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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)**

## **CONNECTED TRANSACTION ACQUISITION OF PROPERTY IN HEILONGJIANG**

### **THE SALE AND PURCHASE AGREEMENT**

On 29 July 2024, Heilongjiang Kingdom Hemp, an indirectly non-wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Heilongjiang Kangyuan, pursuant to which Heilongjiang Kingdom Hemp agreed to acquire and Heilongjiang Kangyuan agreed to sell the Property at a consideration of RMB6,510,100 (equivalent to approximately HK\$6,916,000).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Heilongjiang Kangyuan is a company owned as to 53.6% by Kingdom Creative, 16.0% by Heilongjiang Academy of Agricultural Sciences, 10.1% by Zou Ke, 6.1% by Wu Wei, 4.0% by Wang Pengliang, 3.0% by Xiong Lijian, 2.4% by Gao Ping, 1.6% by Zhang Yang, 1.6% by Deng Xiaokuan and 1.6% by Luo Yu. Kingdom Creative is owned as to 71.64% by Mr. Ren Weiming, 10.75% by Mr. Shen Yueming, 9.18% by Mr. Zhang Hongwen, 1.39% by Ms. Shen Hong, 4.48% by Mr. Sheng Liangzhen, 0.56% by Ms. Feng Liping, 0.54% by Ms. Chen Huiqun, 0.43% by Ms. Ren Liying, 0.38% by Mr. Xu Zhiquan, 0.2% by Ms. Xia Aimei, 0.19% by Mr. Zhuang Hanliang, 0.19% by Ms. Lu Min and 0.08% by Mr. Chen Shengfa.

Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, being executive Directors and connected persons of the Company, are also directors and shareholders of Kingdom Creative. Ms. Shen Hong is also a director of Heilongjiang Kangyuan. Accordingly, Kingdom Creative and Heilongjiang Kangyuan are associates of connected persons of the Company under Chapter 14A of the Listing Rules, and thus are connected persons of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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### **The Property**

Pursuant to the Sale and Purchase Agreement, the Property comprises the land use rights of the Land and the Buildings erected on the Land.

The Land is a parcel of land located at south of Jingnan No. 2 Street Road and east of Jingnan No. 1 Road, Qinggang County, Heilongjiang Province, the PRC (中國黑龍江省青岡縣靖南二街路南，靖南西一路東側). The term of the land use rights of the Land is 47 years until the year of 2068 and its permitted usage is for industrial use. The total area of the Land is approximately 26,209 sq.m.

The Buildings comprise a workshop, a boiler room and a fire cistern erected on the Land with an aggregate gross floor area of approximately 3,701 sq.m.

Heilongjiang Kangyuan warrants that it has the full and effective disposal rights over the Property, and the Property is free from encumbrances and other third-party rights and claims.

### **Consideration and payment terms**

The consideration for the Acquisition is RMB6,510,100 (equivalent to approximately HK\$6,916,000), which is payable within 15 days after the date of completion of the transfer of title of the Property from Heilongjiang Kangyuan to Heilongjiang Kingdom Hemp. The Group intends to fund the Acquisition with internal resources.

The consideration for the Acquisition was determined after arm's length negotiations between the parties with reference to the market value of the Property, which was approximately RMB9,300,200 (equivalent to approximately HK\$9,880,000) as at 25 June 2024 as appraised by an independent property valuer.

Based on the information provided by Heilongjiang Kangyuan, (i) the original acquisition cost of the Property incurred by Heilongjiang Kangyuan was approximately RMB12,890,153 (equivalent to approximately HK\$13,694,000), and (ii) as at 30 June 2024, the book value of the Property was approximately RMB10,876,352 (equivalent to approximately HK\$11,555,000).

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is in need of additional space to cope with its business development in Heilongjiang. It is planned that the Property will be used as warehouse for storage of the hemp raw materials. Having considered the Group's business expansion plan in the long run and its available financial resources, the Directors are of the view that the Acquisition is beneficial to the Group's business development.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement and that the transaction contemplated thereunder are entered into on normal commercial terms or better, are fair and reasonable, in the ordinary course of business of the Group, and in the interest of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Heilongjiang Kangyuan is a company owned as to 53.6% by Kingdom Creative, 16.0% by Heilongjiang Academy of Agricultural Sciences, 10.1% by Zou Ke, 6.1% by Wu Wei, 4.0% by Wang Pengliang, 3.0% by Xiong Lijian, 2.4% by Gao Ping, 1.6% by Zhang Yang, 1.6% by Deng Xiaokuan and 1.6% by Luo Yu. Kingdom Creative is owned as to 71.64% by Mr. Ren Weiming, 10.75% by Mr. Shen Yueming, 9.18% by Mr. Zhang Hongwen, 1.39% by Ms. Shen Hong, 4.48% by Mr. Sheng Liangzhen, 0.56% by Ms. Feng Liping, 0.54% by Ms. Chen Huiqun, 0.43% by Ms. Ren Liying, 0.38% by Mr. Xu Zhiquan, 0.2% by Ms. Xia Aimei, 0.19% by Mr. Zhuang Hanliang, 0.19% by Ms. Lu Min and 0.08% by Mr. Chen Shengfa.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, all other ultimate beneficial owners of Heilongjiang Kangyuan are Independent Third Parties.

Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, being executive Directors and connected persons of the Company, are also directors and shareholders of Kingdom Creative. Ms. Shen Hong is also a director of Heilongjiang Kangyuan. Accordingly, Kingdom Creative and Heilongjiang Kangyuan are associates of connected persons of the Company under Chapter 14A of the Listing Rules, and thus are connected persons of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

Each of Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong had abstained from voting on (and was not counted in the quorum for) the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder by virtue of their directorships and shareholding interests in Kingdom Creative. Save for Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company. Its subsidiaries, including Heilongjiang Kingdom Hemp, are principally engaged in the manufacture and sale of linen and hemp yarn. The Group is the leading exporter of linen yarn in the PRC.

Heilongjiang Kingdom Hemp is a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company. It is principally engaged in pre-spinning linen fiber processing and the provision of logistics services.

## **INFORMATION OF HEILONGJIANG KANGYUAN**

Heilongjiang Kangyuan is a company established in the PRC with limited liability. It is a biotechnology company principally engaged in the research and development of extraction and application of cannabinoids (CBD) from hemp. It is owned as to 53.6% by Kingdom Creative, 16% by Heilongjiang Academy of Agricultural Sciences and remaining 30.4% by eight individual investors. Kingdom Creative is owned as to 71.64% by Mr. Ren Weiming, the chairman of the Board and an executive Director. The executive Directors of the Company, namely Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong, are directors of Kingdom Creative.

Kingdom Creative is a company established in the PRC with limited liability. It is principally engaged in investment holding with a diversified investment portfolio including import and export business, retail business and banking.

Heilongjiang Academy of Agricultural Sciences is a research institute principally engaged in the collection and innovation of crop germplasm resources, genetic improvement, supporting basic theory and applied technology research in Heilongjiang Province.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Property by Heilongjiang Kingdom Hemp from Heilongjiang Kangyuan in accordance with the terms of the Sale and Purchase Agreement
“associate(s)”	shall have meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Buildings”	the buildings erected on the Land comprising a workshop, a boiler room and a fire cistern with an aggregate gross floor area of approximately 3,701 sq.m.
“Company”	Kingdom Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	shall have meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Heilongjiang Kangyuan”	Heilongjiang Kangyuan Bio-Technology Co., Ltd* (黑龍江康源生物科技有限公司), a company established in the PRC with limited liability and owned as to 53.6% by Kingdom Creative

“Heilongjiang Kingdom Hemp”	Heilongjiang Kingdom Hemp Co., Ltd* (黑龍江金達纖維大麻有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person or entity who (and in respect of an entity, whose ultimate beneficial owner(s)) is independent of and not connected with the Company and its connected persons
“Kingdom Creative”	Zhejiang Kingdom Creative Co., Ltd.* (浙江金達創業有限公司), a company established in the PRC with limited liability and owned as to 71.64% by Mr. Ren Weiming, the chairman of the Board and an executive Director
“Land”	a parcel of land located at south of Jingnan No. 2 Street Road and east of Jingnan No. 1 Road, Qinggang County, Heilongjiang Province, the PRC (中國黑龍江省青岡縣靖南二街路南, 靖南西一路東側) with a total area of approximately 26,209 sq.m.
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	the Land and the Buildings
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the agreement dated 29 July 2024 entered into between Heilongjiang Kingdom Hemp and Heilongjiang Kangyuan in relation to the Acquisition
“Share(s)”	share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square metre
“%”	per cent

*For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.9413.*

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

Zhejiang, 29 July 2024

*As at the date of this announcement, the executive Directors are Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Ms. Shen Hong; the non-executive Director is Mr. Ngan Kam Wai Albert; and the independent non-executive Directors are Mr. Lau Ying Kit, Mr. Lo Kwong Shun Wilson and Mr. Yan Jianmiao.*

\* *For identification purpose only*