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KINGDOM

KINGDOM HOLDINGS LIMITED
金達控股有限公司

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

(Stock Code: 528)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

- Revenue increased by approximately 4.3% to approximately RMB1,324,165,000 for the Review Period from approximately RMB1,269,510,000 for the Previous Period.

- The Group recorded a gross profit for the Review Period of approximately RMB260,014,000 (the Previous Period: gross loss of approximately RMB45,467,000) due to linen yarn prices steadily recovered from the third quarter of 2025 and remained robust during the Review Period.

- The Group recorded a profit for the Review Period of approximately RMB112,246,000 (the Previous Period: loss of approximately RMB121,517,000).

- The Group recorded a profit attributable to owners of the parent for the Review Period of approximately RMB109,246,000 (the Previous Period: loss of approximately RMB118,553,000).

- Earnings per share was RMB0.18 for the Review Period (the Previous Period: loss per share of RMB0.19).

The board (the "**Board**") of directors (the "**Directors**") of Kingdom Holdings Limited (the "**Company**") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Review Period**") together with the comparative figures for the six months ended 30 June 2025 (the "**Previous Period**"):

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 (unaudited)

		For the six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
REVENUE	*4*	**1,324,165**	1,269,510
Cost of sales		**(1,064,151)**	(1,314,977)
Gross profit/(loss)		**260,014**	(45,467)
Other income and gains	*4*	**3,182**	3,602
Selling and distribution expenses		**(19,494)**	(18,402)
Administrative expenses		**(57,641)**	(50,131)
Reversal of impairment losses on financial assets		**–**	603
Other expenses		**(13,859)**	(12,747)
Finance costs		**(14,547)**	(21,507)
Share of losses of associates		**(911)**	(125)
PROFIT/(LOSS) BEFORE TAX	*5*	**156,744**	(144,174)
Income tax (expense)/credit	*6*	**(44,498)**	22,657
PROFIT/(LOSS) FOR THE PERIOD		**112,246**	(121,517)
Attributable to:			
Owners of the parent		**109,246**	(118,553)
Non-controlling interests		**3,000**	(2,964)
		112,246	(121,517)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*8*	**RMB0.18**	RMB (0.19)
Diluted	*8*	**RMB0.18**	RMB (0.19)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026 (unaudited)

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	**112,246**	(121,517)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,838)**	4,878
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**108,408**	(116,639)
Attributable to:		
Owners of the parent	**105,408**	(113,675)
Non-controlling interests	**3,000**	(2,964)
	108,408	(116,639)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026 (unaudited)

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**817,091**	854,052
Right-of-use assets		**58,565**	60,227
Other intangible assets		**16,328**	16,640
Investment in associates		**27,366**	28,277
Prepayments for equipment		**10,800**	7,459
Deferred tax assets		**1,743**	6,133
Other non-current asset		**4,511**	–
Total non-current assets		**936,404**	972,788
CURRENT ASSETS			
Inventories		**1,361,485**	992,668
Trade and notes receivables	*9*	**469,617**	442,232
Prepayments, deposits and other receivables		**103,252**	86,829
Pledged deposits		**34,164**	51,545
Cash and cash equivalents		**396,717**	562,793
Total current assets		**2,365,235**	2,136,067
CURRENT LIABILITIES			
Trade and notes payables	*10*	**675,080**	669,771
Other payables and accruals		**136,407**	150,658
Interest-bearing bank and other borrowings		**747,321**	717,400
Dividend payable		**34,328**	657
Tax payable		**24,357**	4,086
Other current liability		**2,042**	1,791
Total current liabilities		**1,619,535**	1,544,363
NET CURRENT ASSETS		**745,700**	591,704
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,682,104**	1,564,492

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2026 (unaudited)

	Notes	**30 June 2026** ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**21,616**	17,892
Interest-bearing bank and other borrowings		**83,545**	54,166
Other non-current liability		**1,361**	2,645
Total non-current liabilities		**106,522**	74,703
Net assets		**1,575,582**	1,489,789
EQUITY			
Equity attributable to owners of the parent			
Share capital		**6,329**	6,329
Treasury shares		**–**	(13,305)
Reserves		**1,504,799**	1,435,311
		1,511,128	1,428,335
Non-controlling interests		**64,454**	61,454
Total equity		**1,575,582**	1,489,789

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026 (unaudited)

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*

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

(a) Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue

An analysis of the Group's geographical information on revenue attributed to the regions on the basis of the customers' locations for the six months ended 30 June 2026 is set out in the following table:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**596,712**	674,368
European Union	**307,741**	233,383
Other countries/regions	**419,712**	361,759
Total	**1,324,165**	1,269,510

(b) Non-current assets

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**599,895**	630,263
Ethiopia	**308,816**	311,079
Egypt	**25,950**	25,313
Total	**934,661**	966,655

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

Information about major customers

No revenue amounting to 10 percent or more of the Group's total revenue was derived from sales to a single customer for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

4. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of goods or services		
Sales of linen yarn, hemp yarn and scraps	**1,210,968**	1,152,231
Sales of other products	**94,289**	100,450
Other services	**18,908**	16,829
Total revenue from contracts with customers	**1,324,165**	1,269,510
Timing of revenue recognition		
Goods transferred at a point in time	**1,305,257**	1,252,681
Services transferred over time	**18,908**	16,829
Total revenue from contracts with customers	**1,324,165**	1,269,510

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants*	**1,776**	1,527
Bank interest income	**913**	480
Gain on disposal of items of property, plant and equipment	**–**	2
Others	**493**	1,593
Total other income and gains	**3,182**	3,602

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

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,045,243**	1,298,148
Depreciation of property, plant and equipment and investment properties	**47,859**	48,634
Depreciation of right-of-use asset	**1,662**	1,730
Amortisation of other intangible assets	**312**	428
Research and development ("**R&D**") expenses	**3,507**	4,747
Auditors' remuneration	**1,150**	1,125
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other benefits	**114,355**	93,718
Pension scheme contributions	**28,085**	16,600
	142,440	110,318
Foreign exchange difference, net	**12,892**	12,476
Loss/(Gain) on disposal of items of property, plant and equipment	**844**	(2)
(Reversal of)/provision for impairment of inventories	**(886)**	3,140
Reversal of provision for impairment of trade receivables	**–**	(603)
Bank interest income	**(913)**	(480)

6. INCOME TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current charge for the period	**36,384**	3,428
Deferred	**8,114**	(26,085)
Total tax charge/(credit) for the period	**44,498**	(22,657)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

(ii) In accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for current income tax of subsidiaries in Mainland China has been based on a statutory rate of 25% of the assessable profits of these companies for the year.

(iii) Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profits arising in Hong Kong up to HK$2 million. The assessable profits over HK$2 million are subject to a tax rate of 16.5%.

(iv) Pursuant to the rules and regulations of Italy, the Group is subject to tax at an income tax rate of 28.82%, which comprises the Italy Corporate Income Tax at 24% and the Italy Regional Income Tax at 4.82%.

(v) Pursuant to the rules and regulations of Ethiopia, the Group is subject to tax at an income tax rate of 30%. The Group enjoys a tax holiday of profit tax exemption of 5 years since 2020 and the tax holiday is extended for 4 years from 2025.

(vi) Pursuant to the rules and regulations of Egypt, projects within the Free Zones and the dividends from such projects are not subject to the provisions of the tax and fee laws in effect in Egypt. Therefore, the Group's subsidiary operating in the Free Zones is exempt from income tax at an income tax rate of 22.5%.

7. DIVIDEND

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

8. BASIC AND DILUTED 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 for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 617,543,000 (six months ended 30 June 2025: 616,447,000) outstanding during the period.

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

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit/(Loss) attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**109,246**	(118,553)

	Number of shares	
	2026	2025
	'000	*'000*
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**617,543**	616,447

9. TRADE AND NOTES RECEIVABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade receivables	**427,883**	423,627
Notes receivable		
At amortised cost	**41,160**	16,213
At fair value through other comprehensive income	**908**	2,746
Impairment	**(334)**	(354)
Total	**469,617**	442,232

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

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 1 year	**427,348**	422,891
1 to 2 years	**191**	382
2 to 3 years	**10**	–
Over 3 years	**–**	–
Total	**427,549**	423,273

10. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at 30 June 2026, based on the invoice date, is as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Due within 1 month or on demand	**636,275**	642,854
Due over 1 month but within 3 months	**38,307**	15,513
Over 3 months	**498**	11,404
Total	**675,080**	669,771

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The linen yarn price experienced a sustained upward trend over the past several years. A market correction commenced in the fourth quarter of 2024, primarily attributable to abundant raw material supply following a favourable harvest year, resulting in a continuous decline in the average price of linen yarn from the fourth quarter of 2024 to the second quarter of 2025. Thereafter, linen yarn prices steadily recovered from the third quarter of 2025 and remained robust in the first half of 2026.

During the Review Period, revenue of the Group increased by approximately 4.3% on a year-on-year basis from RMB1,269,510,000 to RMB1,324,165,000. Sales volume of linen yarn decreased by 21.7% from 11,606 tonnes in the Previous Period to 9,085 tonnes in the Review Period. However, the continuous recovery in the linen yarn prices since the third quarter of 2025 resulted in a 32.7% increase in the average selling price as compared with the corresponding period last year, which more than offset the decrease in sales volume. Consequently, the Group recorded a gross profit of RMB260,014,000 during the Review Period.

Major Markets and Customers

By implementing an international sales strategy, the Group has a sales network covering approximately 20 countries and regions around the world. During the Review Period, the Group's domestic sales of RMB596,712,000, which contributed to approximately 45.1% of the Group's total revenue, recorded a drop of approximately 11.5% as compared with the corresponding period last year, while the Group's overseas sales of RMB727,453,000, which contributed to approximately 54.9% of the Group's total revenue, recorded an increase of approximately 22.2% on a year-on-year basis. In particular, total sales to European Union countries reported a surge of 31.9% while non-European Union countries reported an increase of 16.0% on a year-on-year basis. Key European Union countries that the Group sold its products included Italy, Portugal, Belgium, Lithuania and Spain. Meanwhile, the Group continued to develop the domestic market and sought to strengthen cooperation with target customers in China. China has become one of the world's major consumer linen markets for linen products in recent years, which has supported demand for the Group products in the domestic market.

Raw Material Procurement

The Group mainly sources its fibre flax, the major raw material used in the production of linen yarn, from well-established suppliers in France, Belgium and the Netherlands. As one of the largest purchasers in these regions, the Group has established long term and stable business relationships with its suppliers, which help secure a reliable supply of quality raw materials. During the Review Period, the Group procured approximately 25,571 tonnes (Previous Period: 23,541 tonnes) of raw materials from overseas markets, representing a year-on-year increase of approximately 8.6%. The average procurement unit price was approximately RMB48,964 per tonne, representing an increase of approximately 34.8% from approximately RMB36,320 for the corresponding period last year. Notwithstanding the increase in raw material prices, the Group remains optimistic about the long-term prospects of the linen textile industry. The Group's procurement strategy is to maintain its production scale and secure a stable supply of raw materials to support its production requirements. Going forward, the Group will continue to closely monitor the developments in international markets and adopt a prudent procurement planning in response to market conditions.

Production Capacity

As at 30 June 2026, the Group had five production bases as follows:

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

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

A total of 339 tonnes of hemp yarn under various specifications were produced during the Review Period. The Group owns 82.0% of the equity interest in the Heilongjiang venture, namely Heilongjiang Kingdom Enterprise Co., Ltd.#（黑龍江金達麻業有限公司）, and this is the Group's maiden attempt to explore the hemp yarn market.

In addition to its operation in China, the Group operates a production facility in Ethiopia. The investment is expected to enhance the Group's competitiveness by reducing land, labour, energy and tax costs. It also enables the Group to benefit from the Everything but Arms (EBA) initiative of the European Union for least developed countries (LDCs), which provides duty-free and quota-free access to European Union markets for products originating from LDCs, with the exception of arms and ammunitions.

The Group also commenced the construction of a new production facility in Egypt in the second half of 2025, after obtaining a golden license pursuant to a decree of the Egyptian Council of Ministers, which constitutes a comprehensive approval covering the establishment, operation and management of a project, including relevant construction permits and land allocation requirements. This project has also been granted "Private Free Zone" status, enabling the Group's operation in Egypt to benefit from certain tax incentives. In addition, linen yarn exported from Egypt to the European Union is expected to qualify for duty-free treatment. The Egypt facility is expected to commence trial production in the first quarter of 2027. Upon commencement of operations, it will further diversify the Group's production base, enhance its ability to meet customer demand and support the Group's long-term sustainable development.

FINANCIAL REVIEW

Revenue

For the Review Period, the Group's revenue increased by approximately 4.3% to approximately RMB1,324,165,000 (the Previous Period: RMB1,269,510,000). The increase in revenue was attributable to the 32.7% increase in the average selling price of linen yarn while volume of linen yarn sold dropped by approximately 21.7% during the Review Period when compared to the corresponding period last year. Domestic sales in China dropped by 11.5%. Total sales to European Union countries reported a 31.9% surge while sales to non-European Union countries reported an increase of 16.0% on a year-on-year basis.

The breakdown of revenue by sales regions is as follows:

	For the six months ended 30 June 2026		For the six months ended 30 June 2025		Year-on-year change in revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
China	**596,712**	**45.1%**	674,368	53.1%	(77,656)	-11.5%
European Union	**307,741**	**23.2%**	233,383	18.4%	74,358	31.9%
Non-European Union	**419,712**	**31.7%**	361,759	28.5%	57,953	16.0%
Total Revenue	**1,324,165**	**100.0%**	1,269,510	100.0%	54,655	4.3%

Gross Profit and Gross Profit Margin

The linen yarn price experienced steady recovery from third quarter of 2025 and remained robust in the first half of 2026. Accordingly, the average selling price of linen yarn grew by 32.7% during the Review Period as compared with the Previous Period. Driven by the recovery in selling price, the Group recorded a gross profit of RMB260,014,000 during the Review Period, representing a significant turnaround from a gross loss of RMB45,467,000 recorded in the Previous Period. Gross profit margin improved to 19.6% during the Review Period (the Previous Period: gross loss of approximately 3.6%).

Other Income and Gains

Other income and gains for the Review Period mainly comprises government grants and subsidies of approximately RMB1,776,000 (the Previous Period: approximately RMB1,511,000) and interest income of approximately RMB913,000 (the Previous Period: approximately RMB480,000).

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Review Period amounted to approximately RMB19,494,000 (the Previous Period: approximately RMB18,402,000), which accounted for approximately 1.5% of the Group's total revenue (Previous Period: 1.4%). Selling and distribution expenses mainly consist of sales commission, sales team staff cost, promotion expense and export insurance expenses. The increase in selling and distribution expenses during the Review Period was mainly due to higher commissions paid to sales agents.

Administrative Expenses

The Group's administrative expenses for the Review Period amounted to approximately RMB57,641,000 (the Previous Period: approximately RMB50,131,000), representing an increase of approximately 15.0% as compared with the Previous Period. The increase in the Group's administrative expenses was mainly attributable to higher personnel costs of approximately RMB5.1 million and consulting fees of RMB1.0 million incurred during the Review Period.

Other Expenses

The Group's other expenses for the Review Period amounted to approximately RMB13,859,000 (the Previous Period: approximately RMB12,747,000), which mainly represented by the net exchange loss of RMB12,892,000 during the Review Period (the Previous Period: RMB12,476,000).

Finance Costs

Finance costs include borrowing interest expense and interest on lease liabilities. Total finance costs for the Review Period amounted to approximately RMB14,547,000 (the Previous Period: approximately RMB21,507,000).

Borrowing interests for the Review Period amounted to approximately RMB13,965,000 (the Previous Period: approximately RMB21,361,000). The decrease in borrowing interest expense was primarily attributable to the lower average outstanding balance of bank borrowings during the Review Period as compared with the Previous Period.

Interest on lease liabilities for the Review Period amounted to approximately RMB582,000 (the Previous Period: RMB146,000).

Income Tax Expense/Credit

Income tax expense for the Review Period amounted to approximately RMB44,498,000 (the Previous Period: Income tax credit of RMB22,657,000). The effective tax rate for the Review Period and the corresponding period last year was approximately 28.4% and 15.7% respectively.

Profit for the Review Period

The Group recorded a net profit of approximately RMB112,246,000 for the Review Period, representing a significant turnaround from the net loss of approximately RMB121,517,000 recorded in the Previous Period.

Non-controlling Interests

The non-controlling interests of approximately RMB3,000,000 represented the share of profits of certain subsidiaries of the Group attributable to the minority shareholders during the Review Period (the Previous Period: share of losses of RMB2,964,000).

Profit Attributable to Owners of the Parent

As a result of the foregoing, the Group recorded a profit attributable to owners of the parent of approximately RMB109,246,000 for the Review Period, compared with a loss attributable to owners of the parent of approximately RMB118,553,000 for the Previous Period.

Liquidity and Financial Resources

As at 30 June 2026, the Group had net current assets of approximately RMB745,700,000 (as at 31 December 2025: approximately RMB591,704,000). The Group financed its operations with internally generated resources and bank loans during the Review Period.

As at 30 June 2026, the Group had cash and cash equivalents of approximately RMB396,717,000 (as at 31 December 2025: approximately RMB562,793,000). The liquidity ratio of the Group as at 30 June 2026 was approximately 146.0% (as at 31 December 2025: approximately 138.3%).

Total assets of the Group as at 30 June 2026 were approximately RMB3,301,639,000 (as at 31 December 2025: RMB3,108,855,000). Total equity of the Group as at 30 June 2026 was approximately RMB1,575,582,000 (as at 31 December 2025: approximately RMB1,489,789,000). As at 30 June 2026, the Group had interest-bearing bank and other borrowings repayable within 12 months from the date of the statement of financial position of approximately RMB747,321,000 (as at 31 December 2025: approximately RMB717,400,000) and long-term interest-bearing bank and other borrowings of approximately RMB83,545,000 (as at 31 December 2025: approximately RMB54,166,000). Together they represented a gross debt gearing ratio (i.e. total borrowings divided by total equity) amounted to approximately 52.7% (as at 31 December 2025: approximately 51.8%).

The Board believes that the Group's existing financial resources are relatively sufficient. If additional financing is required, the Group may consider various financing options, including capital raising activities in the capital market as and when appropriate, with the objective of maintaining the Group's gearing ratio at a healthy level.

The Group's cash and cash equivalents are mainly denominated in Renminbi, United States Dollars, Euros, Hong Kong Dollars and Ethiopian Birrs. As at 30 June 2026, 94% of the Group's borrowings were denominated in Renminbi and 6% were denominated in Euros.

CAPITAL COMMITMENTS

As at 30 June 2026, outstanding contractual capital commitments of the Group in respect of the purchase of right-of-use assets not provided for in the interim condensed consolidated financial statements amounted to approximately RMB40,028,000 (as at 31 December 2025: approximately RMB58,000,000). As at 30 June 2026, there was no capital commitment authorised but not contracted for (as at 31 December 2025: Nil).

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any material contingent liabilities (as at 31 December 2025: Nil).

CHARGE ON ASSETS

As at 30 June 2026, the current interest-bearing bank loans with a carrying amount of RMB284,729,000 (31 December 2025: RMB332,328,000) were secured by certain property, plant and equipment and right-of-use assets with carrying amounts of approximately RMB141,012,000 (31 December 2025: RMB149,526,000) and approximately RMB37,626,000 (31 December 2025: RMB37,822,000), respectively.

As at 30 June 2026, the non-current interest-bearing bank borrowings with a carrying amount of RMB30,000,000 (31 December 2025: nil) were secured by certain right-of-use assets with a carrying amount of approximately RMB14,148,000 (31 December 2025: RMB14,337,000).

MATERIAL ACQUISITION AND DISPOSAL

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

SIGNIFICANT INVESTMENTS HELD

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group is building a new production facility in Egypt with an annual production capacity of 3,800 tonnes of linen yarn. The capital expenditure for the project is estimated to be approximately RMB200 million and is expected to be financed by a combination of internal resources and bank borrowings.

Save as disclosed above and the routine capital expenditure relating to the upkeep, repair and maintenance of the Group's existing production facilities, the Directors confirmed that as at the date of this announcement, the Group had no current plans for any material investments or acquisition of capital assets.

FOREIGN CURRENCY EXPOSURE

The Group's transactions are mainly denominated in Renminbi, United States Dollars, Euros, Hong Kong Dollars and Ethiopian Birrs. The exchange rate fluctuations of such currencies are monitored regularly and managed appropriately. The Company may enter into certain foreign currency forward contracts and derivative financial instruments by utilising its credit line. There was no material derivative financial asset or liability recorded as at 30 June 2026.

REMUNERATION POLICY

As at 30 June 2026, the Group had a total of 3,804 employees (30 June 2025: 3,706 employees). Total staff costs incurred for the Review Period amounted to approximately RMB142,440,000 (the Previous Period: RMB110,318,000).

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

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

As at 30 June 2026, the Group had not adopted any share option scheme or share award plan following the expiry/termination of its previous schemes during the Review Period. The Board will continue to review the Group's remuneration policies on an ongoing basis to ensure that the remuneration packages offered by the Group remain competitive and beneficial to both the Group and its employees as a whole.

MISCELLANEOUS

There have been no material events since 30 June 2026 other than those disclosed in this announcement.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

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

OUTLOOK AND PLANS

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

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

The Group's production facility in Egypt is currently under construction and trial production is expected to commence in early 2027. Upon commencement of operations, the Egypt facility will strengthen the Group's production capacity and diversify its manufacturing base to better serve customer demand.

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

Save for the disposal of 13,230,750 shares of the Company (the "**Shares**") by the trustee of the Share Award Plan (as defined below) on 16 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Review Period.

CORPORATE STRATEGY AND LONG-TERM BUSINESS MODEL

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

INTERIM DIVIDEND

The Board has resolved not to recommend any interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

SHARE OPTION SCHEME

The Group had a 10-year share option scheme which expired on 12 June 2026. Since such expiry, the Board has not adopted another share option scheme.

No option had been granted under the share option scheme since its adoption up to its expiry. As at 1 January 2026, the number of options available for grant under the share option scheme was 62,967,800. No further option may be granted under the share option scheme upon its expiry.

SHARE AWARD PLAN

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

Any awards granted under the Share Award Plan shall be satisfied by existing Shares and no new Shares would be allotted and issued under the Share Award Plan. There were no unvested awards under the Share Award Plan at the beginning and at the end of the Review Period.

As the Share Award Plan was approaching expiry and the Company did not intend to grant any award under the Share Award Plan, in March 2026, the Board had resolved to terminate the Share Award Plan. Accordingly, the trustee of the Share Award Plan had disposed all of the 13,230,750 Shares held by it on 16 June 2026.

The Board will continue to evaluate the costs and benefits of different remuneration initiatives to holistically formulate employee remuneration packages that are beneficial to the Group and the employees as a whole. The Company may, where appropriate, consider adopting a suitable share scheme in the future to support its remuneration and retention objectives.

EVENTS AFTER THE REVIEW PERIOD

The Group has no material events after the Review Period that is required to be disclosed subsequent to 30 June 2026 and up to the date of this announcement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

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

Code Provision C.2.1

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

APPRECIATION

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

By order of the Board
Kingdom Holdings Limited
Ren Weiming
Chairman

Hong Kong, 21 August 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 identification only