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KAM HING INTERNATIONAL HOLDINGS LIMITED
錦興國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02307)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “Board”) of directors (the “Directors”) of Kam Hing International Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “Period”), together with the comparative figures for the corresponding period in 2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
REVENUE	2, 3	1,842,985	1,810,902
Cost of sales		(1,633,465)	(1,613,029)
Gross profit		209,520	197,873
Other income and gains, net	3	35,823	33,274
Selling and distribution expenses		(65,039)	(52,551)
Write-back of impairment on financial assets, net		224	4,727
Administrative expenses		(135,128)	(138,618)
Other operating expenses, net		(13,641)	(8,667)
Finance costs		(22,374)	(31,766)
Share of losses of associates		(359)	(68)

		Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
	<i>Notes</i>		
PROFIT BEFORE TAX	4	9,026	4,204
Income tax expense	5	<u>(2,716)</u>	<u>(234)</u>
PROFIT FOR THE PERIOD		<u>6,310</u>	<u>3,970</u>
Attributable to:			
Ordinary equity holders of the Company		6,411	3,815
Non-controlling interests		<u>(101)</u>	<u>155</u>
		<u>6,310</u>	<u>3,970</u>
Interim dividend	6	<u>Nil</u>	<u>Nil</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	<u>HK0.7 cent</u>	<u>HK0.4 cent</u>
Diluted	7	<u>HK0.7 cent</u>	<u>HK0.4 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
PROFIT FOR THE PERIOD	6,310	3,970
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,310</u>	<u>3,970</u>
Attributable to:		
Ordinary equity holders of the Company	6,411	3,815
Non-controlling interests	<u>(101)</u>	<u>155</u>
	<u>6,310</u>	<u>3,970</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		856,042	875,715
Investment property		54,227	54,227
Right-of-use assets		190,521	162,277
Goodwill		32,621	405
Interests in associates		4,918	5,277
Properties under development		53,674	53,674
Prepayments		29,273	33,173
Long-term receivables		39,679	39,558
Deposits paid		6,146	4,902
Deferred tax assets		34,948	37,224
		<hr/>	<hr/>
Total non-current assets		1,302,049	1,266,432
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		840,921	826,683
Accounts and bills receivables	8	526,094	518,455
Prepayments, deposits and other receivables		137,314	113,792
Financial asset at fair value through profit or loss		111	209
Tax recoverable		3,597	61
Pledged deposits and restricted bank balances		35,448	37,285
Cash and cash equivalents		637,150	672,814
		<hr/>	<hr/>
Total current assets		2,180,635	2,169,299
		<hr/>	<hr/>

		30 June	31 December
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Accounts and bills payables	9	562,680	607,894
Accrued liabilities and other payables		148,894	167,780
Due to an associate		947	947
Tax payable		8,640	6,406
Lease liabilities		5,667	5,514
Interest-bearing bank borrowings		691,018	697,123
		<u>1,417,846</u>	<u>1,485,664</u>
Total current liabilities			
		<u>1,417,846</u>	<u>1,485,664</u>
NET CURRENT ASSETS		762,789	683,635
		<u>762,789</u>	<u>683,635</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		2,064,838	1,950,067
		<u>2,064,838</u>	<u>1,950,067</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		298,754	189,812
Lease liabilities		31,194	27,557
Deferred tax liabilities		12,763	10,792
		<u>342,711</u>	<u>228,161</u>
Total non-current liabilities			
		<u>342,711</u>	<u>228,161</u>
Net assets		1,722,127	1,721,906
		<u>1,722,127</u>	<u>1,721,906</u>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		86,992	86,992
Reserves		1,634,018	1,633,696
		<u>1,721,010</u>	<u>1,720,688</u>
Non-controlling interests		1,117	1,218
		<u>1,117</u>	<u>1,218</u>
Total equity		1,722,127	1,721,906
		<u>1,722,127</u>	<u>1,721,906</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and with the disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). These condensed consolidated financial statements are unaudited but have been reviewed by the Company’s audit committee.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 21

Lack of Exchangeability

The adoption of this amended HKFRS Accounting Standard in the Period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the fabric segment engages in the production and sale of knitted fabric, sales of dyed yarns and provision of related subcontracting services;
- (b) the garment segment engages in the production and sale of garment products and provision of related subcontracting services; and
- (c) the “others” segment includes the provision of sewage treatment services and the provision of air and ocean freight handling services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

Intersegment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Fabric HK\$'000	Garment HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30 June 2025 (Unaudited)				
Segment revenue:				
Revenue from external customers	1,432,714	410,271	–	1,842,985
Intersegment sales	130,083	–	–	130,083
	<u>1,562,797</u>	<u>410,271</u>	<u>–</u>	<u>1,973,068</u>
Elimination of intersegment sales				<u>(130,083)</u>
				<u><u>1,842,985</u></u>
Segment profit/(loss)	29,828	(283)	(574)	28,971
Bank interest income	1,943	70	21	2,034
Finance costs (other than interest on lease liabilities)	(21,551)	(69)	–	(21,620)
Share of losses of associates	–	(359)	–	(359)
	<u>10,220</u>	<u>(641)</u>	<u>(553)</u>	<u>9,026</u>
Profit/(loss) before tax				
Income tax (expense)/credit	(3,099)	165	218	(2,716)
	<u>7,121</u>	<u>(476)</u>	<u>(335)</u>	<u>6,310</u>
Profit/(loss) for the period				
As at 30 June 2025 (Unaudited)				
Assets and liabilities				
Segment assets	2,691,656	627,441	123,721	3,442,818
Interest in associates	–	4,918	–	4,918
Deferred tax assets	15,471	–	19,477	34,948
	<u>2,707,127</u>	<u>632,359</u>	<u>143,198</u>	<u>3,482,684</u>
Total assets				
Segment liabilities	(1,640,760)	(99,712)	(7,322)	(1,747,794)
Deferred tax liabilities	(9,223)	–	(3,540)	(12,763)
	<u>(1,649,983)</u>	<u>(99,712)</u>	<u>(10,862)</u>	<u>(1,760,557)</u>
Total liabilities				
Other segment information:				
Six months ended 30 June 2025 (Unaudited)				
Depreciation of property, plant and equipment	83,493	5,784	1,996	91,273
Depreciation of right-of-use assets	5,189	1,528	401	7,118
Capital expenditure	51,417	1,190	172	52,779
	<u>139,100</u>	<u>8,502</u>	<u>2,569</u>	<u>149,171</u>

	Fabric HK\$'000	Garment HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30 June 2024				
(Unaudited)				
Segment revenue:				
Revenue from external customers	1,477,142	333,760	–	1,810,902
Intersegment sales	61,229	–	–	61,229
	<u>1,538,371</u>	<u>333,760</u>	<u>–</u>	<u>1,872,131</u>
Elimination of intersegment sales				<u>(61,229)</u>
				<u>1,810,902</u>
Segment profit	30,858	212	197	31,267
Bank interest income	4,202	128	18	4,348
Finance costs (other than interest on lease liabilities)	(31,328)	(15)	–	(31,343)
Share of loss of an associate	–	(68)	–	(68)
	<u>–</u>	<u>(68)</u>	<u>–</u>	<u>(68)</u>
Profit before tax	3,732	257	215	4,204
Income tax (expense)/credit	(67)	(288)	121	(234)
	<u>(67)</u>	<u>(288)</u>	<u>121</u>	<u>(234)</u>
Profit/(loss) for the period	<u>3,665</u>	<u>(31)</u>	<u>336</u>	<u>3,970</u>
As at 31 December 2024 (Audited)				
Assets and liabilities				
Segment assets	2,602,921	630,202	160,107	3,393,230
Interest in associates	–	5,277	–	5,277
Deferred tax assets	17,747	–	19,477	37,224
	<u>17,747</u>	<u>–</u>	<u>19,477</u>	<u>37,224</u>
Total assets	<u>2,620,668</u>	<u>635,479</u>	<u>179,584</u>	<u>3,435,731</u>
Segment liabilities	(1,514,627)	(33,190)	(155,216)	(1,703,033)
Deferred tax liabilities	(7,079)	–	(3,713)	(10,792)
	<u>(7,079)</u>	<u>–</u>	<u>(3,713)</u>	<u>(10,792)</u>
Total liabilities	<u>(1,521,706)</u>	<u>(33,190)</u>	<u>(158,929)</u>	<u>(1,713,825)</u>
Other segment information:				
Six months ended 30 June 2024				
(Unaudited)				
Depreciation of property, plant and equipment	103,867	6,802	360	111,029
Depreciation of right-of-use assets	2,278	–	–	2,278
Capital expenditure	27,654	15,292	3,373	46,319
	<u>27,654</u>	<u>15,292</u>	<u>3,373</u>	<u>46,319</u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Korea	815,989	795,036
Mainland China	262,248	281,639
Singapore	164,003	137,956
Hong Kong	132,745	141,684
Taiwan	90,856	80,562
United States	76,654	67,125
Vietnam	49,114	62,666
Others	251,376	244,234
	1,842,985	1,810,902

The revenue information above is based on the location of the customers.

(b) Non-current assets

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Mainland China	775,139	907,950
Cambodia	140,819	146,083
Hong Kong	118,570	74,171
Vietnam	104,776	4,859
Singapore	1,824	2,191
Others	–	317
	1,141,128	1,135,571

The non-current assets information above is based on the location of assets and excludes certain non-current assets such as goodwill, long-term receivables and deferred tax assets.

Information about a major customer

Revenue from customer amounted to over 10% of the Group's total revenue is as follows:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Customer A	348,155	319,916

Revenue from major customer comes from the sale of knitted fabric and dyed yarn.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and services rendered by the Group.

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

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Production and sale of knitted fabric and dyed yarn	1,432,714	1,477,142
Production and sale of garment products and provision of related subcontracting services	410,271	333,760
	1,842,985	1,810,902
Other income		
Bank interest income	2,034	4,348
Subsidy income	4,212	48
Fee income from sewage treatment	14,831	12,061
Fee income from freight handling services	3,622	3,778
Others	11,222	13,033
	35,921	33,268
(Losses)/gains, net		
Fair value (losses)/gains:		
Financial assets at fair value through profit or loss – held for trading	(98)	6
Other income and gains	35,823	33,274

4. PROFIT BEFORE TAX

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

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Cost of inventories sold and services provided	1,633,465	1,613,029
Research and development costs	20,595	26,011
Depreciation of items of property, plant and equipment	91,273	111,029
Depreciation of right-of-use assets	7,118	2,278
Employee benefits expense (including directors' remuneration):		
Wages and salaries	257,365	253,536
Pension scheme contributions	29,475	24,783
	<u>286,840</u>	<u>278,319</u>
Loss on disposal of items of property, plant and equipment	1,908	298
Write-back of impairment, net:		
Write-back of impairment of accounts receivables, net	(224)	(4,727)
Fair value losses/(gains):		
Financial assets at fair value through profit or loss – held for trading	98	(6)
Foreign exchange differences, net	<u>(3,043)</u>	<u>(2,620)</u>

5. INCOME TAX

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Current tax – Hong Kong		
Charge for the period	–	288
Over-provision in prior years	(165)	–
Current tax – Elsewhere		
Charge for the period	318	51
Under/(over)-provision in prior years	476	(142)
Deferred tax expense	<u>2,087</u>	<u>37</u>
Total tax charge for the period	<u><u>2,716</u></u>	<u><u>234</u></u>

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at the rate of 16.5% (six months ended 30 June 2024: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2024: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (six months ended 30 June 2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC effective on 1 January 2008, the corporate income tax rate is 25% for all enterprises in Mainland China.

During the periods ended 30 June 2025 and 30 June 2024, certain subsidiaries of the Group were entitled to a preferential tax rate of 15% under the status of High New Technology Enterprises.

For Macau, the first Macau Pataca 600,000 (equivalent to approximately HK\$583,000) of assessable profits of the Macau subsidiary are exempted from Macau complementary tax and the remaining assessable profits are subject to the statutory rate of 12% (six months ended 30 June 2024: 12%).

For Vietnam, the Vietnamese subsidiary is subject to a corporate income tax rate of 20% (six months ended 30 June 2024: Nil).

6. DIVIDEND

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

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the Period is based on the profit for the Period attributable to ordinary equity holders of the Company of HK\$6,411,000 (six months ended 30 June 2024: HK\$3,815,000) and 869,919,000 (six months ended 30 June 2024: 869,919,000) ordinary shares in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue for the periods ended 30 June 2025 and 30 June 2024.

8. ACCOUNTS AND BILLS RECEIVABLES

The Group's trading terms with its customers are generally on credit with terms of up to three months and are non-interest bearing (except for certain well-established customers with strong financial strength, good repayment history and creditworthiness, where the credit terms are extended to six months). The Group seeks to maintain strict control over its outstanding receivable and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivables balances.

An aged analysis of the Group's accounts and bills receivable as at the end of the reporting period, based on the invoice date and issuance date, respectively, and net of loss allowance, is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 1 month	355,925	361,744
1 to 2 months	117,894	94,236
2 to 3 months	32,379	37,422
Over 3 months	19,896	25,053
	526,094	518,455

9. ACCOUNTS AND BILLS PAYABLES

An aged analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date and issuance date, respectively, is as follows:

	30 June	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 3 months	501,084	513,855
3 to 6 months	56,708	88,900
Over 6 months	4,888	5,139
	<hr/>	<hr/>
	562,680	607,894
	<hr/> <hr/>	<hr/> <hr/>

The accounts and bills payable are non-interest bearing and are normally settled on credit terms of one to five months.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2025, the textile and garment industry faced significant uncertainties due to global economic challenges and trade disruptions. The United States (“U.S.”) economy exhibited mixed performance, with real GDP increasing at an annual rate of 3.0% in the second quarter, following a 0.5% decline in the first quarter. Consequently, overall GDP growth for the Period averaged approximately 1.25%, indicating a slowdown compared to the previous two years. More significantly, high and shifting tariffs announced by the Trump administration in the U.S. on major trade partners intensified trade tensions, creating substantial uncertainties and disrupting global supply chains. Combined with broader economic pressures and regional political instability, these factors heightened fears of a global economic recession and led to cautious consumer behaviour, resulting in a challenging business environment for the industry.

As tariff policies evolved alongside trade negotiations, a phenomenon of front-loading garment goods to the U.S. emerged, with importers accelerating shipments ahead of the new tariffs. The shipment growth observed in the first half of 2025 should be viewed as a consequence of tariff distortion rather than underlying strength. In contrast, many upstream textile suppliers faced delayed and reduced orders, leading to intensified market competition. Ongoing consolidation in the textile industry has been observed, as brand customers increasingly prefer to place orders with large manufacturers capable of multiple-location operations, while smaller players struggle amid uncertain order volumes.

In China, consumer confidence began to show early signs of stability, bolstered by government measures aimed at stimulating domestic consumption. Despite these positive developments, the Consumer Confidence Index remained near historically low levels, reflecting cautious spending driven by ongoing market uncertainties. A growing number of consumers prioritised value-driven purchases, signalling a shift towards quality and personal fulfilment. These evolving consumer behaviours continued to pose challenges for industries striving to adapt to changing demands and maintain growth in an unpredictable economic environment.

BUSINESS OVERVIEW

In the first half of 2025, the Group's textile and garment business maintained a stable performance despite intense market competition and geopolitical uncertainties. With its textile products primarily sold to garment manufacturers in Asia and garment products exported to Europe and Canada, the direct impact of U.S. tariffs on the Group was minimal. On the other hand, the Group's strengthened "China + Vietnam + Cambodia" production triangle enabled it to secure orders from global brand customers by offering multi-location manufacturing solutions. Overall revenue of the Group for the Period increased by approximately 1.8% year-on-year ("yoy") to approximately HK\$1,843.0 million, with gross profit increased by approximately 5.9% yoy to approximately HK\$209.5 million. The Group achieved a profit attributable to ordinary equity holders of HK\$6.4 million, representing an increase of 68.0% yoy. The basic earnings per share for the Period was approximately HK0.7 cent.

For the Period, revenue generated from textile business and garment business accounted for approximately 77.7% and 22.3% of the overall revenue respectively. The textile business was supported by the Group's production bases in China and Vietnam, while the factories in Cambodia mainly manufactured garment products. Both textile business and garment business maintained stable revenue levels for the Period.

In April 2025, the Group successfully completed the acquisition of Korea Textile & Dyeing Support Services Joint Stock Company which subsequently changed its name to Kam Hing (Vietnam) Textile Printing and Dyeing Company Limited ("KHV") for a total cash consideration of US\$4,347,894 (approximately HK\$33,913,000) as the purchase price, along with US\$6,407,597 (approximately HK\$49,979,000) to settle debts owed by KHV to the vendors. KHV specialises in the manufacturing of dyed fabrics. This acquisition significantly enhances the Group's textile manufacturing capabilities in Vietnam and supports its dual-location textile solutions strategy. With a ready-to-use manufacturing base, including factory facilities, machinery, and labour, the Group rapidly increased its production capacity in Vietnam to meet the growing demand for knitted textiles from local and regional garment manufacturers. In order to better utilise the floor area of the factory, the Group has been investing in the second half of 2025 to renovate some of the existing plants, thereby increasing the usable floor area of the factory with the aim of boosting production capacity. To further improve operational efficiency, the Group has initiated upgrades to part of its production lines through the integration of advanced machinery and equipment. Completion of this upgrade is expected to take place in the second half of the year and the upgraded production lines are expected to commence production in early 2026.

The Group's prior investments in the expansion of garment production capacity in Cambodia began to yield results in the first half of 2025. The increased production capacity enabled the Group to fulfil more orders efficiently while enhancing operational responsiveness to customer needs with its research and development capabilities, enabling product innovation and the delivery of value-added products and services. These strategic efforts shielded the Group from market pressures, enhancing its ability to serve existing customers and positioning it competitively to capture new orders in a challenging landscape.

Amid persistent uncertainties, the Group actively optimised its business structure and evaluated its financial position to enhance operating efficiency. In response to the evolving geopolitical landscape, the Group is strategically expanding its business into the Southeast Asian region to seize current market opportunities. Earlier in April 2025, the Group acquired KHV, a Vietnam-based company that operates a dyeing factory. In June 2025, the Group secured new financing, further reinforcing its capital base and supporting its future development, which led to an increase in bank borrowings compared with the year end of 2024. Despite the increase in bank borrowings, interest expenses were reduced by approximately 31.0% due to the decrease in interest rate. This also demonstrates the Group's prudent financial management, reinforcing the Group's financial resilience and maintaining profitability.

PROSPECTS

The global economy growth prospects in 2025 remains fragile and uncertain, despite a lower average U.S. tariff rate on trade partners than previously announced. Tariffs are still historically high, which could continue to weigh on economic activities worldwide. The International Monetary Fund (IMF) projects global growth at 3.0% in 2025 and 3.1% in 2026, below the historical average of 3.7%. This signals ongoing pressure on supply chains and business environments. Weaker consumer sentiment has led retailers to adopt a cautious procurement approach to maintain low level of inventory, intensifying pressure on the supply side of the textile and garment sectors.

As the Group enters the second half of 2025, it remains focused on closely monitoring the rapidly changing environment and optimising its operations and financials to adapt accordingly. The strategic establishment of the "China + Vietnam + Cambodia" production triangle in previous years has positioned the Group to effectively manage geopolitical and market risks. Amid significant uncertainties and potential declines in market demand due to tariffs affecting consumer prices in the U.S., the Group will leverage its vertically integrated manufacturing network in Southeast Asia to deliver exceptional products and services with flexibility and added value, aiming to capture larger market shares under this dynamic global landscape. Additionally, the Group plans to strengthen its supply chain by increasing local sourcing, thereby maintaining its cost advantage and competitiveness. The Group is committed to enhancing its operations to drive sustainable development.

FINANCIAL REVIEW

Revenue

Overall sales turnover during the Period was approximately HK\$1,843.0 million, representing an increase of approximately 1.8% (six months ended 30 June 2024: approximately HK\$1,810.9 million). Sales turnover was maintained at a stable level, supported by steady demand for the Group's fabrics and garments products.

Gross Profit and Gross Profit Margin

Gross profit during the Period was approximately HK\$209.5 million, representing an increase of approximately 5.9% (six months ended 30 June 2024: approximately HK\$197.9 million). Gross profit margin increased to approximately 11.4% (six months ended 30 June 2024: approximately 10.9%). This was mainly attributable to relatively good margin orders accounting for a high proportion of all the orders compared to the same period last year.

Other Income and Gains, Net

Other income and gains, net during the Period of approximately HK\$35.9 million (six months ended 30 June 2024: approximately HK\$33.3 million) mainly comprised income received from provision of sewage treatment of approximately HK\$14.8 million (six months ended 30 June 2024: approximately HK\$12.1 million), fee income from freight handling services of approximately HK\$3.6 million (six months ended 30 June 2024: approximately HK\$3.8 million), subsidy income of approximately HK\$4.2 million (six months ended 30 June 2024: approximately HK\$0.1 million), bank interest income of approximately HK\$2.0 million (six months ended 30 June 2024: approximately HK\$4.3 million). The remaining balance mainly derived from sales of scrap.

Selling and Distribution Expenses

Selling and distribution expenses during the Period increased to approximately HK\$65.0 million (six months ended 30 June 2024: approximately HK\$52.6 million). The increase is mainly due to the significant increase in freight charges.

Administrative Expenses

Administrative expenses, including salaries, depreciation, customs declaration and other related expenses, decreased to approximately HK\$135.1 million during the Period (six month ended 30 June 2024: approximately HK\$138.6 million). Amid ongoing global economic uncertainty, the Group has adopted a prudent approach on cost control. The Group remains committed to continuously optimising its organisational structure to enhance cost efficiency and operational effectiveness.

Other Operating Expenses, Net

During the Period, other operating expenses, net was approximately HK\$13.6 million (six months ended 30 June 2024: approximately HK\$8.7 million), mainly comprising operating expenses on sewage treatment of approximately HK\$14.7 million (six months ended 30 June 2024: approximately HK\$11.0 million), loss on disposal of items of property, plant and equipment of approximately HK\$1.9 million (six months ended 30 June 2024: approximately HK\$0.3 million) and foreign exchange gain of approximately HK\$3.0 million (six months ended 30 June 2024: approximately HK\$2.6 million).

Finance Costs

Finance costs for the Period were approximately HK\$22.4 million (six months ended 30 June 2024: approximately HK\$31.8 million), comprising interest on bank loans of approximately HK\$15.8 million (six months ended 30 June 2024: approximately HK\$21.4 million), amortisation of bank charges on term loans of approximately HK\$1.4 million (six months ended 30 June 2024: approximately HK\$1.0 million), interest on trade loan and discounted bills of approximately HK\$4.4 million (six months ended 30 June 2024: approximately HK\$8.9 million) and interest on lease liabilities of approximately HK\$0.8 million (six months ended 30 June 2024: approximately HK\$0.4 million). The decrease in finance costs was primarily driven by the reduction in prevailing bank interest rates in Hong Kong compared to the same period last year.

Net Profit

Net profit attributable to ordinary equity holders of the Company for the Period was approximately HK\$6.4 million (six months ended 30 June 2024: approximately HK\$3.8 million). The increase in profit is primarily attributable to the improved gross profit margin and the decrease in administrative expenses and finance costs as mentioned above.

Contingent Liabilities

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

Liquidity and Financial Resources

As at 30 June 2025, the Group's net current assets were approximately HK\$762.8 million (31 December 2024: approximately HK\$683.6 million). The Group regularly reviews its financial position and maintains a healthy financial position by financing its operations from internally generated resources and long-term bank loans. As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$637.2 million (31 December 2024: approximately HK\$672.8 million). Current ratio as at 30 June 2025 was approximately 1.5 times (31 December 2024: approximately 1.5 times).

As at 30 June 2025, total bank borrowings of the Group were approximately HK\$989.8 million (31 December 2024: approximately HK\$886.9 million). The Group's net debt gearing ratio (i.e. net debts divided by the sum of equity and net debts) as at 30 June 2025 was approximately 39.0% (31 December 2024: approximately 37.3%). Net debts comprise all interest-bearing bank borrowings, accounts and bills payables, accrued liabilities and other payables, an amount due to an associate and lease liabilities less cash and cash equivalents. Equity comprises owners' equity as stated in the condensed consolidated financial statements.

Financing

As at 30 June 2025, the Group's long-term loans were approximately HK\$298.8 million (31 December 2024: approximately HK\$189.8 million), comprising term loans from banks.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the Period (six months ended 30 June 2024: Nil).

Foreign Exchange Risk and Interest Rate Risk

Approximately 84.2% (six months ended 30 June 2024: approximately 83.1%) of the Group's sales was denominated in U.S. dollars. The remaining sales were denominated in Hong Kong dollars and Renminbi. The majority of the Group's costs of sales were denominated in U.S. dollars, Hong Kong dollars and Renminbi. The Group is therefore exposed to foreign exchange risks arising from currency exposures, primarily in respect to the Renminbi. The exchange rates of other currencies were relatively stable throughout the Period and the impact of exchange rate fluctuation is immaterial to our cost structure. The management closely monitors the foreign exchange movements and determines the appropriate hedging activities when necessary. The Group's borrowings were mainly maintained at a floating rate basis. The management will pay attention to the interest rate movement and employ necessary hedging instruments in a prudent and professional manner.

Charge of Group's Assets

As at 30 June 2025, none of the Group's land and buildings were pledged (31 December 2024: Nil) and HK\$35.4 million (31 December 2024: HK\$36.0 million) of deposits were pledged for bills payable of HK\$87.4 million (31 December 2024: HK\$110.5 million). As at 30 June 2025, the restricted bank balances were Nil (31 December 2024: HK\$1.3 million due to a freezing order from a district court in the PRC under a legal case against one of subsidiaries of the Company).

Capital Expenditure

For the Period, the Group invested approximately HK\$52.8 million (six months ended 30 June 2024: approximately HK\$46.3 million) in capital expenditure of which approximately 97.8% (six months ended 30 June 2024: approximately 74.4%) was used for the purchase of plant and machinery and the remaining was used for the construction of factory premises and purchase of other equipments.

As at 30 June 2025, the Group had capital commitments of approximately HK\$37.0 million (31 December 2024: approximately HK\$13.0 million) in property, plant and equipment and right-of-use assets and HK\$176.2 million (31 December 2024: approximately HK\$176.2 million) in construction of new manufacturing facilities. All are funded or will be funded by internal resources.

Significant Investment

As at 30 June 2025, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets.

Material Acquisition and Disposal

On 27 January 2025, the Group entered into a sale and purchase agreement (as supplemented on 27 February 2025) to acquire 100% equity interest in KHV (the "Acquisition") from independent third parties (the "Vendors") at a cash consideration comprising US\$4,347,894 (equivalent to approximately HK\$33,913,000) as the purchase price of the shares of KHV and US\$6,407,597 (equivalent to approximately HK\$49,979,000) as the settlement amount of the debts owed by KHV to the Vendors and their related parties. Completion of the Acquisition has taken place in April 2025. KHV has thereafter become an indirect wholly-owned subsidiary of the Company. Further details of the Acquisition were set out in the announcements of the Company dated 27 January 2025, 27 February 2025 and 30 April 2025, and the circular of the Company dated 26 May 2025.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the Period.

Event After the Reporting Period

There were no significant events after the reporting period which would materially affect the Group's operations and financial performance.

Treasury Policy

The Group adopted conservative treasury policies in cash and financial management, and attached high importance to the risk control and transactions related to the Group's principal business. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's liquidity and financing requirements are reviewed regularly.

Equity Fund Raising Exercise

There was no equity fund raising or sale of treasury shares by the Company during the Period, nor were there any unutilised proceeds brought forward from any issue of equity securities or sale of treasury shares made in previous financial years.

Staff Policy

The Group had 3,575 (31 December 2024: 3,638) employees in the PRC, 3,348 employees in Cambodia (31 December 2024: 3,356) and 297 employees in Hong Kong, Macau, Singapore and other territories (31 December 2024: 187) as at 30 June 2025. Remuneration packages are generally structured by reference to market terms and individual qualification. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses are offered to the Group's staff depending on their performance and the results of the Group.

The Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) as well as medical insurance for all its employees in Hong Kong. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the relevant laws and regulations of the applicable jurisdictions. Also, the Group is obliged to provide its employees in the PRC with welfare schemes covering various insurance and social benefits. Staff benefits are also provided to the staff working in other countries according to the respective countries' statutory requirements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares (as defined under the Listing Rules)) during the Period. As at 30 June 2025, there were no treasury shares held by the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining good corporate governance practices. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders value. The Company has applied the principles and met the relevant code provisions set out in the Corporate Governance Code in Part 2 of Appendix C1 of the Listing Rules throughout the Period.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”), comprising all the three independent non-executive Directors, namely Mr. Wu Tak Lung (as Chairman), Mr. Ho Gilbert Chi Hang and Mr. Ting Kay Loong, is primarily responsible for reviewing and supervising the financial reporting, risk management and internal control of the Group. The Audit Committee has discussed with the management the accounting policies adopted by the Group and reviewed the unaudited interim financial statements of the Group for the Period before recommending them to the Board for approval.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (“MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code for the Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.kamhingintl.com). The interim report of the Company for the six months ended 30 June 2025 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, investors and business partners for their continual support and to its staff for their dedicated work.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan and Ms. Wong Siu Yuk as executive Directors; Mr. Lei Heong Man as non-executive Director; and Mr. Ho Gilbert Chi Hang, Mr. Ting Kay Loong, and Mr. Wu Tak Lung as independent non-executive Directors.

By Order of the Board
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

Hong Kong, 19 August 2025