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KASEN INTERNATIONAL HOLDINGS LIMITED

卡森國際控股有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 496)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the “Board”) of directors (the “Directors”) of Kasen International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2024, together with comparative figures for the year ended December 31, 2023, as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Revenue	4	1,025,691	956,757
Cost of sales		(624,918)	(607,100)
Gross profit		400,773	349,657
Other income	5	6,225	9,179
Other gains and losses, net	6	14,238	32,800
Share of result of an associate		1,684	5,589
Selling and distribution costs		(62,224)	(69,816)
Administrative expenses		(173,474)	(177,116)
(Provision for)/Reversal of impairment loss on financial assets, nets		(7,515)	3,044
Finance costs	7	(54,268)	(42,655)
Profit before income tax	8	125,439	110,682
Income tax expense	9	(55,755)	(44,773)
Profit for the year		69,684	65,909

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Other comprehensive income, including reclassification adjustments			
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial asset at fair value through other comprehensive income		–	(1,086)
Income tax relating to fair value change of financial asset through other comprehensive income		–	271
		<u>–</u>	<u>(815)</u>
Item that will be reclassified subsequently to profit or loss:			
Exchange profit on translation of financial statements of foreign operations		<u>2,580</u>	<u>1,685</u>
Other comprehensive income for the year, including reclassification adjustments and net of tax		<u>2,580</u>	<u>870</u>
Total comprehensive income for the year		<u>72,264</u>	<u>66,779</u>
Profit for the year attributable to:			
– Owners of the Company		63,535	70,426
– Non-controlling interests		<u>6,149</u>	<u>(4,517)</u>
		<u>69,684</u>	<u>65,909</u>
Profit and total comprehensive income attributable to:			
– Owners of the Company		65,389	71,296
– Non-controlling interests		<u>6,875</u>	<u>(4,517)</u>
		<u>72,264</u>	<u>66,779</u>
Earnings per share attributable to the owners of the Company (expressed in RMB per share)			
Basic	<i>11</i>	4.40 cents	4.88 cents
Diluted		<u>3.39 cents</u>	<u>4.88 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,073,694	967,535
Right-of-use assets		137,058	134,705
Investment properties		9,190	–
Interests in associates		25,078	23,394
Intangible assets		18	26
Financial asset at fair value through profit or loss		20,389	21,355
Prepayment for acquisition of freehold land		129,391	127,004
Prepayment for acquisition of property, plant and equipment		10,780	503
Lands held for development or sale		674,585	262,138
Deferred tax assets		76,313	75,931
		<u>2,156,496</u>	<u>1,612,591</u>
Current assets			
Inventories		68,654	63,963
Properties under development for sale		1,773,645	1,681,827
Properties held for sale		850,485	998,636
Trade, bills and other receivables	12	1,070,378	952,093
Prepaid income tax		20,915	14,711
Prepaid land appreciation tax		6,672	6,494
Pledged bank deposits		40,000	81,650
Restricted bank deposit for property development business		3,684	3,271
Cash and cash equivalents		301,685	567,542
		<u>4,136,118</u>	<u>4,370,187</u>
Current liabilities			
Trade, bills and other payables	13	492,582	404,181
Lease liabilities		18,113	20,176
Contract liabilities		539,076	546,371
Bank borrowings		184,453	284,128
Tax payable		240,219	219,059
Amounts due to non-controlling interests of subsidiaries		83,162	227,364
Convertible bonds		131,881	–
Derivative financial instruments		19,693	–
		<u>1,709,179</u>	<u>1,701,279</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net current assets	<u>2,426,939</u>	<u>2,668,908</u>
Total assets less current liabilities	<u>4,583,435</u>	<u>4,281,499</u>
Non-current liabilities		
Lease liabilities	23,462	10,821
Bank borrowings	508,987	444,083
Deferred tax liabilities	<u>15,020</u>	<u>13,145</u>
	<u>547,469</u>	<u>468,049</u>
Net assets	<u><u>4,035,966</u></u>	<u><u>3,813,450</u></u>
CAPITAL AND RESERVES		
Share capital	1,654	1,654
Reserves	<u>3,802,323</u>	<u>3,750,967</u>
Equity attributable to the owners of the Company	<u>3,803,977</u>	<u>3,752,621</u>
Non-controlling interests	<u>231,989</u>	<u>60,829</u>
Total equity	<u><u>4,035,966</u></u>	<u><u>3,813,450</u></u>

Notes:

1. GENERAL INFORMATION

Kasen International Holdings Limited (the “Company”) was incorporated in the Cayman Islands on December 19, 2002 as an exempted company with limited liability under the Companies Act Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands and its principal place of business in Hong Kong is located at Unit 1107, 11/F, COSCO Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since October 20, 2005 (the “Listing”).

The Company is an investment holding company and its subsidiaries (together referred to as the “Group”) are principally engaged in (i) manufacturing and trading of upholstered furniture; (ii) properties development; (iii) special economic zone; and (iv) travel and tourism-related operations.

The consolidated financial statements for the year ended December 31, 2024 were approved for issue by the Board of Directors on March 31, 2025.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”) which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards (“IASs”) and Interpretations IFRS Accounting Standards and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of issued new and amended IFRS Accounting Standards and the impacts on the consolidated financial statement of the Group, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values. The consolidated financial statements are presented in thousands of RMB (“RMB’000”) unless otherwise stated.

It should be noted that accounting estimates and assumptions are used in preparation of consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

Amended IFRS Accounting Standards that are effective for annual periods beginning on January 1, 2024

In the current year, the Group has applied for the first time the following amended IFRS Accounting Standards issued by the IASB, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on January 1, 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the amended IFRS Accounting Standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective IFRS Accounting Standards

The Group has not early applied the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after January 1, 2025

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

⁴ Effective date to be determined

The directors anticipate that all of the new and amended IFRS Accounting Standards will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended IFRS Accounting Standards. Information on new and amended IFRS Accounting Standards that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18")

IFRS 18 replaces IAS 1 "Presentation of Financial Statements" ("IAS 1"). It carries forward many of the existing requirements in IAS 1, with limited changes, and some IAS 1 requirements will be moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures".

IFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the consolidated statement of profit or loss and other comprehensive income;
- Disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to IAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other IFRSs, are effective for annual period beginning on or after January 1, 2027 and must be applied retrospectively with specific transition provisions.

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, being CODM, who is responsible for allocating resources and assessing performance of the operating segment, has identified the Groups' operating and reportable segments as below:

- (i) Manufacturing and trading of upholstered furniture (“Manufacturing”);
- (ii) Properties development (“Properties development”);
- (iii) Lands and properties development of Special Economic Zone in Cambodia (“Special Economic Zone”); and
- (iv) Others, comprising mainly provision of travel and tourism-related services, catering and entertainment services and provision of property management service (“Others”).

During the year ended December 31, 2024, in view of the Group's strategic plan to develop the Special Economic Zone in Cambodia, the CODM have identified “Special Economic Zone” as a new reporting segment as compared to “Manufacturing”, “Properties development” and “Others” which have been identified in the prior year. Given the new segment of the Special Economic Zone, certain analysis by reportable segments of the Group for the year ended December 31, 2023 was restated accordingly.

The following is an analysis of the Group's revenue by reportable segments:

For the year ended December 31, 2024:

	Manufacturing <i>RMB'000</i>	Properties development <i>RMB'000</i>	Special Economic Zone <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
External sales	551,891	327,164	59,802	86,834	-	1,025,691
Inter-segment sales	-	-	14,624	3,611	(18,235)	-
	<u>551,891</u>	<u>327,164</u>	<u>74,426</u>	<u>90,445</u>	<u>(18,235)</u>	<u>1,025,691</u>

For the year ended December 31, 2023:

	Manufacturing <i>RMB'000</i>	Properties development <i>RMB'000</i>	Special Economic Zone <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
External sales	529,668	300,912	-	126,177	-	956,757
Inter-segment sales	-	-	-	2,004	(2,004)	-
	<u>529,668</u>	<u>300,912</u>	<u>-</u>	<u>128,181</u>	<u>(2,004)</u>	<u>956,757</u>

Disaggregation of revenue from contracts with customers

For the year ended December 31, 2024:

	Manufacturing <i>RMB'000</i>	Properties development <i>RMB'000</i>	Special Economic Zone <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Primary geographical markets						
United States	341,369	-	-	-	-	341,369
PRC, including Hong Kong	42,030	204,780	-	90,445	(3,611)	333,644
Cambodia	59,628	122,384	74,426	-	(14,624)	241,814
Europe	108,038	-	-	-	-	108,038
Others	826	-	-	-	-	826
	<u>551,891</u>	<u>327,164</u>	<u>74,426</u>	<u>90,445</u>	<u>(18,235)</u>	<u>1,025,691</u>
Major products and services						
Sales of upholstered furniture	551,891	-	-	-	-	551,891
Sales of properties	-	327,164	74,426	-	(14,624)	386,966
Travel & tourism-related services	-	-	-	40,345	-	40,345
Catering & entertainment	-	-	-	35,656	(3,611)	32,045
Property management services	-	-	-	14,444	-	14,444
	<u>551,891</u>	<u>327,164</u>	<u>74,426</u>	<u>90,445</u>	<u>(18,235)</u>	<u>1,025,691</u>
Timing of revenue recognition						
At a point in time	551,891	327,164	74,426	76,001	(18,235)	1,011,247
Transferred over time	-	-	-	14,444	-	14,444
	<u>551,891</u>	<u>327,164</u>	<u>74,426</u>	<u>90,445</u>	<u>(18,235)</u>	<u>1,025,691</u>

For the year ended December 31, 2023:

	Manufacturing <i>RMB'000</i>	Properties development <i>RMB'000</i>	Special Economic Zone <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Primary geographical markets						
United States	416,073	–	–	–	–	416,073
PRC, including Hong Kong	60,749	278,345	–	128,181	(2,004)	465,271
Cambodia	43,327	22,567	–	–	–	65,894
Europe	7,012	–	–	–	–	7,012
Others	2,507	–	–	–	–	2,507
	<u>529,668</u>	<u>300,912</u>	<u>–</u>	<u>128,181</u>	<u>(2,004)</u>	<u>956,757</u>
Major products and services						
Sales of upholstered furniture	529,668	–	–	–	–	529,668
Sales of properties	–	300,912	–	–	–	300,912
Travel & tourism-related services	–	–	–	54,326	–	54,326
Catering & entertainment	–	–	–	56,617	(2,004)	54,613
Property management services	–	–	–	17,238	–	17,238
	<u>529,668</u>	<u>300,912</u>	<u>–</u>	<u>128,181</u>	<u>(2,004)</u>	<u>956,757</u>
Timing of revenue recognition						
At a point in time	529,668	300,912	–	20,254	(2,004)	848,830
Transferred over time	–	–	–	107,927	–	107,927
	<u>529,668</u>	<u>300,912</u>	<u>–</u>	<u>128,181</u>	<u>(2,004)</u>	<u>956,757</u>

The following is an analysis of the Group's result by reportable segments:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Segment profit/(loss)		
– Manufacturing	44,108	49,109
– Properties development	2,807	9,791
– Special Economic Zone	20,157	(980)
– Others	8,910	6,922
	<u>75,982</u>	<u>64,842</u>
Unallocated corporate income	5,283	2,068
Unallocated other gains and losses	(11,581)	(1,001)
	<u>69,684</u>	<u>65,909</u>

The following is an analysis of other segment information of the Group:

For the year ended December 31, 2024

	Manufacturing	Properties development	Special Economic Zone	Others	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of result of an associate	-	1,684	-	-	-	1,684
Interest income	1,973	61	-	134	20	2,188
Depreciation and amortization of non-current assets	(31,055)	(45,207)	(31)	(1,715)	(893)	(78,901)
Finance costs	(12,354)	(36,749)	-	(529)	(4,636)	(54,268)
Income tax (expense)/credit	(9,897)	(46,563)	-	705	-	(55,755)

For the year ended December 31, 2023

	Manufacturing	Properties development	Special Economic Zone	Others	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of result of an associate	-	5,589	-	-	-	5,589
Interest income	1,220	119	-	54	25	1,418
Depreciation and amortization of non-current assets	(36,918)	(45,117)	-	(1,446)	(816)	(84,297)
Finance costs	(9,391)	(31,576)	-	(1,635)	(53)	(42,655)
Income tax (expense)/credit	(1,232)	(46,718)	-	3,177	-	(44,773)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) mainly represents the profit earned by/(loss from) each segment without allocation of central administration costs, directors' salaries and exchange gain/(loss). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Unallocated corporate income/(expense) mainly include fair value changes of financial guarantee, financial assets at fair value through profit or loss and derivative component of convertible bonds and interest charges on convertible bonds.

Geographical information

The Group's operations are substantively located in the PRC.

The Group's revenue analysis is basically based on the locations of external customers except for revenue from sales of properties and provision of property management services, which are based on location of properties.

The Group's revenue from external customers by geographical location of the assets are detailed below:

	Revenue from external customers	
	Year ended December, 31	
	2024	2023
	RMB'000	RMB'000
United States	341,369	416,073
PRC, including Hong Kong	333,644	465,271
Cambodia	241,814	65,894
Europe	108,038	7,012
Others	826	2,507
	<u>1,025,691</u>	<u>956,757</u>

The following is an analysis of the Group's revenue for the year:

	2024	2023
	RMB'000	RMB'000
Sale of goods		
Upholstered furniture	551,891	529,668
Lands and properties	386,966	300,912
	<u>938,857</u>	830,580
Provision of services		
Others (<i>note</i>)	86,834	126,177
	<u>1,025,691</u>	<u>956,757</u>

Note: Amounts mainly included income from provision of travel and tourism-related services, catering and entertainment services and provision of property management service.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (including unsatisfied or partially unsatisfied) as at December 31, 2024 and the expected timing of recognising revenue as follows:

	Properties development	
	2024	2023
	RMB'000	RMB'000
More than one year but not more than two years	<u>1,010,000</u>	<u>1,010,000</u>

5. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Dividend income from financial asset at fair value through profit or loss	–	1,044
Government grants (<i>note (a)</i>)	763	980
Interest income (<i>note (b)</i>)	2,188	1,418
Rental income (<i>note (c)</i>)	1,432	3,330
Others	1,842	2,407
	<u>6,225</u>	<u>9,179</u>

Notes:

- (a) Government grants represent various incentives received from government for business development. There were no specific conditions attached to the incentives.
- (b) Interest income include unwinding impact of loan to an associate of approximately RMB823,000 for the year ended December 31, 2023 (2024: RMB Nil).
- (c) Rental income represents leasing of insignificant portion of the Group's spare production warehouse, currently classified as property, plant and equipment, to external parties on a short-term basis and investment properties.

6. OTHER GAINS AND LOSSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/Gain on early termination of leases	(2,038)	224
Net foreign exchange gain	5,385	6,174
Donation	(185)	–
Change in fair value of financial asset at fair value through profit or loss	(1,273)	(626)
Fair value changes on derivative component of convertible bonds	5,799	–
(Loss)/Gain on disposal of property, plant and equipment, net	(1,495)	2,119
Release of financial guarantees (<i>note</i>)	5,425	5,425
Written-back of payables	–	17,116
Penalty	3,607	430
Others	(987)	1,938
	<u>14,238</u>	<u>32,800</u>

Note: The provision of financial guarantees represented the fair value of the financial guarantees recognized at its initial recognition (note 16(b)). The release of financial guarantees recognized in profit or loss represented the income earned as the performance obligation (i.e. providing the guarantee) satisfied over the period of guarantees since initial recognition.

7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest charges on bank borrowings (<i>note</i>)	47,724	40,849
Interest charges on lease liabilities	1,930	1,806
Interest charges on convertible bonds	4,614	–
	<u>54,268</u>	<u>42,655</u>

Note: The amounts were offset by interest capitalization of RMB2,031,000 (2023: RMB5,832,000 to property under development) to lands held for development or sale during the year ended December 31, 2024.

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amortization of intangible assets	8	69
Depreciation of property, plant and equipment	49,425	56,081
Depreciation of right-of-use assets	28,812	28,147
Depreciation of investment properties	656	–
Total depreciation and amortization	<u>78,901</u>	<u>84,297</u>
Auditor's remuneration		
– Audit service	2,400	2,400
– Non-audit service	900	750
Provision for/(Reversal of) impairment loss on financial assets, net		
– Trade receivables	2,065	(280)
– Other receivables	5,450	(2,764)
	7,515	(3,044)
Cost of inventories under Manufacturing segment recognized as expenses (including net provision for allowance of inventories of RMB90,000 (2023: RMB1,545,000))	384,452	387,499
Development costs under Property development and Special Economic Zone segment recognized as cost of sales	199,225	156,332
Expenses relating to short term leases	1,558	5,080
Impairment loss on property, plant and equipment	–	1,482
Employee costs (including directors' emoluments)		
– Wages, salaries and other benefits	163,295	162,674
– Contributions to defined contribution retirement plans	13,753	13,565
	<u>177,048</u>	<u>176,239</u>

9. INCOME TAX EXPENSE

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– PRC Enterprise Income Tax (“EIT”)		
– Current year	23,120	14,052
– Over-provision in respect of prior years	(3,085)	(7,868)
– Withholding tax on dividend	–	2,295
	20,035	8,479
– Cambodia corporate tax		
– Current year	4,004	5,445
– Over-provision in respect of prior years	–	(2,212)
	4,004	3,233
LAT	30,223	49,243
Deferred tax	1,493	(16,182)
Total income tax expense	55,755	44,773

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the years ended December 31, 2024 and 2023.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year attributable to owners of the Company for the purposes of calculating basic earnings per share		
Effect of dilutive potential ordinary shares:	63,535	70,426
– Fair value changes on derivative component of convertible bonds	(5,799)	–
– Interest on convertible bonds	4,614	–
	<hr/>	<hr/>
Profit for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share	62,350	70,426
	<hr/> <hr/>	<hr/> <hr/>
	2024 <i>Number</i> <i>in thousand</i>	2023 <i>Number</i> <i>in thousand</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	1,443,142	1,443,142
Effect of dilutive potential ordinary shares:		
– Convertible bonds	393,399	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,836,541	1,443,142
	<hr/> <hr/>	<hr/> <hr/>

The calculation of diluted earnings per share for the years ended December 31, 2024 and 2023 do not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price of the Company's shares for the years ended December 31, 2024 and 2023.

12. TRADE AND BILLS RECEIVABLES

The Group grants a credit period ranging from 30 days to 120 days to its customers. The aging analysis of trade and bills receivables presented based on the invoice date at the end of reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 - 60 days	79,790	38,544
61 - 90 days	1,462	12,187
91 - 180 days	7,339	4,506
181 - 365 days	6,591	2,821
Over 1 year	16,998	18,449
	<hr/>	<hr/>
	112,180	76,507
	<hr/> <hr/>	<hr/> <hr/>

13. TRADE AND BILLS PAYABLES

The credit terms of trade and bills payables vary according to the terms agreed with different suppliers. The Group was granted by its suppliers average credit period of 60 days. The aging analysis of the trade and bills payables based on invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 - 60 days	232,293	221,003
61 - 90 days	58,079	9,417
91 - 180 days	6,556	4,083
181 - 365 days	3,526	777
1 - 2 years	6,869	7,094
Over 2 years	13,359	20,715
	<u>320,682</u>	<u>263,089</u>

14. CAPITAL AND OTHER COMMITMENTS

At the end of the reporting period, the Group had capital and other commitments as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Commitments for acquisition/addition of:		
– Property, plant and equipment	2,297,412	2,297,412
– Properties under development	465,863	159,172
– Lands held for development or sale	132,448	235,905
– Contribution to investment funds	40,453	39,858
	<u>2,936,176</u>	<u>2,732,347</u>

15. PLEDGED ASSETS

As at December 31, 2024, the facilities were secured by:

- (i) pledge of buildings of the Group with net book value of RMB9,926,000 (2023: RMB11,020,000);
- (ii) pledge of bank deposit of the Group of RMB40,000,000 (2023: RMB81,650,000); and
- (iii) pledge of certain properties under development and properties held for sale of the Group of RMB1,328,742,000 (2023: RMB1,076,400,000).

16. FINANCIAL GUARANTEE CONTRACTS

(a) Guarantee in respect of mortgage facilities for certain properties customers

The Group provided guarantees of RMB62,258,000 at December 31, 2024 (2023: RMB74,369,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released not over a year upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The directors of the Company consider that the fair value of the above guarantees is insignificant on initial recognition and at the report dates as it is not probable that an outflow in settlement will be required.

(b) Financial guarantee issued

During the year ended December 31, 2022, the Group renewed the financial guarantees ("Financial Guarantees") issued to banks in respect of banking facilities granted to Haining Schinder Leather Company Limited and Yancheng Dafeng Huasheng Leather Company Limited ("CCT Group") (the "CCT Master Guarantee") and an independent third party for three years between January 1, 2022 and December 31, 2024 with a maximum amounts of RMB393,000,000 and RMB370,000,000 respectively. The fair value of the Financial Guarantees at January 1, 2022 amounting to approximately RMB16,275,000 was recognized as liabilities in the consolidated statement of financial position and the corresponding amount was debited to profit or loss. The fair value of Financial Guarantee provided for the CCT Group and an independent third party on initial recognition was determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a professional valuer independent to the Group. Subsequently, approximately RMB5,425,000 was recorded as the release of Financial Guarantees recognized in profit or loss for the year ended December 31, 2024 (2023: RMB5,425,000) represented the income earned as the performance obligation (i.e. providing the guarantee) satisfied over the period of guarantees since initial recognition.

As at December 31, 2024 and 2023, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount to 12-month expected credit losses. No loss allowance was recognized in the profit or loss. Accordingly, the financial guarantee contracts are measured at its fair values initially recognized less cumulative amortization.

The movement of financial guarantee liabilities as shown as below:

During 2022, the CCT Group continued to negotiate with the relevant banks in the PRC and identify suitable parties to replace the Group as guarantor to part or all of the CCT Master Guarantee. On June 30, 2022, the maximum guaranteed amount has reduced to approximately RMB308,000,000. Details of the updates on CCT Master Guarantee were disclosed in the announcement of the Company dated June 30, 2022.

The maximum amounts guaranteed by the Group as at December 31, 2024 and December 31, 2023 in respect of the Financial Guarantees issued to CCT Group and an independent third party are RMB308,000,000 and RMB370,000,000 respectively.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	5,425	10,850
Release of financial guarantee liabilities (<i>note 6</i>)	<u>(5,425)</u>	<u>(5,425)</u>
At the end of the year	<u><u>–</u></u>	<u><u>5,425</u></u>

17. EVENTS AFTER THE REPORTING DATE

On March 7, 2025, the Company received a notice from the convertible bondholder of its intention to fully exercise the convertible right in respect of the convertible bonds in an outstanding aggregate principal amount of HK\$141,623,810.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Financial Review

For the year ended December 31, 2024, the Group recorded a consolidated turnover of RMB1,025.7 million (2023: RMB956.8 million), representing an increase of approximately 7.2% when compared with the year 2023. The increase in revenue mainly attributable to (1) the increase of approximately RMB26.3 million in properties development segment since there was an increase in the delivery of properties for the Group's properties development projects, (2) the increase of approximately RMB22.2 million in manufacturing segment due to the increase in furniture sales order received, and (3) approximately RMB59.8 million from the special economic zone segment newly operated during the year ended December 31, 2024 as compared to the year 2023.

The Group's gross profit for the year ended December 31, 2024 was RMB400.8 million (2023: RMB349.7 million), representing an increase of approximately RMB51.1 million or approximately 14.6% when compared with the year 2023. The Group's gross profit margin for the year ended December 31, 2024 was approximately 39.1% (2023: 36.5%).

Profit after income tax for the year was slightly increased by approximately RMB3.8 million or approximately 5.7%, from RMB65.9 million to RMB69.7 million, as compared with the year 2023. However, after sharing profits to the non-controlling interests, the net profit attributable to owners of the Company was approximately RMB63.5 million for the year ended December 31, 2024 (2023: RMB70.4 million), representing a decrease of approximately RMB6.9 million or approximately 9.8% as compared with the year 2023. Further discussions are set out in the following contents within this section.

Review by Business Segments

The Group's reportable business segments in 2024 principally consist of manufacturing and trading of upholstered furniture, properties development, special economic zone and others (comprising mainly travel and related services, catering and entertainment services and property management services).

The table below shows the total turnover of the Group by business segments for the year ended December 31, 2024 together with the comparative figures for the year ended December 31, 2023:

	2024		2023		Year-on-year Change
	RMB'Million	%	RMB'Million	%	%
Manufacturing and Trading of Upholstered Furniture	551.9	53.8	529.7	55.4	4.2
Properties development	327.2	31.9	300.9	31.4	8.7
Special Economic Zone <i>(note)</i>	59.8	5.8	–	–	N/A
Others	86.8	8.5	126.2	13.2	(31.2)
Total	<u>1,025.7</u>	<u>100.0</u>	<u>956.8</u>	<u>100.0</u>	7.2

Note: The Special Economic Zone in Cambodia is a new reporting segment in year 2024.

Manufacturing and Trading of Upholstered Furniture Business

During the year ended December 31, 2024, the Group's manufacturing and trading of upholstered furniture business realized a total turnover of approximately RMB551.9 million, representing an increase of approximately 4.2% as compared to the total turnover of approximately RMB529.7 million in the corresponding period of 2023. The Group recorded a net profit of approximately RMB44.1 million from manufacturing and trading of upholstered furniture business in 2024, representing a decrease of approximately 10.2% as compared to the net profit of approximately RMB49.1 million in the corresponding period of 2023. The Group further expanded its production base in Cambodia and gradually shifted the orders of its major United States customers to Cambodia for production, to mitigate the adverse impact of ongoing tariff posed by the United States on imports from China and continued to maintain a good relationship with key customers from the United States, thereby ensuring a steady increase in the sales volume of its upholstered furniture business. The continuous enhancement in the production and delivery capacity of its furniture export base in Cambodia and the gradual improvement of the supply chain have also contributed to the reduction of production costs, which has further strengthened the Group's competitiveness in the upholstered furniture market.

Properties Development Business

As at December 31, 2024, the Group had in total seven property projects under different stages of development or held for sale in mainland China and Cambodia. The turnover from the properties development segment was RMB327.2 million in 2024, representing an increase of approximately 8.7% as compared to RMB300.9 million in 2023. The increase in sales was mainly due to increase in delivery of properties in 2024 as compared to that in the corresponding period of last year. Operating gain generated from this segment in 2024 was RMB2.8 million (2023: an operating gain of RMB9.8 million (restated)).

The Group's property project portfolio as at December 31, 2024 is set out below.

No.	Project Name	Location/Postal address	Interests Attributable to the Group	Total Site Area (square meters) ("sq.m.")	Status	Estimated year/actual year of completion (Note)	Usage
1	Asia Bay	Boao, Asia Bay, Binhai Avenue, Boao Town, Qionghai City, Hainan Province	92%	590,165	Under development	2027	Residential and tourism resort
2	Sanya Project	Dream Water Park, Shibu Nongchang Road, Tianya District, Sanya City, Hainan Province	80.5%	1,423,987	Under development	2028	Residential, hotel and tourism resort
3	Qianjiang Continent	No.66 Middle Dongjin Road, Tinghu District, Yancheng City, Jiangsu Province	100%	335,822	Completed	2015	Residential and commercial
4	Kasen Star City	No. 1 Haiyun Road, Haining City, Zhejiang Province	100%	469,867	Completed	2019	Residential and commercial
5	Changbai Paradise	Baihe Town, Er Dao, Antu County, Yanji City, Jilin Province	89%	118,195	Completed	2015	Residential and hotel
6	Qianjiang Oasis	No.29 Kaichuang Road, Yandu District, Yancheng City, Jiangsu Province	55%	108,138	Completed	2021	Residential and commercial
7	Phnom Penh Kasen Garden	Phnom Penh, Cambodia	49%	291,035	Under development	2027	Residential
Total				<u>3,337,209</u>			

Note: The estimated year of completion is derived based on the present situation and progress of each project, and is subject to change and adjustment as and when necessary.

The table below sets out an analysis of the properties under development or held for sale as at December 31, 2024.

No.	Project Name	Total gross floor area ("GFA") (sq.m.)	GFA under development /completed (sq.m.)	Total saleable GFA (sq.m.)	Accumulated GFA sold as at December 31, 2024 (sq.m.)	Accumulated GFA delivered as at December 31, 2024 (sq.m.)	Average selling price (RMB/sq.m.)
1	Asia Bay	718,665	404,709	590,165	224,331	211,289	20,277
2	Qianjiang Continent	775,292	775,292	670,065	670,065	670,065	—*
3	Kasen Star City	957,224	957,224	708,730	708,730	708,730	—*
4	Changbai Paradise	122,412	122,412	122,010	51,598	44,353	2,662
5	Qianjiang Oasis	334,899	334,899	260,296	254,276	254,161	5,927
6	Phnom Penh Kasen Garden (Phase 1)	<u>64,527</u>	<u>64,527</u>	<u>63,782</u>	<u>37,974</u>	<u>13,021</u>	11,013
Total		<u>2,973,019</u>	<u>2,659,063</u>	<u>2,415,048</u>	<u>1,946,974</u>	<u>1,901,619</u>	

* These projects were completed and all properties were delivered.

Special Economic Zone Operation Business

In August 2023, the Group obtained control of Zhejiang Special Economic Zone located in Koh Kong, Cambodia by way of equity acquisition. Approved by the Cambodian government, Koh Kong Zhejiang Special Economic Zone is an industrial special economic zone featuring eco-manufacturing, circular economy, industrial clusters, green and low-carbon development, and its development objective is to become a demonstration zone for Sino-Cambodian cooperation in production capacity. The special economic zone has a strong capacity to absorb industries, and its industrial clusters cover light industry, heavy industry, chemical industry, renewable energy processing industry, etc. The Group regards the operation of the special economic zone as a major strategic initiative for the transformation and upgrading of its industrial structure. In 2024, the Group has fully launched its infrastructure construction and investment promotion work in the special economic zone. During the year under review, nearly 100 enterprises have signed contracts to purchase or lease land and factory buildings, achieving revenue recognised from the sale/lease of land and factory buildings in this new segment of RMB59.8 million.

No.	Project Name	Location/Postal address	Interests Attributable to the Group	Total Site Area (square meters) (“sq.m.”)	Status	Estimated year/actual year of completion (Note)	Usage
1	Koh Kong Zhejiang SEZ (Phase I)	Zhejiang Special Economic Zone, Cambodia	49%	8,294,968	Under development	2025	Industrial

Operating Expenses, Taxation and Profit Attributable to Owners

The Group’s selling and distribution costs during the year ended December 31, 2024 decreased to approximately RMB62.2 million, representing a decrease of approximately 10.9% as compared to approximately RMB69.8 million in 2023. The decrease was mainly due to the decrease in the staff costs and marketing expenses in the property and development segment in 2024 as compared with 2023. The Group’s selling and distribution costs to turnover in 2024 decreased to approximately 6.0% as compared to approximately 7.3% in 2023.

The administrative expenses in 2024 was approximately RMB173.5 million, representing a small decrease of approximately 2.0% as compared to approximately RMB177.1 million in 2023. The administrative expenses maintained at a relatively stable level as compared with 2023.

The Group’s impairment loss on financial assets changed from the reversal of impairment loss of approximately RMB3.0 million in 2023 to approximately RMB7.5 million of impairment loss provided in 2024 under the relevant accounting policies of the Group adopted in accordance with IFRS 9. Further details will be disclosed in the note to the consolidated financial statements of the Company for the year ended December 31, 2024.

The Group's finance cost in 2024 was approximately RMB54.3 million, representing an increase of approximately RMB11.6 million, as compared to approximately RMB42.7 million in 2023. The finance cost was mainly the costs that the Group incurred in the Group's bank borrowings and interest expense on lease liabilities as well as interest charges on convertible bonds. The increase in finance cost was mainly due to (1) interest capitalization to property projects during the year under review, and (2) approximately RMB4.6 million of interest charges on the new convertible bonds issued in 2024. Further details regarding the issuance of convertible bonds will be disclosed in the annual report of the Company for the year ended December 31, 2024.

The Group recorded a net gain of approximately RMB14.2 million in other gains and losses in 2024, while it recorded a net gain of approximately RMB32.8 million in 2023. For details of the other gains and losses, please refer to note 6 to the consolidated financial statements.

The Group's income tax in 2024 was approximately RMB55.8 million, representing an increase of approximately RMB11.0 million, as compared to approximately RMB44.8 million in 2023. The increase was mainly resulted from an increase in PRC income tax of approximately RMB11.6 million mainly due to an increase in taxable profits of the subsidiaries in the PRC.

Based on the aforesaid factors, profit after income tax for the year was slightly increased by approximately RMB3.8 million or approximately 5.7%, from RMB65.9 million to RMB69.7 million, as compared with the year 2023. However, after sharing profits to the non-controlling interests, the net profit attributable to owners of the Company in 2024 decreased by approximately 9.8% to approximately RMB63.5 million (2023: RMB70.4 million).

CAPITAL EXPENDITURE

Capital expenditure in 2024 increased to approximately RMB167.3 million (including construction in progress of approximately RMB122.3 million) from approximately RMB48.9 million in 2023. The capital expenditure mainly comprised the amount of approximately RMB167.3 million spent on the purchase of property and equipment, and construction of plants for operational purpose during the year ended December 31, 2024.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Bank Borrowings

As at December 31, 2024, the Group's bank borrowings amounted to approximately RMB693.4 million (in which approximately 17.8% (2023: 9.5%) was denominated in USD and approximately 82.2% (2023: 90.5%) was denominated in RMB), representing a decrease of approximately 4.8% from approximately RMB728.2 million as at December 31, 2023. As at December 31, 2024, the Group had outstanding bank borrowings amounted to approximately RMB184.4 million repayable within one year and approximately RMB509.0 million repayable after one year (2023: approximately RMB284.1 million repayable within one year and approximately RMB444.1 million repayable after one year).

Turnover Period, Liquidity and Gearing

In 2024, the inventory turnover period increased to 61 days (2023: 54 days).

In 2024, the Group continued to maintain a strict credit policy. The account and bills receivables turnover days of the Group's manufacturing and trading of upholstered furniture segments increased to 48 days in 2024 (2023: 33 days).

The accounts and bills payable turnover days of the Group's manufacturing and trading of upholstered furniture segments increased to 64 days in 2024 (2023: 53 days).

As at December 31, 2024, the Group's current ratio was 2.42 (December 31, 2023: 2.6). The Group's cash and cash equivalent balance was approximately RMB301.7 million as at December 31, 2024 (December 31, 2023: approximately RMB567.5 million). As at December 31, 2024, cash and cash equivalent balance of the Group was approximately 80.4% (2023: 89.4%) denominated in RMB, approximately 18.8% (2023: 10.1%) denominated in USD, approximately 0.7% (2023: 0.4%) denominated in HKD and Japanese Yen, and less than 0.1% (2023: 0.1%) denominated in other currencies. This represents a gearing ratio of 18.2% as at December 31, 2024 (December 31, 2023: 19.4%) and a net debt-to-equity ratio of 10.3% as at December 31, 2024 (December 31, 2023: 4.3%). The gearing ratio is based on bank borrowings to owners' equity and the net debt-to-equity ratio is based on bank borrowings net of cash and cash equivalent to owners' equity. In 2024, the Group's credit facilities were renewed on an on-going basis, which provided sufficient cash to finance the Group's working capital requirement during the year ended December 31, 2024.

Capital Structure

The capital structure of the Group consists of debts, which includes the bank borrowings, and advances from a director of the Company and a related company, and equity attributable to owners of the Company, comprising issued share capital and reserves.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions or disposals of its subsidiaries, associates or joint ventures during the year ended December 31, 2024.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Saved as disclosed in "Future Plans and Prospects" section, the Directors confirmed that as at the date of this announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary businesses of properties development and special economic zone.

SIGNIFICANT INVESTMENTS

Save as disclosed, the Company had no other significant investments held during the year ended December 31, 2024.

CONTINGENT LIABILITIES

As at December 31, 2024, the Group had certain contingent liabilities. For details, please refer to note 16 “FINANCIAL GUARANTEE CONTRACTS” to the consolidated financial statements.

PLEDGE OF ASSETS

Some of the Group’s assets have been pledged to secure the bank borrowings and the bank facilities granted to the Group. For details, please refer to note 15 to the consolidated financial statements.

CAPITAL AND OTHER COMMITMENTS

As at December 31, 2024, the Group had contracted, but not provided for, total capital and other expenditure of RMB2,936.2 million (2023: RMB2,732.3 million), in which an amount of RMB465.9 million (2023: RMB159.2 million) was in respect of properties under development. For details, please refer to note 14 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

The upholstered furniture export-related business of the Group (including sales and procurements) was mainly denominated in U.S. dollars, and trade receivables may be exposed to exchange rate fluctuation. During the year ended December 31, 2024, there was a significant fluctuation in the exchange rate of Renminbi against U.S. dollars. The Group had cash or cash equivalent denominated in US dollars of approximately US\$7.9 million as at December 31, 2024. The Group did not implement any hedging activities but will continue to closely monitor the situation and make necessary arrangement as and when appropriate.

EMPLOYEES AND EMOLUMENT POLICIES

As at December 31, 2024, the Group employed a total of approximately 2,431 full time employees (December 31, 2023: approximately 2,285), including management staff, technicians, salespersons and workers. In 2024, the Group’s total expense on the remuneration of employees was approximately RMB177.0 million (2023: approximately RMB176.2 million), representing approximately 17.3% (2023: 18.4%) of the operating revenue of the Group. The Group’s emolument policies for employees are formulated on the performance of individual employees, which are reviewed regularly on an annual basis. Apart from contributions to the provident fund scheme (for Hong Kong employees), state-managed retirement pension scheme (for the PRC employees), national social security fund scheme (for Cambodia employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

The Group’s emolument policies of the employees are formulated by the Board with reference to their respective qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for executives of similar position. The emoluments of the Directors are decided by the Board, the shareholders of the Company and/or the remuneration committee of the Company (the “Remuneration Committee”), who are authorised by the shareholders of the Company (the “Shareholders”) in the annual general meeting, in accordance with the Articles of the Company having regard to the Group’s operating results, individual performance and comparable market statistics.

The Group has also adopted share option schemes for the purpose of providing incentives to Directors, eligible employees and third party service providers. Further details in relation to the schemes will be set out in the “Directors’ Report” section of the annual report of the Company for the year ended December 31, 2024.

FUTURE PLANS AND PROSPECTS

By assessing the development of the international economic situation, the Group will intensify the efforts in adjusting and upgrading the industrial structure and layout to achieve high-quality development. On the basis of existing industrial sectors, we will enhance the newly launched business of construction and operation of industrial special economic zones, as well as add new international power and energy development business, which will be regarded as strategic emerging industries and receive substantial resource investment. The Group is confident that, after 3-5 years of nurturing and development, these new industries will become important drivers for the growth of the Group’s business and the improvement of its financial performance. Leveraging on its advantageous geographical location, comprehensive supporting infrastructure and efficient and convenient services, Cambodia Koh Kong Zhejiang Special Economic Zone is certain to attract more enterprises to settle in. The sale/lease of land and plants and infrastructure services will open up new profit growth points for the Group. The Group will look for chances to develop power and energy business in Asian and African developing countries.

In the field of upholstered furniture business, the Group will further expedite the transfer of production capacity to Cambodia, creating a layout where the Cambodian production base is primary and the production base in mainland China is secondary. Taking full advantage of Cambodia’s benefits in tariffs, labor, and emerging markets, the Group will continue to enhance the overall competitiveness of its upholstered furniture products, maintaining the Group’s advantageous stance among international upholstered furniture original equipment manufacturing (“OEM”) manufacturers.

In the field of property development, the Group will accelerate the sales of projects, recover funds and dispose of inefficient property assets in China. Meanwhile, more resources will be allocated to the real estate projects in Phnom Penh, Cambodia, to meet the increasing local demand for property purchase in Cambodia, with an aim to become a highly influential real estate developer in the country.

In the field of tourism resort business, with the robust development of the domestic tourism market, consumers’ demand for tourism and vacation products is also becoming more vigorous. The Group will further improve its existing service facilities and enhance its service quality, endeavoring to achieve better performance in the business field.

The Company will continue to closely monitor the funding need for its future plans. As at the date of this announcement, the Directors believe the Group has sufficient internal sources of funding for the future plans but will also consider short term loans from banks or financial institutions in the future.

EVENTS AFTER THE REPORTING DATE

The Company had certain event(s) after the reporting date December 31, 2024. For details, please refer to note 17 to the consolidated financial statements.

DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended December 31, 2024 (2023: Nil).

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

For the purpose of determining the entitlement to attend and vote at the annual general meeting (the “AGM”) of the Company dated May 30, 2025, the register of members of the Company will be closed from May 27, 2025 to May 30, 2025 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on May 26, 2025.

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

Save for the issuance of convertible bonds pursuant to the sale and purchase agreement dated September 29, 2023 as disclosed in the announcement and circular of the Company dated 29 September 2023 and 23 November 2023 respectively, at no time during the year under review, did the Company or any of its subsidiaries purchase, sell or redeem any of the Company’s listed securities (including sales of treasury shares). As at December 31, 2024, the Company did not hold any treasury shares. Further details regarding the issuance of convertible bonds will be disclosed in the annual report of the Company for the year ended December 31, 2024.

CORPORATE GOVERNANCE CODE

The Company has complied with code provisions (the “CG Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 of the Listing Rules throughout the year ended December 31, 2024, except for the following deviation:

CODE PROVISION C.2.1

Under CG Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the year under review, the Company did not separate the roles of chairman and chief executive. Mr. Zhu Zhangjin, Kasen assumed the role both as the chairman and CEO responsible for overseeing the operations of the Group during the year ended December 31, 2024. Despite of the deviation from the CG Code Provision C.2.1, Mr. Zhu Zhangjin provides solid and continuous leadership to the Group with his extensive experience and knowledge in management and maintain the continuous operation of business of the Group. Moreover, under the supervision of other existing members of the Board including the independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interest of the Company and its shareholders. As such, the Board considers that the deviation from CG Code Provision C.2.1 is appropriate in the current situation. The Company is still considering appointing a new chief executive officer to replace Mr. Zhu if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. However, due to the nature and extent of the Group's operations, in particular in the PRC and the in-depth knowledge and experience in the leather and upholstered furniture market required for the position of chief executive officer, the Company is unable to determine as to when the appointment of a chief executive officer for the Company can be effected.

The Board will keep this matter under review. Following sustained development and growth of the Company, the Company will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the year ended December 31, 2024, each of them has complied with the provisions with the required standards as set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established by the Company in compliance with Rules 3.21 and 3.22 of the Listing Rules. As at December 31, 2024 and as at the date of this announcement, the Audit Committee comprises all the three independent non-executive Directors namely, Mr. Chow Hiu Tung, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang. The Audit Committee has reviewed with management and the external auditors on the accounting principles and practices adopted by the Group. The Audit Committee has held meetings with the Company's senior management to review, supervise and discuss the Company's financial reporting, internal control principles and risk management effectiveness and to make recommendations to improve the Company's internal control and risk management effectiveness, and to ensure that management discharged its duty to have an effective internal control system during the year ended December 31, 2024.

The audited annual results of the Company for the year ended December 31, 2024 have been reviewed by the Audit Committee.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) comprises of three members, the majority of which are independent non-executive Directors and Mr. Chow Hiu Tung, an independent non-executive Director, is the chairman of the Nomination Committee. The Nomination Committee is responsible for nominating Directors, reviewing the structure and the composition of the Board regularly, and identifying and nominating qualified individuals to be appointed as new Directors of the Company.

SCOPE OF WORK OF MESSRS. GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended December 31, 2024 have been agreed by the Group’s auditor, Grant Thornton Hong Kong Limited (the “Auditor”), to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended December 31, 2024.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders (if requested) and published on the website of the Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.irasia.com/listco/hk/kasen/index.htm> in due course.

AGM

It is proposed that the AGM of the Company will be held on May 30, 2025. Notice of the AGM will be published on the website of the Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.irasia.com/listco/hk/kasen/index.htm> and despatched to the Shareholders (if requested) on or about April 29, 2025.

By Order of the Board
Kasen International Holdings Limited
Zhu Zhangjin
Chairman

March 31, 2025

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin and Ms. Zhou Xiaohong and the independent non-executive Directors are Mr. Chow Hiu Tung, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

Website: <http://www.irasia.com/listco/hk/kasen/index.htm>