KINGDOM HOLDINGS LIMITED
金達控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 528

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the "**Board**") of Kingdom Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2008 together with the comparative figures for the corresponding year as follows:

Consolidated income statement
for the year ended 31 December 2008

	Note	**2008** *RMB'000*	2007 *RMB'000*
Turnover	2	**448,231**	537,206
Cost of sales		**(393,916)**	(428,555)
Gross profit		**54,315**	108,651
Other operating income		**3,184**	1,584
Distribution costs		**(17,700)**	(15,945)
Administrative expenses		**(38,292)**	(29,571)
Other operating expenses		**(2,749)**	(1,901)
(Loss)/profit from operations		**(1,242)**	62,818
Finance income		**6,196**	2,331
Finance expenses		**(29,557)**	(17,421)
Net finance costs	4(a)	**(23,361)**	(15,090)
(Loss)/profit before income tax	4	**(24,603)**	47,728
Income tax	5	**1,776**	(2,696)

	Note	2008 RMB'000	2007 RMB'000
(Loss)/profit for the year			
- attributable to equity holders of the Company		**(22,827)**	45,032
Dividends payable to equity holders attributable to the year			
- Final dividend proposed after balance sheet date	6	**—**	15,563
		—	15,563
Basic and diluted (loss)/earnings per share (RMB)	7	**(0.04)**	0.07

Consolidated Balance Sheet
at 31 December 2008

	Note	**2008**	2007
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**409,502**	366,413
Investment properties		**10,272**	—
Lease prepayments		**37,368**	38,147
Deferred tax assets		**7,396**	1,507
		464,538	406,067
Current assets			
Inventories		**312,381**	272,747
Prepaid income tax		**3,489**	1,314
Trade and other receivables	8	**226,064**	248,046
Pledged deposits		**47,352**	66,678
Fixed deposits with banks		**10,350**	—
Cash and cash equivalents		**97,549**	158,256
		697,185	747,041
Current liabilities			
Bank loans		**386,590**	205,714
Trade and other payables	9	**110,224**	198,168
		496,814	403,882
Net current assets		**200,371**	343,159
Total assets less current liabilities		**664,909**	749,226
Non-current liabilities			
Bank loans		**30,000**	75,000
Net assets		**634,909**	674,226
Capital and reserves			
Share capital		**6,272**	6,272
Reserves		**628,637**	667,954
Total equity		**634,909**	674,226

Notes to the financial statements

1 **Significant accounting policies**

Kingdom Holdings Limited ("**the Company**") is a company incorporated in the Cayman Islands as an exempted company with limited liability on 21 July 2006 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 December 2006.

(a) **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"). IFRSs include International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Company and its subsidiaries (together referred to as "**the Group**"). These IFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) **Basis of preparation of the financial statements**

The consolidated financial statements as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2 **Turnover**

The principal activities of the Group are manufacturing and sale of linen yarns.

Turnover represents the sales value of goods sold to customers, net of value added tax and is after deduction of any sales discounts and returns.

3 **Segment reporting**

The Group's turnover and operating results are almost entirely generated from the manufacture and sale of linen yarns. Accordingly, no business segment analysis is provided. In presenting the information in respect of geographical segments, segment turnover is based on the geographical location of customers. The Group's assets and liabilities are almost entirely situated in the People's Republic of China (the "**PRC**") and accordingly, no analysis of segment assets, liabilities and capital expenditure is provided.

The analysis of the geographical location of the operations of the Group during the year is set out below:

	2008	2007
	RMB'000	*RMB'000*
Turnover		
PRC	**246,353**	241,892
Overseas		
- European Union	**145,156**	124,415
- Non-European Union	**56,722**	170,899
Total	**448,231**	537,206
Segment results		
PRC	**18,312**	35,342
Overseas		
- European Union	**17,249**	28,265
- Non-European Union	**2,813**	29,100
Total	**38,374**	92,707
Unallocated operating income and expenses	**(39,616)**	(29,889)
(Loss)/profit from operations	**(1,242)**	62,818
Net finance costs	**(23,361)**	(15,090)
Income tax	**1,776**	(2,696)
(Loss)/profit for the year	**(22,827)**	45,032

4 **(Loss)/profit before taxation:**

(Loss)/profit before tax is arrived at after charging/(crediting):

(a) **Net finance costs**

	2008	2007
	RMB'000	*RMB'000*
Interest income	**(3,525)**	(2,331)
Foreign exchange gain, net	**(2,671)**	—
Finance income	**(6,196)**	(2,331)
Interest on bank loans	**29,532**	13,478
Less: borrowing costs capitalised	**(2,100)**	(842)
Net interest expenses	**27,432**	12,636
Bank charges	**2,125**	2,616
Foreign exchange losses, net	**—**	2,169
Finance expenses	**29,557**	17,421
Net finance costs	**23,361**	15,090

The borrowing costs have been capitalised at the weighted average rate of 6.70% (2007: 7.20%) per annum for the year ended 31 December 2008.

(b) **Other items**

	2008	2007
	RMB'000	*RMB'000*
Cost of inventories	**393,916**	428,555
Depreciation	**37,978**	30,389
Amortisation of lease prepayments	**849**	753
Provision for inventories	**9,314**	718
Operating lease charges on premises	**1,293**	487
Allowance for doubtful debts, net of reversals	**2,550**	1,167
Auditors' remuneration-audit services	**2,186**	1,830

5 **Income tax**

Taxation in the consolidated income statement represents:

	2008	2007
	RMB'000	*RMB'000*
Current tax:		
Provision for Hong Kong Profits Tax	**—**	11
Provision for PRC income tax	**4,214**	8,960
Income tax refund	**—**	(4,806)
(Over)/under provision in respect of prior years	**(101)**	38
	4,113	4,203
Changes in deferred tax	**(5,889)**	(1,507)
	(1,776)	2,696

(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 February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 December 2008. No provision for Hong Kong Profits Tax has been made during the year ended 31 December 2008 as the subsidiaries did not earn any assessable income for Hong Kong Profits Tax purposes.

(iii) The Group's subsidiary in Italy did not earn any taxable income for Italian income tax purposes. Accordingly, no provision for Italy income tax has been made during the year ended 31 December 2008.

(iv) The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the income tax rules and regulations of the PRC ("**FEIT Law**"), certain subsidiaries located in the PRC ("**PRC subsidiaries**") including Zhejiang Jinyuan Flax Co., Ltd. ("**Zhejiang Jinyuan**"), Jiangsu Jinyuan Flax Co., Ltd. ("**Jiangsu Jinyuan**") and Jiangsu Ziwei Flax Co., Ltd. ("**Jiangsu Ziwei**") are entitled to a tax holiday of a tax-free period for two years from their first profit-making year of operations and thereafter, they are subject to PRC enterprise income tax at 50% of the applicable income tax rate for the following three years ("**Tax Holidays**").

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("**New Tax Law**"). According to the New Tax Law, the applicable tax rates of the Group's subsidiaries in the PRC are unified at 25% with effect from 1 January 2008 except Zhaosu Jindi Flax Co.,Ltd.("**Zhaosu Jindi**") which is engaged in preliminary processing of agriculture products and is exempted from PRC income tax. Pursuant to the transitional arrangement under the New Tax Law, Jiangsu Ziwei and Jiangsu Jinyuan will continue to enjoy the tax-exemption or 50% reduction on the applicable income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted under the FEIT law, and thereafter they are subject to the unified rate of 25%.

(v) The Group was not granted any tax refunds during the year ended 31 December 2008. Pursuant to the relevant PRC Tax Law and regulations, the Group was granted a tax refund of RMB 1,562,000 for re-investment of profits earned and a tax refund of RMB 3,244,000 for purchase of equipment produced in the PRC during the year ended 31 December 2007.

6 Dividends

Dividends payable to equity holders of the Company attributable to the year

	2008	2007
	RMB'000	*RMB'000*
Final dividend proposed after balance sheet date of RMB Nil per share (2007: RMB0.025)	—	15,563
	—	15,563

The final dividend proposed after the balance sheet date of 31 December 2007 has not been recognised as a liability at 31 December 2007. The calculation of final dividend per share of 2007 is based on 622,500,000 ordinary shares in issue as at 31 December 2007.

7 Basic and diluted (loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on the loss attributable to the shareholders of ordinary shares of RMB 22,827,000 (2007: a profit of RMB 45,032,000) and the weighted average of 622,500,000 (2007: 622,500,000) ordinary shares in issue during the year.

No dilutive potential ordinary shares were in issue as at 31 December 2008 (2007: Nil).

8 **Trade and other receivables**

Included in trade and other receivables as at 31 December 2008 was an amount of RMB193,003,000 (2007: RMB215,574,000) relating to trade and bills receivable (net of allowance for doubtful debts). An ageing analysis of trade and bills receivable (net of allowance for doubtful debts) is as follows:

	2008	2007
	RMB'000	*RMB'000*
Current	**165,933**	188,004
Less than 1 month past due	**12,564**	12,235
More than 1 month but less than 3 months past due	**4,640**	10,543
More than 3 months but less than 12 months past due	**5,738**	4,792
More than 12 months past due	**4,128**	—
Total amount past due	**27,070**	27,570
	193,003	215,574

Customers are normally granted credit terms of 30 to 180 days, depending on the credit worthiness of individual customers.

9 **Trade and other payables**

Included in trade and other payables as at 31 December 2008 was an amount of RMB85,487,000 (2007: RMB159,477,000) relating to trade and bills payable.

An ageing analysis of trade and bills payable is as follows:

	2008	2007
	RMB'000	*RMB'000*
Due within 1 month or on demand	**31,382**	97,300
Due after 1 month but within 3 months	**45,732**	23,924
Due after 3 months but within 6 months	**7,740**	33,269
Due after 6 months but within 12 months	**633**	4,984
	85,487	159,477

BUSINESS OVERVIEW

Overall performance

In view of the pressure on exports resulting from recession in the global economy, the Group focused on developing new international markets and strengthening marketing efforts in the PRC domestic market. In China, the sales network expanded in order to alleviate the impact on the Group from lower exports. During the year under review, the total sales volume of linen yarns by the Group was 7,961 tonnes.

As greater efforts were made in marketing linen yarns in the PRC domestic markets, the Group recorded higher domestic sales than overseas sales in the second half of 2008. The domestic sales for 2008 was RMB246,353,000, up by 2% compared to 2007, and accounted for 55% of the total sales in 2008 (2007: 45%). As for overseas markets, sales for 2008 were RMB201,878,000 (2007: RMB295,314,000). The Group accounted for 31% of China's total export of linen yarns, reinforcing its position as the leading exporter of linen yarns in China.

During the year under review, the Group rigorously monitored the impact of increased prices of raw materials on production costs. The Group also concentrated on improving its operational efficiency by controlling investments in non-productive projects and lowering costs through technological innovations.

Developing overseas markets in preparation for market recovery

During the year under review, the Group took steps to maintain overseas market share in preparation for market recovery in the future. In European markets, the Group saw the first full year of operation of its Italian sales subsidiary with local sales volume for 2008 at 409 tonnes. The Group succeeded in establishing new agency arrangements in Turkey in 2008 and raised the number of orders by clients. The European Union will continue to be an important overseas market for the Group.

As for non-European markets, the Group achieved satisfactory expansion in 2008. The Group recorded an increase of 146% over the previous year in sales volume across the Japanese market, and established solid foundations by identifying new customers in emerging markets, such as Brazil. The Group will continue to further improve its overseas sales network.

Achievements in research and development and awards

During the year under review, the aims of the Group's research and development team were to improve product quality and reduce production costs, develop patterned yarns, such as coloured linen spun yarns, slubby yarns and high strength yarns. Two new patents were granted by the State Patent Office in 2008. In addition, the Group expects to complete the development of new thin yarn machines, further improving product quality, and enhancing the competitiveness of its products.

The Group was pleased to win various industry awards during 2008, including being selected among the top 10 competitive players in the Chinese linen yarn industry. Also, the brand name of '紫薇 CRAPE MYRTLE' owned by the Group, was awarded the famous brand name of Jiaqing City in 2008, further consolidating its leading reputation in the Chinese textile industry.

Completion of new production facility

The Group constructed a new production factory for differential linen yarn located in Jiangsu, which formally commenced full operation in October 2008. During the year under review, the total capacity was approximately 712 tonnes. The factory's estimated total annual capacity is approximately 4,000 tonnes. The new production base will improve the Group's ability to produce a diversified range of products and achieve economies of scale, thereby improving the competitiveness of the Group.

Production of raw materials commenced

The Group completed its first phase of raw material production located in Zhaosu County, Xinjiang which formally commenced operations in October 2008. The scutching factory's estimated annual capacity is approximately 3,000 tonnes. The raw material site in Xinjiang is the first rain and dew flax factory in China with capacity to produce organic linen yarn fibers. As the demand for rain and dew flax in PRC further expands, we believe these high quality linen yarn raw materials will secure a significant share in global markets in the future. Costs of raw materials produced by the Group are lower than those of imported raw materials. This advantage will help to stabilize and reduce production costs of the Group. In addition, a by-product made in the course of production of raw materials can be sold to third parties, further expanding sources of revenue for the Group.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2008, the Group's turnover amounted to approximately RMB448,231,000 (2007: RMB537,206,000). The Group relies on its high-quality brands, flexible market tactics and dominating market position to reduce the impact from the slow-down in market demand as a result of the depressed global economy and maintain sales at a stable level.

The following table summarizes the turnover arising from sales outlets during the relevant period:

Selling area:

	Turnover	
	2008	**2007**
PRC	246,353,000	241,892,000
European Union	145,156,000	124,415,000
Non-European Union	56,722,000	170,899,000
Totals	448,231,000	537,206,000

Gross profit and gross profit margin

During the year under review, because the global economic environment became depressed, the market demand for linen yarns was lower. Also, prices of imported raw materials increased, mounting pressure on the Group's exports. In 2008, the Group actively increased the proportion of PRC domestic sales in relation to total sales. Meanwhile, a portion of the production base for raw materials formally began operations since the second half of 2008 and cost control measures were rigorously implemented. These factors led to gross profit falling to RMB54,315,000 (2007: RMB108,651,000). The gross profit margin in 2008 was approximately 12.1% (2007: 20.2%).

Expenses

The Group's selling and distribution expenses in 2008 amounted to approximately RMB17,700,000 (2007: RMB15,945,000), and accounted for approximately 3.9% of the total turnover for 2008 (2007: 3.0%).

The Group's administrative expenses in 2008 amounted to approximately RMB38,292,000 (2007: RMB29,571,000), and accounted for approximately 8.5% of the total turnover for 2008 (2007: 5.5%). Administrative expenses increased, mainly because of provision for bad debt amounting to RMB2,550,000, and administrative expenses attributable to the subsidiaries starting operation in 2008, including Kingdom Europe S.R.L., Zhaosu Jindi Flax Co., Ltd. and Jiangsu Ziwei Flax Co., Ltd.

Net finance costs in 2008 were approximately RMB23,361,000 (2007: RMB15,090,000). There was an increase in financing cost, mainly because of increases in bank loans and higher interest rates.

Loss/profit attributable to equity holders of the Company

The Group's loss attributable to equity holders of the Company in 2008 amounted to approximately RMB22,827,000 (2007: a profit attributable to equity holders of the Company of RMB45,032,000). The Group's net loss margin in 2008 was approximately 5.1% (2007: net profit margin of 8.4%). Net profit margin in 2008 decreased compared to that of the previous year, due to a decrease in gross profit margin and an increase in administrative expenses and borrowing costs.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group had net current assets of approximately RMB200,371,000 (31 December 2007: RMB343,159,000). The Group finances its operations with internally generated resources and bank borrowings. As at 31 December 2008, the Group had cash and bank deposits of approximately RMB107,899,000 (31 December 2007: RMB158,256,000). The current ratio of the Group as at 31 December 2008 was approximately 140.3% (31 December 2007: 185.0%).

Shareholders' fund of the Group as at 31 December 2008 was approximately RMB634,909,000 (31 December 2007: RMB674,226,000). As at 31 December 2008, the bank borrowings of the Group, repayable within 12 months from the balance sheet date, amounted to approximately RMB386,590,000 (31 December 2007: RMB205,714,000), while long-term borrowings amounted to approximately RMB30,000,000 (31 December 2007: RMB75,000,000), together giving a gross debt gearing (i.e. total borrowings/shareholders' funds) of approximately 65.6% (31 December 2007: 41.6%).

As at 31 December 2008, the Group had unutilized revolving banking facilities of RMB229,998,000.

The financial strength of the Group has been greatly improved since its listing on the Stock Exchange. The Board believes that after taking into account the capital expenditure planned to be made within 2009, the Group's existing financial resources will be sufficient for the Group's future requirements.

CAPITAL COMMITMENTS

Capital commitments in respect of purchases of property, plant and equipment outstanding as at 31 December 2008 but not provided for in the consolidated financial statements were RMB5,294,000.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group had no contingent liabilities.

CHARGES ON GROUP ASSETS

As at 31 December 2008, the Group's bank deposits of RMB47,352,000 are pledged to banks as security for the Group's bank loans and other banking facilities. The pledge over bank deposits is releasable upon the termination of relevant banking and borrowing facilities. In addition, certain property, plant and equipment and certain land use rights with an aggregate carrying amount of RMB139,250,000 and RMB32,208,000, respectively, were pledged as security for the Group's banking facilities and bank loans.

MATERIAL ACQUISITIONS OR DISPOSALS

There was no material acquisition or disposal of the Group's subsidiaries and associated companies during the year ended 31 December 2008.

EMPLOYEES AND EMOLUMENTS POLICIES

As at 31 December 2008, the Group had a total of 2,484 employees (2007: 2,564 employees). Total staff costs incurred for the year ended 31 December 2008 amounted to RMB61,242,000 (2007: RMB60,881,000). 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 insurance scheme in the PRC. Moreover, the Group and its employees in the PRC are each required to make contributions to fund the endowment insurance and unemployment insurance at rates specified in the relevant PRC laws and regulations.

The remuneration policy for employees of the Group is formulated by the Board with reference to the employee's respective qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for a similar position. The remuneration of the directors of the Company (the "Directors") are decided by the Board and the Remuneration Committee, who are authorized by the shareholders in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

From time to time, the Group provides training courses both internally and externally for its employees.

FUTURE PLANS AND PROSPECTS

The depressed global economy will continue to pose challenges for the Group in 2009. At the beginning of 2009, the Chinese Government announced new measures to provide stimulus in revitalizing the textile industry, including initiatives such as a series of increments in percentage of tax rebate for export and preferential credit arrangements aimed at alleviating the operating pressures on the textile industry.

It is expected that prices of raw materials will be lower, enabling the Group to reduce production costs. The Group will seek to capitalize on the above-mentioned opportunities and continue to focus on the PRC domestic markets as the main opportunity for the time being in order to generate profit. In the long term, consumer demand will return to global linen yarn markets where the Group will continue to develop its overseas market share. The focus of attention for the Group in 2009 will therefore continue to be to utilize its production facilities efficiently, manage inventories of stock and raw material supply to reduce working capital requirements and take steps to consolidate its leading market position. The Group will also continue to implement stringent measures to control costs, stay well positioned to meet opportunities in its markets and therefore face the challenges of the future with confidence.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

The Company has not redeemed any of its listed shares during the year ended 31 December 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the year ended 31 December 2008.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2008.

DIVIDENDS

The Company did not record a profit in 2008. The Board does not recommend the payment of a final dividend for the year ended 31 December 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 May 2009 to 26 May 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 18 May 2009.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31 December 2008 containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") will be despatched to shareholders and made available on the website of the Stock Exchange at *www.hkex.com.hk* and the website of the Company at www.kingdom-china.com in due course.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in the preliminary announcement have been agreed by the Group's auditors, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by KPMG on the preliminary announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES 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 organization which is open and accountable to the Company's 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 as disclosed below, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules for the year ended 31 December 2008.

Code Provision A.2.1

Under code provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separate 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 Wei Ming, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Company. 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with all Directors, all the Directors confirm that they have complied with the provisions of the Model Code and the Company's code of conduct regarding Directors' securities transactions for the year ended 31 December 2008 and up to the date of the Company's announcement of annual results for the year.

AUDIT COMMITTEE

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 and internal control system of the Group and to provide advice and comments to the Board. The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Lau Ying Kit, Mr. Yang Donghui and Mr. Yu Chongwen. Mr. Lau Ying Kit, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

The annual results of the Group for the year ended 31 December 2008 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company to establish policies, review and determine the remuneration of the Directors and the senior management of the Company. The Remuneration Committee comprises two independent non-executive Directors and an executive Director. Zhang Hong Wen is the chairman of the Remuneration Committee.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on 26 May 2009 and notice of the annual general meeting will be published and despatched in the manner as required by the Listing Rules.

By Order of the Board
Kingdom Holdings Limited
Ren Wei Ming
Chairman

Hong Kong, 17 April 2009

As at the date of this announcement, the executive directors of the Company are Mr. Ren Wei Ming, Mr. Shen Yueming, and Mr. Zhang Hong Wen; the non-executive directors of the Company are Mr. Ngan Kam Wai Albert and Mr. John Michael May; and the independent non-executive directors of the Company are Mr. Yang Donghui, Mr. Yu Chongwen and Mr. Lau Ying Kit.