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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025 AND RE-DESIGNATION OF DIRECTOR

FINANCIAL HIGHLIGHTS

- Revenue of the Group increased by approximately 4.1% to approximately RMB2,677,106,000 for the year ended 31 December 2025 from approximately RMB2,571,606,000 for the year ended 31 December 2024 due to net effect of higher quantity but lower average selling price during the Year.
- Gross profit margin for the year ended 31 December 2025 improved by 4.0 percentage points to approximately 10.0%. The improvement was mainly attributable to gradual recovery of linen yarn prices in the second half of 2025 after significant market adjustments in raw material and linen yarn prices from the end of 2024 to the second quarter of 2025.
- Profit for the Year of approximately RMB61,181,000 as compared to a loss of approximately RMB43,338,000 for the year ended 31 December 2024.
- Profit attributable to owners of the parent of approximately RMB62,370,000 as compared to a loss attributable to owners of the parent approximately RMB45,380,000 for the year ended 31 December 2024.
- Earnings per share for the year ended 31 December 2025 at approximately RMB0.10 (2024: loss per share of approximately RMB0.07).
- The Board proposed a payment of final dividend of HK\$0.06 per ordinary share for the year ended 31 December 2025 (2024: HK\$0.05).

The board (the “**Board**”) of directors (the “**Directors**”) of Kingdom Holdings Limited (the “**Company**” or “**Kingdom**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 together with the comparative figures for the corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB’000	2024 <i>RMB’000</i>
REVENUE	5	2,677,106	2,571,606
Cost of sales		<u>(2,409,284)</u>	<u>(2,418,332)</u>
Gross profit		267,822	153,274
Other income and gains	5	8,132	11,384
Selling and distribution expenses		(35,165)	(34,476)
Administrative expenses		(99,791)	(115,207)
Reversal of impairment losses on financial assets		303	2,837
Other expenses		(15,599)	(19,671)
Finance costs	6	(39,758)	(41,077)
Share of losses of associates		<u>(147)</u>	<u>(918)</u>
PROFIT/(LOSS) BEFORE TAX	7	85,797	(43,854)
Income tax (expense)/credit	8	<u>(24,616)</u>	<u>516</u>
PROFIT/(LOSS) FOR THE YEAR		<u>61,181</u>	<u>(43,338)</u>
Attributable to:			
Owners of the parent		62,370	(45,380)
Non-controlling interests		<u>(1,189)</u>	<u>2,042</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	10	<u>RMB0.10</u>	<u>RMB(0.07)</u>
Diluted	10	<u>RMB0.10</u>	<u>RMB(0.07)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>61,181</u>	<u>(43,338)</u>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(9,620)</u>	<u>(17,284)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>51,561</u>	<u>(60,622)</u>
Attributable to:		
Owners of the parent	52,750	(62,664)
Non-controlling interests	<u>(1,189)</u>	<u>2,042</u>
	<u>51,561</u>	<u>(60,622)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		854,052	914,341
Right-of-use assets	<i>11</i>	60,227	61,818
Other intangible assets		16,640	4,164
Investments in associates	<i>12</i>	28,277	29,623
Prepayments for equipment		7,459	1,143
Deferred tax assets		6,133	22,182
Other non-current assets		–	8,132
Total non-current assets		<u>972,788</u>	<u>1,041,403</u>
CURRENT ASSETS			
Inventories	<i>13</i>	992,668	1,195,126
Trade and notes receivables	<i>14</i>	442,232	536,765
Prepayments, deposits and other receivables		86,829	64,065
Pledged deposits		51,545	46,779
Cash and cash equivalents		562,793	230,871
Total current assets		<u>2,136,067</u>	<u>2,073,606</u>
CURRENT LIABILITIES			
Trade and notes payables	<i>15</i>	669,771	454,696
Other payables and accruals		150,658	140,342
Interest-bearing bank and other borrowings	<i>16</i>	717,400	989,556
Dividends payable		657	607
Tax payable		4,086	10,918
Other current liability		1,791	–
Total current liabilities		<u>1,544,363</u>	<u>1,596,119</u>
NET CURRENT ASSETS		<u>591,704</u>	<u>477,487</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,564,492</u>	<u>1,518,890</u>

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		17,892	9,625
Interest-bearing bank and other borrowings	16	54,166	34,436
Other non-current liability		2,645	–
		<u>74,703</u>	<u>44,061</u>
Total non-current liabilities		<u>74,703</u>	<u>44,061</u>
Net assets		<u><u>1,489,789</u></u>	<u><u>1,474,829</u></u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		6,329	6,329
Treasury shares	17	(13,305)	(13,305)
Reserves		1,435,311	1,408,556
		<u>1,428,335</u>	<u>1,401,580</u>
Non-controlling interests		<u>61,454</u>	<u>73,249</u>
Total equity		<u><u>1,489,789</u></u>	<u><u>1,474,829</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

KINGDOM HOLDINGS LIMITED 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 yarn.

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 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong up to 9 January 2025, and changed to Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong effective from 10 January 2025.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of company	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kingdom (BVI) Limited	British Virgin Islands	HK\$0.01/HK\$500	100%	–	Investment holding
Kingdom Group Holdings Limited ("Hong Kong Kingdom")	Hong Kong	HK\$1,250,000	–	100%	Investment holding and trading
Zhejiang Jinyuan Flax Co., Ltd.	PRC/Chinese mainland	US\$70,000,000	–	100%	Manufacture and sale of linen yarn
Jiangsu Jinyuan Flax Co., Ltd.	PRC/Chinese mainland	US\$18,500,000	–	100%	Manufacture and sale of linen yarn
Zhejiang Kingdom Linen Co., Ltd.	PRC/Chinese mainland	RMB100,000,000	–	100%	Manufacture and sale of linen yarn

Name of company	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kingdom Europe S.R.L.	Italy	EUR30,000	–	100%	Trading
Kingdom (Ethiopia) Linen PLC	Ethiopia	ETB1,859,676,000	–	100%	Manufacture and sale of linen yarn
Heilongjiang Kingdom Enterprise Co., Ltd.	PRC/Chinese mainland	RMB300,000,000	–	82.00%	Manufacture and sale of linen yarn
Kingdom Textile (Shanghai) Ltd.	PRC/Chinese mainland	RMB15,000,000	–	80%	Trading
Zhejiang Kingdom REEL Textile Co., Ltd.	PRC/Chinese mainland	RMB20,000,000	–	100%	Trading
Heilongjiang Kingdom Hemp Co., Ltd.	PRC/Chinese mainland	RMB65,000,000	–	86.14%	Sale of industrial hemp
Heilongjiang Kangyuan Seeds Industry Co., Ltd.	PRC/Chinese mainland	RMB10,000,000	–	65.60%	R&D and sale of hemp seeds
Renho Holding PTE. Ltd.	Singapore	SGD10,000	–	100%	Investment holding
Renho Group PTE. Ltd.	Singapore	SGD10,000	–	100%	Investment holding
Kingdom Linen	Egypt	US\$10,000,000	1%	99%	Manufacture and sale of linen yarn
Kingdom Textile (Zhejiang) Ltd.	PRC/Chinese mainland	RMB20,000,000	–	80%	Trading

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and notes receivable which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which have significant effect on the amounts recognised in the financial statements:

Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment of non-current assets

The Group assesses whether there are any indicators of impairment for all non-current assets at the end of each reporting period. Non-current assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group identifies that there is only one cash-generating unit comprising of all property, plant and equipment, right-of-use assets and other intangible assets as the operation of the Group is managed on a centralised basis with production allocated across all factories based on their available capacity. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of the non-current assets of the Group has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by management. The assumption that has the most significant impact on the determination of the recoverable amount of the Group's assets is the discount rate and growth rate. The pre-tax discount rate applied to the cash flow projections as at 31 December 2025 was 19.85%. The growth rate is estimated based on historical growth rate and future economic environment. The carrying amount of non-current assets under impairment testing is RMB906 million (2024: RMB980 million).

(b) Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the age and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. The carrying amount of inventories at 31 December 2025 was RMB992,668,000 (2024: RMB1,195,126,000). Further details are contained in note 13 to the financial statements.

(c) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 14 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

An analysis of the Group's geographical information on revenue attributed to the regions on the basis of customer locations for the year ended 31 December 2025 is set out in the following table:

	Revenue from external customers	
	2025 RMB'000	2024 RMB'000
Chinese mainland	1,265,202	1,079,472
European Union	533,695	516,543
Other countries/regions	878,209	975,591
Total revenue	<u>2,677,106</u>	<u>2,571,606</u>

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
	Chinese mainland	630,263
Ethiopia	311,079	338,749
Egypt	25,313	–
Total non-current assets	<u>966,655</u>	<u>1,016,221</u>

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

Information about a major customer

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer for the year ended 31 December 2025 (2024: RMB324,706,000 from a single customer).

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers, which is also the Group's turnover, represents the sales value of linen yarn, hemp yarn and scraps and other products, net of sales tax and deduction of any sales discounts and returns. The performance obligation is satisfied upon delivery of linen yarn, hemp yarn and scraps and other products and payment is generally due within 30 to 150 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of revenue from contracts with customers is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Type of goods or services</u>		
Sale of linen yarn, hemp yarn and scraps	2,414,387	2,344,251
Sale of other products	223,319	191,453
Other services	39,400	35,902
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>2,677,106</u>	<u>2,571,606</u>
<u>Timing of revenue recognition</u>		
Goods transferred at a point in time	2,637,706	2,535,704
Services provided over time	39,400	35,902
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>2,677,106</u>	<u>2,571,606</u>

Revenue recognised that was included in contract liabilities at the beginning of the reporting period was RMB38,143,000 (2024: RMB51,662,000).

The information about the remaining performance obligations for contracts with original expected duration of one year or less is not disclosed as a practical expedient under IFRS 15.

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Other income and gains</u>		
Government grants*	3,920	6,853
Bank interest income	1,880	2,672
Others	2,332	1,859
	<hr/>	<hr/>
Total other income and gains	8,132	11,384
	<hr/> <hr/>	<hr/> <hr/>

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

6. FINANCE COSTS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	39,501	40,811
Interest on lease liabilities	257	266
	<hr/>	<hr/>
Total	39,758	41,077
	<hr/> <hr/>	<hr/> <hr/>

7. PROFIT/(LOSS) BEFORE TAX

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

	<i>Notes</i>	2025	2024
		RMB'000	RMB'000
Cost of inventories sold**		2,369,884	2,382,430
Cost of other service		39,400	35,902
Depreciation of property, plant and equipment		93,968	100,523
Depreciation of right-of-use assets	<i>11(a)</i>	3,294	3,746
Amortisation of other intangible assets		838	1,152
Research and development (“R&D”) expenses		7,997	21,419
Lease payment not included in the measurement of lease liabilities	<i>11(c)</i>	–	476
Auditors' remuneration		2,300	2,250
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		193,194	212,656
Pension scheme contributions*		41,698	37,446
Total		234,892	250,102
Foreign exchange differences, net		13,302	12,528
Loss on disposal of items of property, plant and equipment		302	4,934
(Reversal of provision)/provision for impairment of inventories		(189,938)	175,133
Reversal of impairment of trade receivables	<i>14</i>	(303)	(2,837)
Bank interest income		(1,880)	(2,672)

* There is no forfeited contribution for the Group to offset future contribution.

** Cost of inventories sold includes expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff remuneration, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. INCOME TAX

Major components of the Group's income tax expense/(credit) for the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current – Chinese mainland		
– Charge for the year	107	43,954
– Overprovision in respect of prior years	(2,195)	(1,324)
Current – Hong Kong		
– Charge for the year	19	–
Current – Italy		
– Charge for the year	1,749	–
– Underprovision in respect of prior years	620	–
Deferred	24,316	(43,146)
Total tax expense/(credit) for the year	<u>24,616</u>	<u>(516)</u>

- (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 Chinese mainland has been based on a statutory rate of 25% of the assessable profits of these companies for the year, except for Zhejiang Kingdom Linen Co., Ltd. (“**Zhejiang Kingdom**”), an indirectly wholly-owned subsidiary of the Group. Zhejiang Kingdom obtained the High-new Technology Certificate for the years from 2022 to 2025 and is entitled to a tax rate of 15%.
- (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. 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 9 years since 2020.
- (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%.

A reconciliation of the tax expense applicable to profit/loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense/(credit) at the effective tax rate is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before tax	<u>85,797</u>	<u>(43,854)</u>
Tax at an applicable tax rate of 25%	21,449	(10,964)
Effect of different/beneficial tax rates	2,880	4,795
Overprovision in respect of prior periods	(1,575)	(1,324)
Income not subject to tax	(3,300)	(117)
Tax losses utilised from prior periods	(5,098)	(3,096)
Expenses not deductible for tax	4,018	1,928
Tax credit arising from additional deduction of R&D expenditures of subsidiaries in Chinese mainland	(1,385)	(2,590)
Tax effect of withholding tax liability	439	(1,288)
Losses attributable to associates	37	230
Tax effect of deductible temporary differences and tax losses not recognised	<u>7,151</u>	<u>11,910</u>
Total tax expense/(credit) for the year	<u>24,616</u>	<u>(516)</u>

9. DIVIDEND

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final – HK6.0 cents (2024: HK5.0 cents) per ordinary share	<u>34,124</u>	<u>29,155</u>

At the meeting of the board of directors of the Company held on 25 March 2026, the payment of a final dividend of HK6.0 cents per ordinary share totalling approximately RMB34,124,000 was recommended for the year ended 31 December 2025, which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 616,447,000 (2024: 616,447,000) outstanding during the year, as adjusted to reflect the treasury shares held during the year.

The calculation of basic earnings/loss per share amounts is based on:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/loss per share calculation	<u>62,370</u>	<u>(45,380)</u>
	Number of shares	
	2025	2024
	'000	'000
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	<u>616,447</u>	<u>616,447</u>

11. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and buildings, motor vehicles and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and buildings generally have lease terms between 2 and 12 years, while motor vehicles generally have lease terms of 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	58,758	6,132	488	65,378
Additions	–	489	–	489
Depreciation charge	(1,517)	(1,741)	(488)	(3,746)
Exchange realignment	–	(303)	–	(303)
	<u>–</u>	<u>(303)</u>	<u>–</u>	<u>(303)</u>
As at 31 December 2024 and 1 January 2025	57,241	4,577	–	61,818
Additions	–	1,250	–	1,250
Depreciation charge	(1,800)	(1,494)	–	(3,294)
Exchange realignment	–	453	–	453
	<u>–</u>	<u>453</u>	<u>–</u>	<u>453</u>
As at 31 December 2025	<u><u>55,441</u></u>	<u><u>4,786</u></u>	<u><u>–</u></u>	<u><u>60,227</u></u>

As at 31 December 2025, the Group's right-of-use assets with a net carrying amount of approximately RMB52,159,000 (2024: RMB53,080,000) were pledged to secure bank loans granted to the Group as set out in note 16 to the financial statements.

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	5,299	7,046
New leases	1,250	489
Accretion of interest recognised during the year	257	266
Payments	(1,978)	(2,199)
Exchange realignment	545	(303)
	<u>5,373</u>	<u>5,299</u>
Carrying amount at 31 December	<u>5,373</u>	<u>5,299</u>
Analysed into:		
Current portion	1,207	863
Non-current portion	<u>4,166</u>	<u>4,436</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	257	266
Depreciation charge of right-of-use assets	3,294	3,746
Expense relating to short-term leases (included in administrative expenses)	–	476
	<u>3,551</u>	<u>4,488</u>
Total amount recognised in profit or loss	<u>3,551</u>	<u>4,488</u>

12. INVESTMENTS IN ASSOCIATES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>28,277</u>	<u>29,623</u>

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associates' loss for the year	(147)	(918)
Share of the associates' total comprehensive loss	(147)	(918)
Aggregate carrying amount of the Group's investments in the associates	<u>28,277</u>	<u>29,623</u>

The Group's shareholdings in the associates all comprise equity shares held by the subsidiaries of the Company.

13. INVENTORIES

	31 December	31 December
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	664,891	502,095
Work in progress	88,588	97,473
Finished goods	<u>239,189</u>	<u>595,558</u>
Total	<u>992,668</u>	<u>1,195,126</u>

14. TRADE AND NOTES RECEIVABLES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade receivables	423,627	500,657
Notes receivable		
At amortised cost	16,213	19,996
At fair value through other comprehensive income	2,746	18,055
Impairment	<u>(354)</u>	<u>(1,943)</u>
Net carrying amount	<u><u>442,232</u></u>	<u><u>536,765</u></u>

Customers are normally granted credit terms ranging from 30 days to 150 days depending on the creditworthiness of the individual customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's associates of RMB4,952,000 (2024: RMB13,715,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

The Group's notes receivable all aged within six months and were neither past due nor impaired. The expected credit losses for notes receivable are assessed to be minimal.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	422,891	495,730
1 to 2 years	382	2,984
2 to 3 years	–	–
Over 3 years	–	–
	<hr/>	<hr/>
Total	<u>423,273</u>	<u>498,714</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
At beginning of year	1,943	4,791
Impairment losses, net (<i>note 7</i>)	(303)	(2,837)
Amount written off as uncollectible	(1,286)	(11)
	<hr/>	<hr/>
At end of year	<u>354</u>	<u>1,943</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for trade receivables. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if ageing is more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	0.02%	1.87%	100.00%	100.00%	0.08%
Gross carrying amount (RMB'000)	422,988	391	114	134	423,627
Expected credit losses (RMB'000)	<u>99</u>	<u>7</u>	<u>114</u>	<u>134</u>	<u>354</u>

As at 31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	over 3 years	Total
Expected credit loss rate	0.33%	1.97%	100.00%	100.00%	0.39%
Gross carrying amount (RMB'000)	497,369	3,044	75	169	500,657
Expected credit losses (RMB'000)	<u>1,639</u>	<u>60</u>	<u>75</u>	<u>169</u>	<u>1,943</u>

Notes receivable that are not derecognised in their entirety

As at 31 December 2025, the Group endorsed certain notes receivable accepted by banks in the Chinese mainland (the “**Endorsed Notes**”) with a carrying amount of RMB3,015,000 (2024: RMB15,797,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to these Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Notes to which the suppliers have recourse was RMB3,015,000 as at 31 December 2025 (2024: RMB15,797,000).

Notes receivable that are derecognised in their entirety

As at 31 December 2025, the Group endorsed certain notes receivable accepted by banks in the Chinese mainland (the “**Derecognised Notes**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB13,788,000 (2024: RMB13,654,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Notes, including the Group in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively. The endorsement has been made evenly throughout the year.

15. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at 31 December 2025, based on the invoice date, is as follows:

	31 December 2025 RMB’000	31 December 2024 RMB’000
Within 1 month	642,854	147,390
1 to 3 months	15,513	287,056
Over 3 months	11,404	20,250
Total	<u>669,771</u>	<u>454,696</u>

The above balances are unsecured and non-interest-bearing with credit terms of 90 days. The carrying amount of trade and notes payables at the end of each reporting period approximates to their fair value due to their short-term maturity.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
Current						
Secured bank loans	2.60-3.80	2026	332,328	3.10-4.35	2025	380,000
Unsecured bank loans	3.00-4.00	2026	383,865	1.05-5.00	2025	558,693
Other loans – unsecured	–	–	–	4.91	On demand	50,000
Lease liabilities (<i>note 11</i>)	4.20	2026	1,207	4.20	2025	863
Subtotal – current			<u>717,400</u>			<u>989,556</u>
Non-current						
Secured bank loan	–	–	–	4.35	2026	30,000
Other loans – unsecured	4.00	2029	50,000	–	–	–
Lease liabilities (<i>note 11</i>)	4.20	2027-2031	4,166	4.20	2026-2031	4,436
Subtotal – non-current			<u>54,166</u>			<u>34,436</u>
Total			<u><u>771,566</u></u>			<u><u>1,023,992</u></u>

	31 December 2025 RMB'000	31 December 2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	716,194	938,693
In the second year, inclusive	<u> –</u>	<u> 30,000</u>
Subtotal	<u>716,194</u>	<u>968,693</u>
Other borrowings repayable:		
On demand	–	50,000
Within one year	1,207	863
In the second year	829	553
In the third to fifth years, inclusive	52,564	1,663
Over five years	<u> 772</u>	<u> 2,220</u>
Subtotal	<u>55,372</u>	<u>55,299</u>
Total	<u>771,566</u>	<u>1,023,992</u>

Note:

As at 31 December 2025, the current interest-bearing bank borrowings with a carrying amount of RMB332,328,000 (2024: RMB380,000,000) were secured by certain property, plant and equipment and right-of-use assets with carrying amounts of RMB149,526,000 (2024: RMB160,759,000) and RMB37,822,000 (2024: RMB38,366,000).

As at 31 December 2025, the non-current interest-bearing bank borrowings with a carrying amount of nil (2024: RMB30,000,000) were secured by certain right-of-use assets with carrying amount of RMB14,337,000 (2024: RMB14,714,000).

As at 31 December 2025, the current interest-bearing bank borrowings with a carrying amount of RMB20,000,000 (2024: RMB16,169,000) were guaranteed by the directors of the Company.

The carrying amount of the current interest-bearing bank and other loans of the Group approximates to their fair value due to their short-term maturity.

The fair values of the non-current interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group’s own non-performance risk for interest-bearing bank and other loans as at 31 December 2025 was assessed to be insignificant. Management has assessed that the carrying amount of the non-current interest-bearing bank and other loans of the Group approximates to their fair values because the fixed interest rate is close to the currently available rate.

17. TREASURY SHARES

	31 December 2025			31 December 2024		
	Number of shares	Amount		Number of shares	Amount	
		<i>HK\$’000</i>	<i>RMB’000 equivalent</i>		<i>HK\$’000</i>	<i>RMB’000 equivalent</i>
At the beginning and end of the year	<u>13,230,750</u>	<u>14,632</u>	<u>13,305</u>	<u>13,230,750</u>	<u>14,632</u>	<u>13,305</u>

On 26 August 2016, the Company adopted a share award plan (the “**Share Award Plan**”), which is now subject to the provisions of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) after the amendments of the Listing Rules with effect from 1 January 2023. The board of directors may, at their discretion, grant shares of the Company to eligible participants. The Company has appointed a trustee for administration of the Share Award Plan (the “**Trustee**”). The principal activity of the Trustee is administrating and holding the Company’s shares for the Share Award Plan for the benefit of the Company’s award holders. The Company’s shares will be purchased by the Trustee in the market with cash paid by the Company and held in the trust for relevant award holders until such shares are vested in accordance with the provisions of the Share Award Plan. 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. In January, April and September 2017, the Trustee purchased in aggregate 19,400,000 shares of the Company 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 year ended 31 December 2025, no share award was granted under the Share Award Plan. As of 31 December 2025, all of the remaining 13,230,750 shares held by the Trustee had not been granted to any eligible persons under the Share Award Plan.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

According to the National Bureau of Statistics of China, the gross domestic product (GDP) growth in China amounted to 5.0% for the year ended 31 December 2025 (the “Year”), reaching the government target. The total export of textile yarns, fabrics and related products from China recorded a slight growth of 0.5% in value in U.S. dollars during the Year, according to the statistics of the General Administration of Customs of the PRC. The market price of cotton increased by 6.0% in 2025 while the average selling price of linen yarn has dropped by over 20% during the same period.

According to the statistics of the General Administration of Customs of the PRC, the total volume of pure linen yarn exports from China in 2025 was 16,994 tonnes, which recorded a year-on-year increase of approximately 12.0%. Kingdom exported 8,921 tonnes of pure linen in 2025, accounting for 52.5% of the total export volume of pure linen yarn from China in 2025. For years, the Group has been focusing on upholding excellent product quality and offering tailored customer services. As such, the Group has always been a key partner of major overseas linen fabric and garment manufacturers.

The raw material prices and flax yarn prices experienced significant volatility in the last quarter of 2024 and continued to drop in the first two quarters of 2025, with average price of linen yarn dropped over 30%. With the development of the linen consumer market, especially in China, the linen yarn price started to bottom out in the second quarter of 2025 and gradually improved throughout the rest of the Year.

During the Year, the Group’s pure linen yarn exports amounted to 8,920 tonnes (2024: 7,651 tonnes). The Group’s pure linen yarn export continued to account for more than 40% of the total pure linen yarn export from China, signifying the Group’s continuous leading position as the largest pure linen yarn exporter in China for 23 consecutive years.

Revenue of the Group for the Year recorded a year-on-year increase of approximately 4.1% to RMB2,677,106,000 (2024: RMB2,571,606,000). Gross profit increased by approximately 74.7% year-on-year to RMB267,822,000 (2024: RMB153,274,000) and overall gross profit margin improved by 4.0 percentage points to 10.0% in 2025 (2024: 6.0%). The significant improvement in performance was mainly attributable to (1) gradual recovery of linen yarn prices in the second half of 2025 after significant market adjustments in raw material and linen yarn prices from the end of 2024 to the second quarter of 2025; and (2) the rapid growth of the domestic linen consumption market, which in turn elevated product demand and reinforced overall profitability. The linen market has become healthier and sustainable.

Profit for the Year was RMB61,181,000, as compared to a loss of RMB43,338,000 for the year ended 31 December 2024. Earnings per share amounted to RMB0.10 for the Year as compared to basic loss per share amounted to RMB0.07 in 2024.

To reciprocate the shareholders of the Company (the “**Shareholders**”) for their continuous support of the Group and to express our confidence in the sustainable development of the linen industry, while reserving resources for further expansions, the Board has recommended the payment of a final dividend of HK\$0.06 per Share for the Year (2024: HK\$0.05).

Major Markets and Customers

Being the largest pure linen yarn exporter in China, the Group has a sales network covering over 20 countries and regions around the world. In order to timely seize market opportunities, keep abreast of market trends and deliver comprehensive and efficient services, the Group has established presence in major overseas linen textile and consumer markets. The Group currently has one subsidiary in Italy and agents in Turkey, Portugal, Italy, India, Lithuania and Korea. The Group’s subsidiary in Italy keeps its own inventories so that it can serve the immediate needs of and tighten its co-operation with high-end customers in Europe. During the Year, revenue derived from overseas sales amounted to RMB1,411,904,000, representing approximately 52.7% of the Group’s total revenue. In particular, revenue from the European Union (“**EU**”) countries amounted to approximately RMB533,695,000, representing approximately 19.9% of the Group’s total revenue, while revenue from non-EU countries amounted to approximately RMB878,209,000, representing approximately 32.8% of the Group’s total revenue.

During the Year, the Group's top five exporting countries are Italy, India, Turkey, Portugal and Vietnam, which accounted for 82.5% of the Group's total export revenue during the Year (2024: 83.4%).

Domestic sales in China increased by approximately 17.2% during the Year to RMB1,265,202,000 representing approximately 47.3% of the Group's total revenue.

There have been fundamental changes in the consumption patterns of the general public in China. Consumers' concerns have shifted from purely satisfying practical needs to product quality and the ability of the product to reflect their personal taste. Linen textiles are not only anti-bacterial and comfortable, but also highly environmentally friendly in their production process. Therefore, linen textiles perfectly suit the taste of new generation consumers who may have a stronger preference for environmentally friendly and sustainable products. Many leading domestic and overseas trend-setting brands and fast-moving fashion brands have now embarked on their own linen selection. For example, a famous Japanese brand has not only launched a linen garment line, but has also introduced a tracking system for the use of its raw materials to allow it and its consumers to monitor the quality and environmental-friendliness of its products. We are therefore optimistic about the long term prospect of the linen industry.

Sales Analysis by Domestic and Overseas Markets

	For the year ended 31 December 2025		For the year ended 31 December 2024		Year-on-year change in revenue	Year-on-year change in revenue
	<i>RMB '000</i>	%	<i>RMB '000</i>	%	<i>RMB '000</i>	%
China	1,265,202	47.3%	1,079,472	42.0%	185,730	17.2%
European Union	533,695	19.9%	516,543	20.1%	17,152	3.3%
Non-European Union	878,209	32.8%	975,591	37.9%	(97,382)	-10.0%
Total Revenue	<u>2,677,106</u>	<u>100.0%</u>	<u>2,571,606</u>	<u>100.0%</u>	<u>105,500</u>	<u>4.1%</u>

Raw Material Procurement and Related Strategies

The Group mainly sources its fibre flax from well-established origins such as France and Belgium. Being one of the largest buyers in these regions, the Group enjoys strong bargaining power when dealing with suppliers. Farmers expanded their planting areas in anticipation of profiting from the price surge. However, with the abundant flax harvest in 2024, the supply of flax fiber has increased substantially. The market price of raw materials dropped by more than 50% in most extreme case which is beneficial for the healthy development of the whole linen industry as a whole.

Furthermore, the Group has formulated systematic procurement strategies based on which the Group will procure raw materials according to the level of fibre flax harvest, the Group's inventory and the market prices of fibre flax so as to stabilise its raw material costs, taking into consideration the overall market demand and supply and to minimize the impact of the price fluctuations of raw materials.

The Group also procures industrial hemp fibre for production of hemp yarn in its factory in Heilongjiang, China. Kingdom collaborates with local farmers to secure a stable supply of hemp fibre in China with the aim to further stabilise the price and supply of raw materials. The Group is also building a warehouse in Heilongjiang to manage the storage, logistics and supply chain of hemp materials with a vision to transform Heilongjiang into a national trading hub of hemp materials in China.

The Group is also collaborating with CottonConnect, a UK non-profit and social-oriented enterprise with a clear mission to transform the linen industry for good, to develop the REEL Linen Code of Conduct. REEL Linen is a sustainability-driven initiative for brands which are committed to sourcing more sustainable linen, and contents of the initiative include improving the environment, product quality and traceability conditions in their supply chain factories and farms worldwide. REEL stands for the idea of "Responsible Environment, Enhanced Livelihood", it implements sustainable development into production practices.

Production Bases and Productivity

As at 31 December 2025, the Group had four production bases in China and one production base in Ethiopia. The Group's production bases are continuously under improvement. New production bases are equipped with the latest management systems, technologies and equipment, a combination of which has resulted in smooth operation and reduced unnecessary procedures and wastage of raw materials, improving the Group's overall production efficiency. These systems have not only made the production processes more environmentally friendly, but have also reduced the production costs of the Group and laid a solid foundation of profit growth for the Group in the long run. For further details of the measures taken by the Group in relation to environmental protection, please refer to the separate Environmental, Social and Governance Report of the Group for the Year, which is expected to be despatched together with the annual report of the Company for the Year before the end of April 2025.

China

The Group's production base in Rugao City, Jiangsu Province, the PRC has an annual production capacity of 6,000 tonnes. Two other production bases are located in Haiyan County, Zhejiang Province, the PRC. The first Haiyan plant has an annual production capacity of 7,000 tonnes and the second Haiyan plant has an annual production capacity of 5,000 tonnes. The Group has established a fourth production facility in Heilongjiang Province in China with an annual capacity of 5,000 tonnes for flax and industrial hemp yarn. Currently, the designated annual linen and industrial hemp yarn production capacity of the Group amounts to 23,000 tonnes based on standardized 24Nm specification. During the Year, the utilization of the four production bases in China was high and the four production bases operated at near full capacity.

The Group owns 82.0% equity interest in the flax and industrial hemp yarn manufacturing facility in Heilongjiang and it is the Group's maiden attempt to explore the industrial hemp yarn market, as the Company believes industrial hemp yarn market will continue to grow in the next few years due to the national policy in China to promote the planting of industrial hemp in the Heilongjiang region and the use of the industrial hemp textile products.

Ethiopia

The Group is also committed to investing in Ethiopia for new production facilities and has acquired a parcel of land with a site area of 300,000 square meters located in Adama Industrial Park, Adama, Ethiopia. The phase one development of this land parcel has further boosted the annual production capacity of the Group by 5,000 tonnes. The Board believes that the federal government of Ethiopia is keen to develop the Kingdom Linen Yarn Factory constructed on this land parcel and develop it into one of the model projects of the “Belt & Road” initiative in Ethiopia. The Chinese government also encouraged manufacturers to expand overseas by expanding the scope of political risk insurance coverage of insurances offered by state-owned insurance companies. The Ethiopia project will generate savings on land lease, labour, energy, tax and custom duty for exports of linen yarn manufactured in Ethiopia to a vast number of countries in the world. Despite there being on and off ethnopolitical conflicts since October 2016, which has led to the resignation of the former Prime Minister of Ethiopia in February 2018, the Government of Ethiopia has reaffirmed their commitment in maintaining the industrialization agenda that has already been initiated. With the new Ethiopian Prime Minister Abiy Ahmed Ali being awarded with the Nobel Peace Prize in 2019, the Board believes that the strategic investment in Ethiopia will have a long-term benefit to the Group. The factory in Ethiopia commenced production in the second half of 2021 and has been gradually ramping up its scale of production to its designed capacity.

Existing and planned production bases (based on standard specification of 24Nm)

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	5,000	Close to 100%
5	Ethiopia	Adama	Ethiopia	5,000	Ramping up, about 80%

Egypt

After securing a golden license upon a decree of the Egyptian Council of Ministers (a comprehensive approval on the set up, operation and management of a project, including building licenses of such project and the allocation of the real property required therefor) and benefiting from obtaining the “Private Free Zone” status, our business operation in Egypt are eligible for tax incentives, and our linen yarn exported from Egypt to European Union countries will also qualify for duty-free treatment. The factory in Egypt 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. The construction of a new factory in Egypt is underway, trial production is expected in 2027. Please refer to the announcement of the Company dated 24 October 2025 for further details.

Patents, Awards and Recognition

The Group has continued to invest in technology and innovation. As at 31 December 2025, the Group owned 78 registered patents and there were another 25 patent applications pending formal approval by relevant authorities.

FINANCIAL REVIEW

Revenue

For the Year, the Group’s revenue grew by approximately 4.1% to approximately RMB2,677,106,000 (2024: RMB2,571,606,000). The growth of revenue was mainly attributable to both the higher quantity and the higher average selling price of pure linen yarn during the Year. During the Year, sales to China and EU market increased by 17.2% and 3.3% respectively, while sales to non-EU market dropped by 10.0%.

Gross Profit and Gross Profit Margin

The Group’s gross profit surged by 74.7% or RMB114,548,000 to approximately RMB267,822,000 during the Year (2024: RMB153,274,000). Gross profit margin for the Year improved by 4.0 percentage points to 10.0% (2024: 6.0%) as a result of (1) gradual recovery of linen yarn prices in the second half of 2025 after significant market adjustments in raw material and linen yarn prices from the end of 2024 to the second quarter of 2025; and (2) the rapid growth of the domestic linen consumption market, which in turn elevated product demand and reinforced overall profitability.

Other Income and Gains

The Group recorded other income and gains of approximately RMB8,132,000 for the Year (2024: RMB11,384,000), which mainly comprised of interest income of approximately RMB1,880,000 (2024: RMB2,672,000), various government grants of approximately RMB3,920,000 (2024: RMB6,853,000) and an insurance income of approximately RMB632,000 (2024: RMB380,000).

Selling and Distribution Expenses

Selling and distribution expenses mainly comprised of sales commission, sales team staff cost, credit and cargo insurance and promotion expenses. For the Year, the Group's selling and distribution expenses was approximately RMB35,165,000 (2024: RMB34,476,000), which accounted for approximately 1.3% of the Group's revenue (2024: 1.3%).

Administrative Expenses

For the Year, the Group's administrative expenses amounted to approximately RMB99,791,000, which was RMB15,416,000 or 13.4% lower than that in previous year (2024: RMB115,207,000). The reduction was mainly caused by slow down of investment in research and development costs of RMB13,422,000 incurred during the Year as a result of market analysis of the needs and opportunities.

Reversal of Impairment Loss on Financial Assets

During the Year, the Group recognised a reversal of impairment loss on financial assets following the recovery of a previously written_off trade receivable amounting to RMB303,000 (2024: RMB2,837,000).

Other Expenses

Other expenses of the Group for the Year amounted to approximately RMB15,599,000 (2024: RMB19,671,000), mainly comprised asset disposal loss of RMB302,000 (2024: RMB4,934,000) and an exchange loss of RMB13,303,000 (2024: RMB12,528,000) as a result of United States Dollars depreciated against Renminbi and appreciation of Euros against Renminbi during the Year. Overseas sales were invoiced in United States Dollars up to the third quarter of the Year and sales contracts and invoices were changed into Euros thereafter. Majority of the purchase of raw materials were in Euros throughout the Year.

Finance Costs

For the Year, finance costs amounted to approximately RMB39,758,000 (2024: RMB41,077,000), which comprised interest expense on bank loans of approximately RMB39,501,000 (2024: RMB40,811,000) and interest on lease liabilities of approximately RMB257,000 (2024: RMB266,000). The average interest rate on bank loans for the Year was 4.3% per annum (2024: 4.2%).

Income Tax (Expense)/Credit

Income tax expense for the Year was approximately RMB24,616,000 (2024: income tax credit of RMB516,000). The effective tax rate was 28.7% during the Year (2024: 1.2%).

Profit for the Year

As a result, the Group recorded a net profit of approximately RMB61,181,000 for the Year, as compared to a loss of approximately RMB43,338,000 for the year ended 31 December 2024.

Minority Interests

The Group's total comprehensive income attributable to non-controlling interests for the Year amounted to RMB1,189,000, which mainly represented the share of the losses of those non-wholly owned subsidiaries attributable to the minority shareholdings during the Year (2024: share of profits of RMB2,042,000).

Profit Attributable to Owners of the Parent

During the Year, the Group recorded a profit attributable to owners of the parent of approximately RMB62,370,000, as compared to a loss attributable to owners of the parent approximately RMB45,380,000 for the year ended 31 December 2024.

Other Intangible Assets

As at 31 December 2025, the Group's intangible assets mainly comprise land use right which amounted to RMB13,314,000 (2024: Nil), patents and licences which amounted to RMB1,200,000 (2024: RMB1,400,000) and certified emission rights obtained in 2012 for a term of 20 years, which amounted to RMB2,126,000 (2024: RMB2,764,000). Intangible assets are subject to amortisation based on their useful lives. For the Year, the amortisation of intangible assets was approximately RMB838,000 (2024: RMB1,152,000).

Inventories

As at 31 December 2025, inventories of the Group decreased by approximately 16.9% to RMB992,668,000 (2024: RMB1,195,126,000), the average inventory turnover days slightly decreased from 167 days as at 31 December 2024 to 166 days as at 31 December 2025.

Trade and Notes Receivables

As at 31 December 2025, trade and notes receivables of the Group decreased by approximately 17.6% to RMB442,232,000 (2024: RMB536,765,000), and the average trade receivable turnover days decreased from 78 days as at 31 December 2024 to 67 days as at 31 December 2025 as a result of tighten credit control.

Trade and Notes Payables

As at 31 December 2025, trade and notes payables of the Group increased by approximately 47.3% to approximately RMB669,771,000 (2024: RMB454,696,000). The average trade payable turnover days increased from 79 days as at 31 December 2024 to 85 days as at 31 December 2025 primarily due to several raw_material purchase orders placed near the end of the Year.

Interest-bearing Bank and Other Borrowings

As at 31 December 2025, the Group's interest-bearing bank and other borrowings decreased by 24.7% to approximately RMB771,566,000 (2024: RMB1,023,992,000), of which RMB717,400,000 (2024: RMB989,556,000) were classified as current liabilities and RMB54,166,000 (2024: RMB34,436,000) were classified as non-current liabilities. The Group's borrowings were denominated in Renminbi, United States Dollars and Euros.

Liquidity and Financial Resources

As at 31 December 2025, the Group had net current assets of approximately RMB591,704,000 (2024: RMB477,487,000). The Group financed its operations with internally generated resources and bank loans during the Year. As at 31 December 2025, the Group had total cash and deposits of approximately RMB614,338,000 (2024: RMB277,650,000) which consisted of cash and cash equivalents of approximately RMB562,793,000 (2024: RMB230,871,000) and pledged deposits of approximately RMB51,545,000 (2024: RMB46,779,000). The Group's cash and cash equivalents were denominated in Renminbi, United States Dollars, Hong Kong Dollars, Euros and Ethiopian Birrs.

The liquidity ratio of the Group as at 31 December 2025 was approximately 138.3% (2024: 129.9%). Total equity of the Group as at 31 December 2025 was approximately RMB1,489,789,000 (2024: RMB1,474,829,000).

As at 31 December 2025, the Group had interest-bearing bank and other borrowings repayable within 12 months therefrom of approximately RMB717,400,000 (2024: RMB989,556,000) and long-term interest-bearing bank and other borrowings of approximately RMB54,166,000 (2024: RMB34,436,000). Together these interest-bearing bank and other borrowings represented a gross debt gearing ratio (i.e. total borrowings divided by total equity) of approximately 51.8% (2024: 69.4%).

CAPITAL COMMITMENTS

As at 31 December 2025, outstanding contractual capital commitments of the Group in respect of purchase of property, plant and equipment not provided for in the annual financial statements amounted to approximately RMB58,000,000 (2024: RMB13,115,000).

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

SIGNIFICANT INVESTMENTS

On 24 October 2025, after an open tender, the Group has engaged a general contractor for the construction of a new factory in Egypt at a total consideration of RMB72,000,000, including contract price of RMB70,000,000 and incentive bonus of RMB2,000,000. Please refer to the announcement of the Company dated 24 October 2025 for further information.

Save for disclosed above, the Group did not hold any significant investments during the Year.

CONTINGENT LIABILITIES

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

CHARGE ON ASSETS

As at 31 December 2025, the current interest-bearing bank borrowings with a carrying amount of RMB332,328,000 (2024: RMB380,000,000) were secured by certain property, plant and equipment and right-of-use assets with carrying amounts of RMB149,526,000 (2024: RMB160,759,000) and RMB37,822,000 (2024: RMB38,366,000).

As at 31 December 2025, the non-current interest-bearing bank borrowings with a carrying amount of RMB nil (2024: RMB30,000,000) were secured by certain right-of-use assets with carrying amounts of RMB14,337,000 (2024: RMB14,714,000).

As at 31 December 2025, the current interest-bearing bank borrowings with a carrying amount of RMB20,000,000 (2024: RMB16,169,000) were guaranteed by the Directors.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The factory in Egypt is under construction. There will be procurement of production machinery for the factory in Egypt of approximately RMB70 million. The Group intends to finance such investment by the Group's internal resources and/or external financing. Save as disclosed above, the Directors confirmed that as at the date of this results announcement, there is no current plan to acquire any material investment or capital assets.

FOREIGN CURRENCY RISK

The Group's transactions were mainly denominated in Renminbi, United States Dollars, Euro and Hong Kong Dollars. The exchange rate changes of such currencies were monitored regularly and managed appropriately. The Group had not entered into any foreign currency forward contract during the Year and there was no material derivative financial asset or liability recorded as at 31 December 2025 (2024: Nil).

REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 3,540 employees (2024: 3,703 employees). Total staff costs incurred for the Year dropped by approximately 6.1% to RMB234,892,000 (2024: RMB250,102,000).

The Group offers comprehensive and competitive remuneration, retirement scheme and benefit packages to its employees. The Group is required to make contributions (retirement insurance and unemployment insurance) to a social security scheme 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 based on the recommendation of the remuneration committee of the Company (the "**Remuneration Committee**") and with the mandate given by 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 back in 2016 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. After carefully consideration of the relevant costs and benefits, the Board decided not to renew the share option scheme and the share award plan when they expired at the conclusion of the forthcoming annual general meeting at this stage, and will re-consider if there is a change of circumstances.

OUTLOOK AND PLANS

After the correction of the market prices of raw material price and linen yarn prices from the 4th quarter of 2024 to the second quarter of 2025, the linen market embraced with much healthier development. With the development of the linen consumer markets, especially in China, the linen yarn price has stabilised and gradually improving since third quarter of 2025.

The Trump Administration of United States government is expected to continue unilaterally imposing tariffs on goods from different countries as a political tool. The political divergence of superpowers of the world will continue, the year of 2026 and beyond are still full of challenges. With the aging population in China and surging operating costs in Asia, and in order to meet the demand of various customers, the diversification of supply chain is imminent. Our factory in Egypt which could benefit from reduced or zero import duties to EU member states. will further diversify our productions bases to serve our customers' demand and make us more competitive in the linen market.

IMPORTANT EVENTS AFFECTING THE COMPANY THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

There was no important event affecting the Company that have occurred since the end of the Year and up to the date of this announcement.

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

The Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Year.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained at least 25% public float as required under Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Year.

DIVIDEND

The Board proposed a payment of final dividend of HK\$0.06 per ordinary share of the Company for the year ended 31 December 2025 (2024: HK\$0.05).

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Friday, 5 June 2026 to Friday, 12 June 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company, unregistered holders of Shares of the Company shall ensure that 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 June 2026.

Final Dividend

In order to determine who are entitled to the proposed final dividend (subject to approval by the Shareholders at the forthcoming annual general meeting), the register of members of the Company will be closed from Monday, 6 July 2026 to Tuesday, 7 July 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to determine who are entitled to the proposed final dividend (subject to approval by the Shareholders at the annual general meeting), unregistered holders of Shares of the Company shall ensure that, 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 above address for registration not later than 4:30 p.m. on Friday, 3 July 2026. The proposed final dividend, subject to Shareholders' approval at the forthcoming annual general meeting, will be paid to Shareholders on or before Wednesday, 29 July 2026 whose names appear on the register of members of the Company at the close of business on Tuesday, 7 July 2026.

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.kingdom-china.com. The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules is to be despatched to the Shareholders and made available for review on the same websites in due course.

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 Company's Shareholders. The Directors believe that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules.

In the opinion of the Directors, save for the deviations to code provisions C.2.1 as disclosed below, the Company has complied with the applicable code provisions as set out in the CG Code throughout the Year.

Code Provision C.2.1

Under code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer of the Company 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". However, 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 Company. Given the nature and extent of the Group's operation 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. The Board will continuously review this structure from time to time to ensure appropriate and timely action to meet changing circumstances, if necessary.

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 C3 to the Listing Rules regarding securities transactions by Directors and devised its own code of conduct regarding Directors’ dealings in the Company’s securities 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 have confirmed 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 2025 and up to the date of this announcement.

AUDIT COMMITTEE

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 CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group and to provide advice and comments to the Board.

The Audit Committee is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- to develop and review the Group’s policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group’s policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and

- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

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, was appointed as the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee has adopted written terms of reference prepared by reference to the requirements under the code provision E.1.2 of the CG Code. The primary functions of the Remuneration Committee are to consider and recommend to the Board the remuneration and other benefits paid by the Company to the Directors and senior management. The remuneration of all Directors and senior management is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

The Remuneration Committee comprises two independent non-executive Directors, Ms. Zhang Chan and Mr. Fan Lei and an executive Director, Mr. Zhang Hongwen. Ms. Zhang Chan is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once every year to review the remuneration policy and structure and determine the annual remuneration packages of the executive Directors and the senior executives and other related matters. The Remuneration Committee shall make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration.

Two Remuneration Committee meetings were held during the Year. At the meetings, the Remuneration Committee reviewed and approved the remuneration of the Directors and new Directors appointed during the Year, after comparing with that of the directors of similar textile companies listed on the Stock Exchange.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) has adopted written terms of reference prepared by reference to the requirements under the code provision B.3.1 of the CG Code which is available on the websites of the Company and the Stock Exchange. The primary functions of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually; assess the independence of independent non-executive Directors and review the Board’s diversity policy and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, based on skills, knowledge and experience, to complement the Company’s corporate strategy. The Nomination Committee also determined the policy for the nomination of Directors and the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

The Nomination Committee comprises an executive Director, Mr. Ren Weiming and two independent non-executive Directors, Mr. Lau Ying Kit and Ms. Zhang Chan. Mr. Ren Weiming is the chairman of the Nomination Committee.

Four meetings were held during the Year. At the meeting, the Nomination Committee reviewed profile of potential candidates, the structure, size and composition of the Board and the Board’s diversity policy.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss and consolidated statement of comprehensive income for the year then ended and the related notes thereto as set out in this annual results announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in 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 Ernst & Young on this annual results announcement.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting will be held on Friday, 12 June 2026 and notice of the annual general meeting will be published and despatched in the manner as required by the Listing Rules.

APPRECIATION

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

RE-DESIGNATION OF DIRECTOR

Mr. Shen Yueming (沈躍明) (“**Mr. Shen**”), aged 64, joined the Group in March 2023 and has been an executive Director since 13 November 2006 and up to 25 March 2026. Mr. Shen is a director of Zhejiang Jinyuan Flax Co., Ltd., Jiangsu Jinyuan Flax Co., Ltd., Zhejiang Kingdom Linen Co., Ltd. and Kingdom Group Holdings Limited, all of which are wholly-owned subsidiaries of the Company. Mr. Shen is also a director of Heilongjiang Kingdom Enterprise Co., Ltd., a non-wholly owned subsidiary of the Company. Mr. Shen was responsible for the day-to-day operations and management of the Group and also took part in the decision making of the business development strategy of the Group. Mr. Shen has 10.51% interests in the issued shares of Kingdom Investment Holdings Limited which holds interests in the Shares discloseable under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). He is also a director of Zhejiang Kingdom Creative Co., Ltd. and its subsidiaries including Zhejiang Jinxiu Jiangnan Silk Co., Ltd. and Haiyan Chen Chen Silk Clothing Co., Ltd..

Mr. Shen has reached the retirement age and has been re-designated from an executive Director to a non-executive Director with effect from 25 March 2026. Mr. Shen will be serving as a consultant role after the re-designation. Mr. Shen is entitled to an annual remuneration of RMB180,000 for the year ending 31 December 2025, as recommended by the Remuneration Committee and approved by the Board.

Mr. Shen has confirmed that he has no disagreement with the Board and there is no matter relating to his re-designation from an executive Director to a non-executive Director that needs to be brought to the attention of the Shareholders.

Save as disclosed in this announcement, the Board is not aware of any further information that is required to be disclosed under Rules 13.51(2) of the Listing Rules and there is no other matter which needs to be brought to the attention of the Shareholders in relation to Mr. Shen's re-designation as a non-executive Director.

By Order of the Board
Kingdom Holdings Limited
Ren Weiming
Chairman

Hong Kong, 25 March 2026

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

* *For illustration purpose only*