibre flax, the major raw material of linen yarn, from well-established suppliers such as those in France, Belgium and the Netherlands. Being one of the largest buyers in these regions, the Group has developed long term business relationships with its suppliers. During the Review Period, the Group procured approximately 23,541 tonnes (six months ended 30 June 2024: 16,583 tonnes) of raw materials abroad, representing a year-on-year increase of approximately 42.0%. The average procurement unit price was approximately RMB36,320 per tonne, representing a decrease of approximately 50.9% from approximately RMB73,999 for the corresponding period last year, due to a good harvest year in 2024. The Group is optimistic about the future of the linen textile industry. It is the corporate procurement strategy of the Group to maintain its production scale and to secure a steady volume of production going forward. The Group will continue to closely monitor the international market development and plan its procurement cautiously at the same time.

## Production Capacity

As at 30 June 2025, the Group had five productions bases as follows:

No.	Factory	Location	Country	Annual capacity (Tonnes)	Utilisation/Status
1	Haiyan 1st Factory	Zhejiang	China	7,000	Close to 100%
2	Rugao Factory	Jiangsu	China	6,000	Close to 100%
3	Haiyan 2nd Factory	Zhejiang	China	5,000	Close to 100%
4	Qinggang Factory	Heilongjiang	China	4,000	Close to 100%
5	Ethiopia	Adama	Ethiopia	5,000	Approximately 70%

The Group is equipped with advanced equipment for its unique spinning technique, namely wet spinning and long and short spinning, and can manufacture products with multiple specifications from 3nm to 75nm, thereby broadening its customers' choices and achieving higher satisfaction from them at the same time.



A total of 40 tonnes of hemp yarn under various specifications were produced during the Review Period. The Group owns 78.67% of the equity interest in the Heilongjiang venture, namely Heilongjiang Kingdom Enterprise Co., Ltd.<sup>#</sup> (黑龍江金達麻業有限公司), and this is the Group's maiden attempt to explore the hemp yarn market.

Apart from China, the Group has a factory in Ethiopia. The investment is expected to help the Group outperform its competitors not only by helping the Group save land cost, labour cost, energy cost and tax expenses, but also by allowing the Group to benefit from the Everything but Arms (EBA) initiative of the European Union for least developed countries (LDCs), which grants duty-free and quota-free access to all products made in LDCs into European Union countries, except for arms and ammunitions.

The Group will commence the construction of a new factory in Egypt in second half of 2025, after recently securing a golden permit from the Prime Minister office of Egypt. The golden permit will provide tax-saving opportunities on our operations in Egypt and our linen yarn exported from Egypt to European Union countries will also be eligible for duty-free treatment. The Egypt factory will further diversify our production bases to meet with the needs of our customers and generate sustainable benefits to the Group in the long run.

## **FINANCIAL REVIEW**

### **Revenue**

For the Review Period, the Group's revenue increased by approximately 12.4% to approximately RMB1,269,510,000 (the Previous Period: RMB1,129,916,000). The increase in revenue was attributable to the 61.7% increase in volume of linen yarn sold while the average selling price of linen yarn dropped by approximately 30% during the Review Period when compared to the corresponding period last year. Domestic sales in China grew by 25.1%. Total sales to European Union countries reported a 7.8% drop while sales to non-European Union countries reported an increase of 7.0% on a year-on-year basis.

The breakdown of revenue by sales regions is as follows:

	<b>For the six months ended 30 June 2025</b>		<b>For the six months ended 30 June 2024</b>		<b>Year-on-year change in revenue</b>	
	<i><b>RMB000'</b></i>	<i><b>%</b></i>	<i><b>RMB000'</b></i>	<i><b>%</b></i>	<i><b>RMB000'</b></i>	<i><b>%</b></i>
China	<b>674,368</b>	<b>53.1%</b>	538,944	47.7%	135,424	25.1%
European Union	<b>233,383</b>	<b>18.4%</b>	253,008	22.4%	(19,625)	-7.8%
Non-European Union	<b>361,759</b>	<b>28.5%</b>	337,964	29.9%	23,795	7.0%
<b>Total Revenue</b>	<b><u>1,269,510</u></b>	<b><u>100.0%</u></b>	<b><u>1,129,916</u></b>	<b><u>100.0%</u></b>	<b><u>139,594</u></b>	<b><u>12.4%</u></b>

### **Gross Profit and Gross Profit Margin**

The continuous drop in the average linen yarn price from the fourth quarter of 2024 to the second quarter of 2025, which fell by approximately 30% for the Review Period as compared with the same period last year, coupled with part of raw materials used in the cost of sales in 2025 were more expensive raw materials from last year, resulted in a gross loss situation for the first half of 2025.

The Group recorded a gross loss for the Review Period of approximately RMB45,467,000 (the Previous Period: gross profit of approximately RMB198,845,000). Gross loss margin for the Review Period was 3.6% (the Previous Period: gross profit margin of approximately 17.6%).

### **Other Income and Gains**

Other income and gains for the Review Period mainly comprise government grants and subsidies of approximately RMB1,511,000 (the Previous Period: approximately RMB3,084,000) and interest income of approximately RMB480,000 (the Previous Period: approximately RMB567,000).

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses for the Review Period amounted to approximately RMB18,402,000 (the Previous Period: approximately RMB16,163,000), which accounted for approximately 1.4% of the Group's total revenue, same as that of the Previous Period. Selling and distribution expenses mainly consist of sales commission, sales team staff cost, promotion expense and export insurance expenses, etc.

## **Administrative Expenses**

The Group's administrative expenses for the Review Period amounted to approximately RMB50,131,000 (the Previous Period: approximately RMB53,273,000), representing a decrease of approximately 5.9% as compared with the corresponding period last year. The decrease in the Group's administrative expenses was mainly due to reduction in research and development expenses of approximately RMB4.0 million during the Review Period.

## **Other Expenses**

The Group's other expenses for the Review Period amounted to approximately RMB12,747,000 (the Previous Period: approximately RMB7,294,000), which mainly represented the net exchange loss of RMB12,476,000 during the Review Period (the Previous Period: RMB4,268,000).

## **Finance Costs**

Finance costs include borrowing interest expense and interest on lease liabilities.

Borrowing interests for the Review Period amounted to approximately RMB21,361,000 (the Previous Period: approximately RMB18,512,000). The increase in borrowing interest expense was mainly due to higher bank borrowing interest rates for the Review Period when compared to that of the Previous Period.

Interest on lease liabilities for the Review Period amounted to approximately RMB146,000 (the Previous Period: RMB148,000).

Total finance costs for the Review Period amounted to approximately RMB21,507,000 (the Previous Period: approximately RMB18,660,000).

### **Income Tax Credit**

Income tax credit for the Review Period amounted to approximately RMB22,657,000 (the Previous Period: Income tax expense of RMB29,752,000). The effective tax rate for the Review Period and the corresponding period last year was approximately 15.7% and 27.5% respectively.

### **Loss for the Review Period**

The Group recorded a loss for the Review Period of approximately RMB121,517,000 (the Previous Period: profit of approximately RMB78,508,000).

### **Non-controlling Interests**

The non-controlling interests of approximately RMB2,964,000 represented the share of losses of certain subsidiaries of the Group attributable to the minority shareholders during the Review Period (the Previous Period: share of profits of RMB4,547,000).

### **Loss Attributable to Owners of the Parent**

As a result of the aforesaid, the Group recorded a loss attributable to owners of the parent for the Review Period of approximately RMB118,553,000 (the Previous Period: profit of approximately RMB73,961,000).

## **Liquidity and Financial Resources**

As at 30 June 2025, the Group had net current assets of approximately RMB394,916,000 (as at 31 December 2024: approximately RMB477,487,000). The Group financed its operations with internally generated resources and bank loans during the Review Period.

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB534,742,000 (as at 31 December 2024: approximately RMB230,871,000). The liquidity ratio of the Group as at 30 June 2025 was approximately 127.1% (as at 31 December 2024: approximately 129.9%).

Total assets of the Group as at 30 June 2025 were approximately RMB2,881,974,000 (as at 31 December 2024: RMB3,115,009,000). Total equity of the Group as at 30 June 2025 was approximately RMB1,332,539,000 (as at 31 December 2024: approximately RMB1,474,829,000). As at 30 June 2025, the Group had interest-bearing bank and other borrowings repayable within 12 months from the date of the statement of financial position of approximately RMB957,969,000 (as at 31 December 2024: approximately RMB989,556,000) and long-term interest-bearing bank and other borrowings of approximately RMB84,785,000 (as at 31 December 2024: approximately RMB34,436,000). Together they represented a gross debt gearing ratio (i.e. total borrowings divided by total equity) amounted to approximately 78.3% (as at 31 December 2024: approximately 69.4%).

The Board believes that the Group's existing financial resources are relatively sufficient. In the event that additional financing is required, the Group may consider all possible financing options, including capital raising in the capital market as and when appropriate, with an objective to maintain the Group's gearing ratio at a healthy level.

The Group's cash and cash equivalents are mainly denominated in Renminbi, United States Dollars, Euros, Hong Kong Dollars and Ethiopian Birrs. Borrowings are 97% denominated in Renminbi, 2% in United States Dollars and 1% in Euros.

## **CAPITAL COMMITMENTS**

As at 30 June 2025, outstanding contractual capital commitments of the Group in respect of the purchase of right-of-use assets not provided for in the interim condensed consolidated financial statements amounted to approximately RMB8,240,000 (as at 31 December 2024: approximately RMB13,115,000). As at 30 June 2025, there was no capital commitment authorised but not contracted for (as at 31 December 2024: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2025, the Group did not have any material contingent liabilities (as at 31 December 2024: Nil).

## **CHARGE ON ASSETS**

As at 30 June 2025, the current interest-bearing bank loans with a carrying amount of RMB356,869,000 (31 December 2024: RMB380,000,000) were secured by certain property, plant and equipment and right-of-use assets with carrying amounts of approximately RMB129,920,000 (31 December 2024: RMB160,759,000) and approximately RMB31,711,000 (31 December 2024: RMB38,366,000), respectively.

As at 30 June 2025, the non-current interest-bearing bank borrowings with a carrying amount of RMB80,000,000 (31 December 2024: RMB30,000,000) were secured by certain property, plant and equipment and right-of-use assets with carrying amounts of approximately RMB12,298,000 (31 December 2024: nil) and approximately RMB20,809,000 (31 December 2024: RMB14,714,000).

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the Review Period.

## **SIGNIFICANT INVESTMENTS HELD**

The Group did not hold any significant investment during the Review Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group will build a new factory in Egypt with an annual output of 3,800 tonnes of linen yarn. The capital expenditure is estimated at RMB200 million and will be financed by internal resources and bank loans. Save as disclosed above and the various up-keeping and maintenance of existing factory projects, the Directors confirmed that as at the date of this announcement, there is no current plan to acquire any material investment or capital assets.

## **FOREIGN CURRENCY EXPOSURE**

The Group's transactions are mainly denominated in Renminbi, United States Dollars, Euros, Hong Kong Dollars and Ethiopian Birrs. The exchange rate fluctuations of such currencies are monitored regularly and managed appropriately. The Company may enter into certain foreign currency forward contracts and derivative financial instruments by utilising its credit line. There was no material derivative financial asset or liability recorded as at 30 June 2025.

## **REMUNERATION POLICY**

As at 30 June 2025, the Group had a total of 3,706 employees (30 June 2024: 3,736 employees). Total staff costs incurred for the Review Period amounted to approximately RMB110,318,000 (the Previous Period: RMB79,101,000).

The Group offers comprehensive and competitive remuneration, retirement scheme and benefit packages to its employees. The Group is required to make contributions to a social security scheme in China. Moreover, the Group and its employees in China are required to make contributions to fund pension insurance and unemployment insurance at rates specified in the relevant laws and regulations in China.

The remuneration policy for the employees of the Group is formulated by the Board with reference to the employee's respective qualification, experience, responsibilities and contributions to the Group, as well as the prevailing market rate of remuneration for a similar position. The remuneration of the Directors is determined by the Board and the remuneration committee of the Company with the mandate given by the shareholders of the Company (the "**Shareholders**") at the annual general meeting having regard to the Group's operating results, individual performance and comparable market statistics. The Group also provides both internal and external training programmes for its employees from time to time.

The Group has also adopted a share option scheme and a share award plan for the purpose of providing incentives and rewards to the Directors, including independent non-executive Directors, and other employees of the Group who have contributed to the success of the Group's operations. The Board will constantly review and determine at its absolute discretion such number of awarded shares of the Company (the "**Shares**") to be awarded to the selected persons under the share award plan with such vesting conditions as the Board may deem appropriate.

## **MISCELLANEOUS**

There have been no material events affecting the Group which have occurred since 31 December 2024, other than those disclosed in this announcement.

## **PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP**

The Group is principally engaged in the manufacturing of linen yarn and the sale of the products to over 20 countries. Overseas sales are invoiced in United States Dollars. Domestic sales in China are invoiced in Renminbi. Raw materials (fiber flax) are imported from Europe. The principal risks and uncertainties facing the Group include the demand for linen yarn, protectionism of certain countries and possible punitive tariffs imposed on products made in China, stable supplies of raw materials, military conflict in different regions causing disruption of shipment routes, heightened shipping costs, depreciation of United States Dollars against Renminbi, the implementation risks of the projects in Ethiopia and in Egypt, and outbreak of epidemic causing disruption of production.



## **OUTLOOK AND PLANS**

We remain optimistic about the long term prospect of the linen yarn market. The linen yarn price has bottomed out at the end of second quarter of 2025 as the linen consumer market in China is gaining momentum. The Group will continue to grow both domestic and overseas markets.

The Group's factory in Ethiopia is improving its operation efficiency and will contribute extra production capacity to the Group.

The Group will commence the construction of a new factory in Egypt in the second half of 2025. The Egypt factory will further diversify our production bases to meet with the needs of our customers.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including any sale of treasury shares (as defined under the Listing Rules)) during the Review Period. As at 30 June 2025, the Company did not have any treasury shares (as defined under the Listing Rules). For details on the shares held by the Trustee for the purpose of the Share Award Plan, please refer to the paragraph headed "Share Award Plan" in this announcement.

## **CORPORATE STRATEGY AND LONG-TERM BUSINESS MODEL**

The primary objective of the Group is to enhance long-term total return for Shareholders. The strategy of the Group is to deliver sustainable returns with solid financial fundamentals. To achieve this objective, the Company strives to be one of the largest linen yarn manufacturers in the world through implementation of strategic global production layout, its commitment to sustainable development and technical innovation, developing proprietary intellectual property rights, branding of products and pursuing advanced management for lean management and excellent performance to generate or preserve value over a longer term. The section headed "Management Discussion and Analysis" of this announcement contains discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

## INTERIM DIVIDEND

The Board has resolved not to recommend any interim dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Scheme**”) on 30 May 2016, for the purpose of providing rewards and incentives to any Director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group who have contributed to the success of the Group’s operations. No option has been granted under the Scheme since its adoption on 30 May 2016. As at 1 January 2025 and 30 June 2025, the number of options available for grant under the Share Option Scheme was 62,967,800, representing approximately 10% of the issued Shares as at 30 June 2025.

## SHARE AWARD PLAN

The Company has adopted a share award plan (the “**Share Award Plan**”) on 26 August 2016. The purpose of the Share Award Plan is to incentivise, recognize and reward eligible persons for their contribution to the Group, attract and retain personnel, and align the interests of award holders with that of the Shareholders to promote the long-term development and financial performance of the Company.

The Board may, from time to time and at its sole discretion, select any eligible person to participate in the Share Award Plan and determine the number of Shares to be awarded and the terms and conditions of the awards. Awards shall be satisfied by Shares acquired in the market at the prevailing market price and no new Shares will be allotted and issued under the Share Award Plan. The trustee of the Share Award Plan (the “**Trustee**”) shall hold the awarded Shares on trust for the award holders until the awarded Shares are vested in the relevant award holders according to the Share Award Plan rules. Upon vesting, the Trustee shall either transfer the vested awarded Shares at no cost to such award holders or sell the vested awarded Shares at the then prevailing market price by way of market order and remit the net proceeds to the award holders in accordance with the direction given by such award holders.

No amount is payable by a selected person upon the acceptance of an offer of or transfer of the awarded Shares from the Trustee to such selected person.

Any grant of awarded Shares to a selected person which would result in the aggregate of (i) the number of awarded Shares underlying all awards (whether vested or not); and (ii) the number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) under any share option scheme adopted by the Company from time to time (including the Scheme), granted to such selected person in the 12-month period up to and including the date of grant of such awarded Shares exceeding 1% of the Shares in issue as at the date of grant of such awarded Shares shall be subject to the approval of the Shareholders in a general meeting. In any financial year of the Company, the maximum number of Shares acquired by the Trustee under the Share Award Plan shall not exceed 5% of the Shares in issue as at the beginning of such financial year.

In January, April and September 2017, the Trustee purchased in aggregate 19,400,000 Shares at a total consideration of approximately RMB19,508,000 and on 25 May 2018, 19,370,000 Shares were granted to eligible persons under the Share Award Plan, of which a total of 1,010,000 awarded Shares were vested in 2019 and 5,159,250 awarded Shares were vested in 2020 and transferred to award holders. During the Review Period, no share award was granted, outstanding, lapsed or canceled under the Share Award Plan. As of 30 June 2025, all of the remaining 13,230,750 Shares (representing approximately 2.1% of the issued Shares as at 30 June 2025) held by the Trustee had not been granted to any eligible persons under the Share Award Plan and were available for future granting.

## **EVENTS AFTER THE REVIEW PERIOD**

The Group has no material events after the Review Period that is required to be disclosed subsequent to 30 June 2025 and up to the date of this announcement.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has devised its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions for the Review Period and up to the publication date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders. The Directors believe that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. In the opinion of the Directors, save for the deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code (the “**Code**”) contained in Appendix C1 to the Listing Rules as disclosed below, the Company has complied with the code provisions set out in Part 2 of the Code throughout the Review Period.

### **Code Provision C.2.1**

Under code provision C.2.1 of Part 2 of the Code, the roles of the chairman and chief executive officer of the Company should be separated and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive officer”. Mr. Ren Weiming, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. Given the nature and extent of the Group’s operations and Mr. Ren’s extensive experience in the industry, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Company to operate efficiently.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group and to provide advice and comments to the Board. The Audit Committee comprises three members who are all independent non-executive Directors, namely, Mr. Lau Ying Kit, Ms. Zhang Chan and Mr. Fan Lei. Mr. Lau Ying Kit, who has appropriate professional qualifications and experience in accounting matters as required under Rule 3.10(2) of the Listing Rules, is the chairman of the Audit Committee. The interim results of the Group for the Review Period have been reviewed with no disagreement by the Audit Committee.

## APPRECIATION

The chairman of the Company would like to take this opportunity to thank his fellow Directors for their invaluable advice and guidance, and to each and every one of the staff of the Group for their hard work and loyalty to the Group.

By order of the Board  
**Kingdom Holdings Limited**  
**Ren Weiming**  
*Chairman*

27 August 2025  
Hong Kong

*As at the date of this announcement, the executive Directors are Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen, Mr. Ren Zhong and Mr. Tang Tianheng; the non-executive Director is Mr. Ngan Martin; and the independent non-executive Directors are Mr. Lau Ying Kit, Ms. Zhang Chan and Mr. Fan Lei.*