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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Kasen International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2025. These interim results have been reviewed by the audit committee of the Company (“**Audit Committee**”), comprising all the independent non-executive Directors.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2025

		Six months ended <i>NOTES</i> June 30, 2025 <i>RMB'000</i> (unaudited)	Six months ended June 30, 2024 <i>RMB'000</i> (unaudited)
Revenue	3,4	506,538	423,868
Cost of sales		(329,470)	(263,246)
Gross profit		177,068	160,622
Other income		2,623	4,740
Other gains and losses	5	1,363	11,104
Selling and distribution costs		(25,729)	(24,995)
Administrative expenses		(82,300)	(79,989)
Impairment loss on financial assets, net		2,186	(1,559)
Share of results of associates		141	228
Finance costs		(17,923)	(20,677)
Profit before income tax	6	57,429	49,474
Income tax expenses	7	(21,776)	(26,143)
Profit for the period		35,653	23,331

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
<i>NOTES</i>		
Other comprehensive (expense)/income		
Item that may be subsequently reclassified to profit or loss:		
– Exchange difference arising on translation	<u>(5,454)</u>	<u>2,694</u>
Total comprehensive income for the period	<u>30,199</u>	<u>26,025</u>
Profit for the period attributable to:		
– Owners of the Company	22,591	27,824
– Non-controlling interests	<u>13,062</u>	<u>(4,493)</u>
	<u>35,653</u>	<u>23,331</u>
Total comprehensive income for the period attributable to:		
– Owners of the Company	18,210	30,302
– Non-controlling interests	<u>11,989</u>	<u>(4,277)</u>
	<u>30,199</u>	<u>26,025</u>
Earnings per share attributable to the owners of the Company (expressed in RMB per share)	9	
– Basic	1.50 cents	1.93 cents
– Diluted	<u>1.07 cents</u>	<u>1.93 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2025

	NOTES	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,137,386	1,073,694
Right-of-use assets		126,466	137,058
Investment property		8,862	9,190
Interests in associates		25,219	25,078
Intangible assets		147	18
Financial asset at fair value through profit or loss		20,304	20,389
Prepayment for acquisition of freehold land		128,855	129,391
Prepayment for acquisition of property, plant and equipment		89,260	10,780
Lands held for development or sale		923,279	674,585
Deferred tax assets		69,432	76,313
		<u>2,529,210</u>	<u>2,156,496</u>
CURRENT ASSETS			
Inventories		88,445	68,654
Properties under development for sale		1,778,235	1,773,645
Properties held for sale		810,718	850,485
Trade, bills and other receivables	10	1,058,749	1,070,378
Prepaid income tax		20,955	20,915
Prepaid land appreciation tax		6,672	6,672
Pledged bank deposits		5,997	40,000
Restricted bank deposits for property development business		1,392	3,684
Cash and cash equivalents		187,186	301,685
		<u>3,958,349</u>	<u>4,136,118</u>
Assets classified as held for sale		<u>1,662</u>	<u>—</u>
		<u>3,960,011</u>	<u>4,136,118</u>

	<i>NOTES</i>	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
CURRENT LIABILITIES			
Trade, bills and other payables	11	699,566	492,582
Lease liabilities		17,762	18,113
Contract liabilities		602,063	539,076
Bank borrowings		171,644	184,453
Tax payable		208,746	240,219
Amounts due to non-controlling interests of subsidiaries		42,463	83,162
Convertible bonds		–	131,881
Derivative financial instruments		–	19,693
		<u>1,742,244</u>	<u>1,709,179</u>
NET CURRENT ASSETS		<u>2,217,767</u>	<u>2,426,939</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,746,977</u>	<u>4,583,435</u>
NON-CURRENT LIABILITIES			
Lease liabilities		20,510	23,462
Bank borrowings		503,027	508,987
Deferred tax liabilities		14,856	15,020
		<u>538,393</u>	<u>547,469</u>
NET ASSETS		<u><u>4,208,584</u></u>	<u><u>4,035,966</u></u>
CAPITAL AND RESERVES			
Share capital		2,078	1,654
Reserves		<u>3,962,528</u>	<u>3,802,323</u>
Equity attributable to owners of the Company		3,964,606	3,803,977
Non-controlling interests		<u>243,978</u>	<u>231,989</u>
TOTAL EQUITY		<u><u>4,208,584</u></u>	<u><u>4,035,966</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of Kasen International Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standard 34 Interim Financial Reporting (“**IAS 34**”) as issued by the International Accounting Standards Board (“**IASB**”). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2024 annual report.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2024 annual financial statements.

The preparation of these interim condensed consolidated financial statements in compliance with IAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

2. ADOPTION OF AMENDED IFRS ACCOUNTING STANDARDS

The interim condensed consolidated financial statements for the six months ended June 30, 2025 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of the following amended IFRS Accounting Standards which are effective as of January 1, 2025.

Amendments to IAS 21

Lack of Exchangeability

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

3. SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the executive directors of the Company, who are the chief operating decision maker (the “**CODM**”) for the purpose of resource allocation and performance assessments, are as follows:

- (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**”).

Segment revenues and results

The following is an analysis of the Group's revenue that is disaggregated by primary geographical market, major products and service line and timing of revenue recognition and results by reportable segment.

Revenue

Six months ended June 30, 2025 (unaudited)

	Manufacturing RMB'000	Properties Development RMB'000	Special Economic Zone RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
External sales	285,630	68,458	119,866	32,584	–	506,538
Inter-segment sales	–	–	–	5,450	(5,450)	–
	<u>285,630</u>	<u>68,458</u>	<u>119,866</u>	<u>38,034</u>	<u>(5,450)</u>	<u>506,538</u>
Primary geographical markets						
United States	172,283	–	–	–	–	172,283
The People's Republic of China ("PRC"), including Hong Kong	14,447	47,614	–	38,034	(5,450)	94,645
Cambodia	36,929	20,844	119,866	–	–	177,639
Europe	61,971	–	–	–	–	61,971
	<u>285,630</u>	<u>68,458</u>	<u>119,866</u>	<u>38,034</u>	<u>(5,450)</u>	<u>506,538</u>
Major products and services						
Sales of upholstered furniture	285,630	–	–	–	–	285,630
Sales of properties	–	68,458	119,866	–	–	188,324
Travel & tourism-related services	–	–	–	15,820	–	15,820
Catering & entertainment	–	–	–	12,903	(1,761)	11,142
Property management services	–	–	–	9,311	(3,689)	5,622
	<u>285,630</u>	<u>68,458</u>	<u>119,866</u>	<u>38,034</u>	<u>(5,450)</u>	<u>506,538</u>
Timing of revenue recognition						
At a point in time	285,630	68,458	119,866	12,903	(1,761)	485,096
Transferred over time	–	–	–	25,131	(3,689)	21,442
	<u>285,630</u>	<u>68,458</u>	<u>119,866</u>	<u>38,034</u>	<u>(5,450)</u>	<u>506,538</u>

Six months ended June 30, 2024 (unaudited)

	Manufacturing RMB'000	Properties Development RMB'000	Special Economic Zone RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Revenue from external customers	240,446	140,130	–	43,292	–	423,868
Inter-segment revenue	–	–	–	1,412	(1,412)	–
Reportable segment revenue	240,446	140,130	–	44,704	(1,412)	423,868
Primary geographical markets						
United States	152,406	–	–	–	–	152,406
PRC, including Hong Kong	18,396	85,801	–	44,704	(1,412)	147,489
Cambodia	26,429	54,329	–	–	–	80,758
Europe	42,196	–	–	–	–	42,196
Others	1,019	–	–	–	–	1,019
	240,446	140,130	–	44,704	(1,412)	423,868
Major products and services						
Sales of upholstered furniture	240,446	–	–	–	–	240,446
Sales of properties	–	140,130	–	–	–	140,130
Travel & tourism-related services	–	–	–	20,176	–	20,176
Catering & entertainment	–	–	–	17,333	(1,412)	15,921
Property management services	–	–	–	7,195	–	7,195
	240,446	140,130	–	44,704	(1,412)	423,868
Timing of revenue recognition						
At a point in time	240,446	140,130	–	17,333	(1,412)	396,497
Transferred over time	–	–	–	27,371	–	27,371
	240,446	140,130	–	44,704	(1,412)	423,868

Results

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Segment profit/(loss)		
– Manufacturing	28,490	35,895
– Properties development	(18,447)	(12,687)
– Special economic zone	46,533	–
– Others	(9,897)	(2,272)
	46,679	20,936
Unallocated corporate expenses	(5,550)	(3,965)
Unallocated other gains and losses	(5,476)	6,360
Profit for the period	35,653	23,331

Segment profit/(loss) represents the profit/(loss) of each segment without allocation of central administration costs, directors' salaries and exchange (loss)/gain. 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.

4. REVENUE

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

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Sale of goods		
Upholstered furniture	285,630	240,446
Lands and properties	188,324	140,130
	473,954	380,576
Provision of services		
Others (Note)	32,584	43,292
	506,538	423,868

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

5. OTHER GAINS AND LOSSES

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Net foreign exchange (loss)/gain	(239)	685
Change in fair value of financial asset at fair value through profit or loss	–	(1,241)
Fair value of financial guarantee issued on initial recognition	(4,119)	–
Fair value changes on derivative component of convertible bonds	4,246	7,721
Gain/(Loss) on disposal of property, plant and equipment	28	(883)
Release of financial guarantees	1,505	2,713
Penalty	114	1,674
Others	(172)	435
	<u>1,363</u>	<u>11,104</u>

6. PROFIT BEFORE INCOME TAX

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

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Amortization of intangible assets	18	14
Depreciation of property, plant and equipment	19,451	21,193
Depreciation of investment property	328	328
Depreciation and amortization of right-of-use assets	13,099	15,784
Total depreciation and amortization	<u>32,896</u>	<u>37,319</u>
Costs of inventories under manufacturing segment recognized as expenses (including net reversal of allowance of inventories of RMB560,000 (June 30, 2024: net provision of allowance of inventories of RMB23,000))	200,289	157,734
Interest on lease liabilities	1,196	730
Interest on bank borrowings (note)	15,337	17,965
Interest on convertible bonds	1,390	1,982
	<u>17,923</u>	<u>20,677</u>
Government grants	(140)	(10)
Interest income	(681)	(1,237)

Note:

The amounts were offset by interest capitalization of RMB3,266,000 (June 30, 2024: RMB Nil) to lands held for development or sale during the six months ended June 30, 2025.

7. INCOME TAX EXPENSES

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Land appreciation tax ("LAT")		
– Current period	5,755	10,912
– Under-provision of LAT in previous periods	–	3,513
	<u>5,755</u>	<u>14,425</u>
Hong Kong profits tax		
– Current period	<u>1,762</u>	<u>1,862</u>
Cambodia corporate tax		
– Current period	<u>1,951</u>	<u>2,357</u>
The PRC enterprise income tax		
– Current period	9,800	6,512
– Over-provision of income tax in previous periods	<u>(4,208)</u>	<u>(2,725)</u>
	5,592	3,787
Deferred tax	<u>6,716</u>	<u>3,712</u>
	<u><u>21,776</u></u>	<u><u>26,143</u></u>

8. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period and no dividend will be paid in respect of the current interim period.

9. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB22,591,000 (six months ended June 30, 2024: RMB27,824,000) by the weighted average number of ordinary shares in issue during the period ended June 30, 2025. The earnings per share is calculated using the weighted average number of ordinary shares of 1,506,172,735 (six months ended June 30, 2024: 1,443,141,881) shares issued during the period.

Diluted earnings per share

The calculation of diluted earnings per share for the six months ended June 30, 2024 do not assume the exercise of the Company's outstanding share options and convertible bond which had anti-dilutive effect and would result in an addition in earnings per share. Therefore, the diluted earnings per share is the same as the basic earnings per share for the six months ended June 30, 2024.

For the six months ended June 30, 2025, the shares arising from the exercise of convertible bond had been considered into the calculation of diluted earnings per shares. The diluted earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB22,591,000 by adjusting the weighted average number of ordinary shares outstanding to assume of the conversion of all potential dilutive ordinary shares arising from convertible bonds. In addition, the profit attributable to owners of the Company has been adjusted by the effect of the dilutive potential ordinary shares arising from the conversion into shares from convertible bonds. The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than average market price for the share during the exercisable period.

10. TRADE AND BILLS RECEIVABLES

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

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Aged:		
Within 60 days	74,754	79,790
61–90 days	2,175	1,462
91–180 days	5,040	7,339
181–365 days	4,605	6,591
Over 1 year	20,362	16,998
	106,936	112,180

11. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Within 60 days	321,553	232,293
61–90 days	8,126	58,079
91–180 days	4,829	6,556
181–365 days	115,679	3,526
1–2 years	8,077	6,869
Over 2 years	26,584	13,359
	484,848	320,682

12. CAPITAL AND OTHER COMMITMENTS

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

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Commitments for acquisition/addition of:		
– Property, plant and equipment	2,657,412	2,297,412
– Properties under development	352,510	465,863
– Lands held for development or sale	257,577	132,448
– Contribution to investment funds	40,285	40,453
	<u>3,307,784</u>	<u>2,936,176</u>

13. FINANCIAL GUARANTEE CONTRACTS

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

The Group provided guarantees of RMB59,155,000 at June 30, 2025 (December 31, 2024: RMB62,258,000) to banks in favour of the purchasers of the Group's properties in respect of the mortgage loans provided by the banks to those purchasers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released within a year upon receiving the building ownership certificate of the respective properties by the banks from the purchasers 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 six months ended June 30, 2025, the Group entered into the financial guarantees (“**Financial Guarantees**”) in favour of banks in respect of banking facilities granted to Haining Schinder Leather Company Limited (“**CCT Group**”) (the “**CCT Master Guarantee**”) and an independent third party for three years between January 1, 2025 and December 31, 2027 for the maximum amounts of RMB170,000,000 and RMB325,000,000 respectively. The fair value of the Financial Guarantees at the date of initial recognition amounting to approximately RMB4,119,000 was recognized as liabilities in the condensed 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 United Assets & Real Estate Appraisal Co., Ltd., a professional valuer independent to the Group. Subsequently approximately RMB1,505,000 (six months ended June 30, 2024: RMB2,713,000) was recorded as 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.

As at June 30, 2025 and December 31, 2024, 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.

During the six months ended June 30, 2025, the CCT Group and an independent third party had 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. As at June 30, 2025, the maximum amount guaranteed by the Group in respect of the Financial Guarantees in respect of banking facilities granted to CCT Group and an independent third party has been reduced to RMB57,000,000 and RMB228,000,000 respectively.

BUSINESS REVIEW AND PROSPECTS

RESULTS OVERVIEW

For the six months ended June 30, 2025, the Group recorded a consolidated turnover of approximately RMB506.5 million (six months ended June 30, 2024: RMB423.9 million), representing an increase of approximately 19.5% when compared with the corresponding period in 2024. The increase or variance in turnover was mainly due to (1) approximately RMB119.9 million of revenue derived from the special economic zone segment newly operated in late 2024, (2) the increase of approximately RMB45.1 million in revenue from the manufacturing segment due to the increase in sales order received, which was partially offset by (3) the decrease of approximately RMB71.7 million in revenue from the properties development segment since there was a decrease in the delivery of properties for the Group's properties development projects during the period under review.

The Group's gross profit for the six months ended June 30, 2025 was approximately RMB177.1 million (six months ended June 30, 2024: RMB160.6 million), representing an increase of approximately 10.3% when compared with the corresponding period in 2024, with an average gross profit margin of approximately 35.0% (six months ended June 30, 2024: 37.9%).

The net profit attributable to owners of the Company was approximately RMB22.6 million for the six months ended June 30, 2025 (six months ended June 30, 2024: RMB27.8 million), representing a decrease of approximately RMB5.2 million or approximately 18.7% as compared with the six months ended June 30, 2024. Further discussions are set out in the following contents within this section.

Review by Business Segments

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

The table below shows the total turnover by business segments for the six months ended June 30, 2025, together with the comparative figures for the corresponding period in 2024:

	2025		Six Months Ended June 30, 2024		Change %
	RMB'Million	%	RMB'Million	%	
Manufacturing and trading of upholstered furniture	285.6	56.4	240.5	56.7	18.8
Properties development	68.4	13.5	140.1	33.1	-51.1
Special economic zone <i>(Note)</i>	119.9	23.7	–	–	N/A
Others	32.6	6.4	43.3	10.2	-24.7
Total	<u>506.5</u>	<u>100.0</u>	<u>423.9</u>	<u>100.0</u>	19.5

Note: The Special Economic Zone in Cambodia is a new reporting segment in the second half of 2024.

Manufacturing and Trading of Upholstered Furniture Business

During the period under review, the Group's manufacturing and trading of upholstered furniture business, the principal products of which mainly included finished sofa, realised a total turnover of approximately RMB285.6 million, representing an increase of approximately 18.8% as compared to the total turnover of approximately RMB240.5 million in the corresponding period of 2024. The Group's production bases in Cambodia have been in full operation with a complete industrial chain, and orders from major customers for products from the Cambodian factory have continued to increase steadily. The segment recorded an overall profit of approximately RMB28.5 million for the first half of 2025, representing a decrease of approximately 20.6% as compared to the profit of approximately RMB35.9 million in the corresponding period of 2024.

Properties Development Business

As at June 30, 2025, the Group had in total seven property projects under different stages of development or held for sale in mainland China and Cambodia. During the six months ended June 30, 2025, the Group does not have new property development project, and the turnover recorded from the properties development segment was approximately RMB68.4 million, representing a decrease of approximately 51.1% as compared to approximately RMB140.1 million in the corresponding period of 2024. The decrease in revenue from the properties development segment was mainly due to a decrease in the delivery of properties for the Group's properties development projects during the period under review.

The Group's Property Project Portfolio as at June 30, 2025

No.	Project Name	Location/Postal address	Interests Attributable to the Group	Total Site Area (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.

Analysis of the Group's Property Development Projects

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 June 30, 2025 (sq.m.)	Accumulated GFA delivered as at June 30, 2025 (sq.m.)	Average selling price (RMB/sq.m.)
1	Asia Bay	718,665	404,709	590,165	224,447	213,661	19,507
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	51,597	44,578	5,986
5	Qianjiang Oasis	334,899	334,899	260,296	254,084	253,947	—#
6	Phnom Penh Kasen Garden (Phase 1)	<u>64,527</u>	<u>64,527</u>	<u>63,782</u>	<u>38,731</u>	<u>14,974</u>	10,673
Total		<u>2,973,019</u>	<u>2,659,063</u>	<u>2,415,048</u>	<u>1,947,654</u>	<u>1,905,955</u>	

* *This project was completed and all properties were delivered.*

No properties were delivered for this project during the period under review.

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 (“**Koh Kong Zhejiang SEZ**”) 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 late 2024, the Group has fully launched its infrastructure construction and investment promotion work in the special economic zone. During the period under review, revenue recognised from the sale/lease of land and factory buildings in this new segment amounted to approximately RMB119.9 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	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 six months ended June 30, 2025 increased to approximately RMB25.7 million, representing an increase of approximately 2.8% as compared to approximately RMB25.0 million in the first half of 2024. The selling and distribution costs as a percentage of turnover in the first half of 2025 decreased to approximately 5.1% as compared to approximately 5.9% for the corresponding period in 2024.

The administrative costs for the six months ended June 30, 2025 were approximately RMB82.3 million, representing an increase of approximately 2.9% as compared to approximately RMB80.0 million for the corresponding period in 2024. The administrative expenses maintained at a relatively stable level as compared with the corresponding period of 2024.

The Group's impairment loss on financial assets decreased by approximately RMB3.8 million from approximately RMB1.6 million for the six months ended June 30, 2024 to reversal of impairment loss of approximately RMB2.2 million in the corresponding period of 2025 under the relevant management policies of the Group adopted in accordance with IFRS 9. The decrease was mainly due to recovery of certain receivables which were impaired in prior years.

The Group's finance cost in the first half of 2025 was approximately RMB17.9 million, representing a decrease of approximately RMB2.8 million as compared to approximately RMB20.7 million for the corresponding period of 2024. The decrease in finance cost was mainly due to the decrease in bank borrowings during the period under review.

The Group's income tax in the first half of 2025 was approximately RMB21.8 million, representing a decrease of approximately RMB4.3 million as compared to approximately RMB26.1 million for the corresponding period in 2024. The decrease was mainly resulted from a decrease of land appreciation tax net charge of approximately RMB8.7 million, offset by the increase of deferred tax liabilities amounted to RMB3.0 million recognised during the period under review. For details, please refer to note 7 to the Interim Condensed Consolidated Financial Statements as set out in this announcement.

The Group recorded a net gain of approximately RMB1.4 million in other gains and losses in the first half of 2025, while it recorded a net gain of approximately RMB11.1 million during the corresponding period of 2024. The decrease in net gain was primarily attributable to (1) the initial recognition of financial guarantee recognised of approximately RMB4.1 million in the period under review, (2) the decrease of foreign exchange gain of approximately RMB0.9 million, and (3) the decrease of fair value gain on derivatives component of convertible bonds of approximately RMB3.5 million. For details of the other gains and losses, please refer to note 5 to the Interim Condensed Consolidated Financial Statements as set out in this announcement.

Based on the aforesaid factors, including changes in business revenue, operating expenses and taxation, etc., the net profit attributable to owners of the Company was approximately RMB22.6 million for the six months ended June 30, 2025 (six months ended June 30, 2024: RMB27.8 million), representing a decrease of approximately RMB5.2 million or approximately 18.7% as compared with the six months ended June 30, 2024.

FINANCIAL RESOURCES AND LIQUIDITY

As at June 30, 2025, the Group had cash and cash equivalent available for utilisation totalling approximately RMB187.2 million (as at December 31, 2024: RMB301.7 million) and total borrowings of approximately RMB674.7 million (as at December 31, 2024: RMB693.4 million). As at June 30, 2025, the Group had outstanding bank borrowings amounted to approximately RMB171.7 million repayable within one year and approximately RMB503.0 million repayable after one year (As at December 31, 2024: approximately RMB184.4 million repayable within one year and approximately RMB509.0 million repayable after one year). The gearing ratio (being bank borrowings divided by owners' equity multiplied by 100%) was approximately 17.0% (as at December 31, 2024: 18.2%). In the first half of 2025, 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 period under review.

As at June 30, 2025, the Group's inventory was approximately RMB88.4 million, representing an increase of approximately RMB19.7 million as compared to approximately RMB68.7 million as of December 31, 2024. During the six months ended June 30, 2025, the Group endeavored to control the inventory level and the inventory turnover period of the Group's manufacturing and trading of upholstered furniture segment was 76 days as compared to 61 days as at December 31, 2024.

During the six months ended June 30, 2025, the Group continued to maintain a strict credit policy. The account receivable turnover days of the Group's manufacturing and trading of upholstered furniture segment decreased to 43 days for the first half of 2025 (as at December 31, 2024: 48 days).

During the period under review, the accounts payable turnover days of the Group's manufacturing and trading of upholstered furniture segment decreased to 59 days for the six months ended June 30, 2025 (as at December 31, 2024: 64 days).

MATERIAL ACQUISITION AND DISPOSAL

On January 6, 2025, a wholly-owned subsidiary of the Company, namely Zhejiang Baosen Furniture Co., Ltd. ("**Zhejiang Baosen**") entered into a lease agreement with a non-wholly owned subsidiary of the Company, namely Koh Kong Zhejiang Sez Co., Ltd. ("**Koh Kong Zhejiang**"), pursuant to which Zhejiang Baosen agreed to lease the land with an aggregate site area of 14,981 sq.m., located at Koh Kong Zhejiang SEZ, Ou Chrov Village, Boeng Preav Commune, Srae Ambel District, Koh Kong Province, Cambodia from Koh Kong Zhejiang for a total rent payable of US\$674,145 for renewable terms of ninety-nine years each from January 6, 2025. The land will be used by Zhejiang Baosen for the construction and operation of a factory complex for the manufacturing of furniture in Cambodia. Koh Kong Zhejiang is owned as to 51% by Ms. Zhu Jiayun who is the daughter of Mr. Zhu Zhangjin, an executive Director. Thus, Koh Kong Zhejiang is a connected person of the Company. For further details, please refer to the announcement of the Company dated January 6, 2025.

On June 18, 2025, Haining Hengsen Furniture Co., Ltd. (海寧恒森傢俱有限公司) ("**Haining Hengsen**"), a wholly-owned subsidiary of the Company, entered into the property transfer agreement, pursuant to which Haining Hengsen agreed to dispose, and 海寧市斜橋鎮華豐股份經濟合作社 (Huafeng Economic Cooperative of Xieqiao Town, Haining City) agreed to purchase the land located at No. 5 Jianshe Road, Xieqiao Town, Haining City, Zhejiang Province, the PRC with an aggregate site area of approximately 26,737.1 sq.m. (including the buildings, fixtures erected thereon and the equipment) for a total consideration of RMB56,069,142. For further details, please refer to the announcements of the Company dated June 18, 2025 and July 15, 2025.

Save as disclosed, the Group did not have any material acquisitions or disposal of its subsidiaries, associates or joint ventures during the six months ended June 30, 2025.

SIGNIFICANT INVESTMENTS HELD

Save as otherwise disclosed in this announcement, the Group did not have significant investments held during the six months ended June 30, 2025.

PLEDGE OF ASSETS

During the six months ended June 30, 2025, the Group pledged property, plant and equipment, properties under development and held for sale to banks to secure the bank borrowings and the bank facilities granted to the Group. There were no significant changes in the Group's pledge of assets at June 30, 2025 as compared with that of December 31, 2024.

FOREIGN EXCHANGE EXPOSURE

The upholstered furniture export-related business of the Group (including sales and procurements) are mainly denominated in U.S. dollars, and trade receivables may be exposed to exchange rate fluctuation. During the period under review, the Group had cash or cash equivalent denominated in US dollars of approximately US\$6,300,000. The Group did not implement any hedging measures, but will continue to monitor the situation and make necessary arrangement as and when appropriate.

CONTINGENT LIABILITIES

As at June 30, 2025, the Group had certain contingent liabilities. For details, please refer to note 13 to the Interim Condensed Consolidated Financial Statements as set out in this announcement.

EMPLOYEES AND EMOLUMENTS POLICIES

As at June 30, 2025, the Group employed a total of approximately 3,219 full time employees (as at December 31, 2024: approximately 2,431) including management staff, technicians, salespersons and workers. For the six months ended June 30, 2025, the Group's total expenses on the remuneration of employees were approximately RMB87.3 million (six months ended June 30, 2024: RMB77.9 million). The Group's emolument policies for employees are formulated on the performance of individual employees, which are reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance 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 of the Company 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 and the remuneration committee of the Company (the “**Remuneration Committee**”), who are authorized by the shareholders of the Company (the “**Shareholders**”) in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Group has also adopted a share option scheme for the purpose of providing incentives to Directors, eligible employees and third party service providers. Further details in relation to the share option scheme will be set out in the interim report of the Company.

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY

With the corporate mission of “To achieve green production, pioneer in the environmental protection aspect, leading company in China and among the best in the world”, the Group is committed to reducing environmental pollution and carbon emissions in its upholstered furniture production, land and property development, hotel and resort operations, and has taken vigorous steps to continuously improve its environmental performance.

The Group's core value is to align the interests of its employees, the enterprise and society in a harmonious manner. Through its unremitting efforts, the Group has strived to enhance its value, grow and achieve its goals. The Group has set up an internal "Employee Care and Mutual Help Fund" to provide subsidies to employees in need in the spirit of mutual help and fellowship. The Group advocates the provision of social services to the communities in which it operates and to groups in need, and organises its employees to actively participate in social welfare activities and make regular donations to local charitable organisations.

FUTURE PLANS AND PROSPECTS

Manufacturing and trading of upholstered furniture business is a core business that the Group has been operating for a long time. With the full operation of the production bases in Cambodia, the Group has formed an industrial layout with dual production bases in mainland China and Cambodia. The Group will, based on changes in the international trade situation and combined with the tariff policies in the United States and Europe, adjust the production scale of the two bases in a timely manner through close communication with purchasers, to hedge against the risks of tariff changes. The Group will focus on enhancing the production efficiency of the Cambodian bases, perfecting the supply chain, optimizing production and operating costs and strengthening the international competitiveness of products from the Cambodian bases, and continue to consolidate and enhance the sales scale and profits of the upholstered furniture business, providing a stable cash flow for the Group's operations.

The large-scale industrial park developed by the Group in Cambodia – Koh Kong Zhejiang SEZ is an industrial special economic zone featuring eco-manufacturing, circular economy, industrial clusters and green environmental protection. The special zone is currently in the comprehensive construction phase, with part of the areas having completed infrastructure construction and attracting enterprises to settle in through land lease and standard factory lease. During the period under review, among the enterprises that have signed up to settle in, more than 60 of them have started construction and 18 of them have commenced operation. In the future, the construction and operation of the special zone will be a key focus of the Group's business development. The Group will invest more resources to promote the comprehensive construction and investment promotion of the special zone.

In the field of land and property development, the Group will accelerate the sales of property projects, seek partners to dispose of existing projects and recover funds.

In the field of tourism resort business, it is expected that with the implementation of Hainan island-wide independent customs policy, the tourism resort business in Hainan will usher in new development opportunities. The Group operates water parks, hotels and other tourism resort business in Hainan, which will further optimize tourism product development, increase visitor traffic, and strive to generate more revenue.

Save as disclosed above, there are no material changes regarding the Group's performance from the information disclosed in the annual report of the Company published on April 28, 2025.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its corporate governance code of practices. For the six months ended June 30, 2025, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code except for the following deviation to code provisions C.2.1.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not at present separate the roles of chairman and chief executive. Mr. Zhu is the chairman and chief executive officer of the Company responsible for overseeing the operations of the Group. Mr. Zhu will provide 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 code provision C.2.1 is appropriate in the current situation. The Company is still considering to appoint 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, and the in-depth knowledge and experience in the leather and upholstery 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 six months ended June 30, 2025, each of them has complied with the required standards as set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee, comprises all the three independent non-executive Directors namely, Mr. Chow Hiu Tung, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang, has reviewed with the management and the external auditors on the accounting principles and practices adopted by the Group during the six months ended June 30, 2025. The Audit Committee held meetings with the Company's senior management to review, supervise and discuss the Company's financial reporting and 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 six months ended June 30, 2025, including the review of the unaudited interim results of the Group for the six months ended June 30, 2025.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, the majority of which are independent non-executive Directors and Mr. Zhou Lingqiang, an independent non-executive Director, is the chairman of the Remuneration Committee. The Remuneration Committee is responsible for establishing policies in respect of remuneration structure for all Directors and senior management of the Company, reviewing and determining the remuneration of all Directors and senior management of 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.

EVENT AFTER THE REPORTING PERIOD

No significant events has occurred in respect of the Group after the reporting date of June 30, 2025.

ISSUE OF CONVERTIBLE BONDS

On September 29, 2023, Ms. Zhu Jiayun (as seller), Kasen International Company Limited (as purchaser) (a subsidiary of the Company) and the Company entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which Kasen International Company Limited conditionally agreed to acquire, and Ms. Zhu Jiayun conditionally agreed to sell, 49% equity interest in Koh Kong Zhejiang, a company incorporated in Cambodia, at the consideration of HK\$338,000,000, to be satisfied by cash and the issue of the convertible bonds in four batches.

For the background, principal terms, adjustment to conversion price and other details of the abovementioned convertible bonds, please refer to the announcements of the Company dated September 29, 2023, December 12, 2023 and December 14, 2023, and the circular of the Company dated November 23, 2023. Further details of the convertible bonds are set out in note 32 to the consolidated financial statements of 2024 annual report of the Company.

On January 3, 2024, the Company issued the first batch convertible bonds in the principal amount of HK\$49,810,229 to the bondholder (the “**Bondholder**”), i.e. Joyview Enterprises Limited (which was nominated by Ms. Zhu Jiayun) pursuant to the specific mandate (the “**Specific Mandate**”) passed by way of poll at the extraordinary general meeting of the Company held on December 12, 2023. Ms. Zhu Jiayun is the daughter of Mr. Zhu Zhangjin and is a connected person of the Company. The convertible bonds bear interest from and including the issue date at 5% per annum, and the interest shall be accrued on a daily basis based on the number of days elapsed on the basis of a 365-day year and has been/shall be payable semi-annually in arrears by the Company to the Bondholder at the close of business on July 2, 2024, January 2, 2025 and the bond maturity date on July 2, 2025. On June 2, 2025, full conversion of the first batch convertible bonds at the initial conversion price of HK\$0.36 per conversion share took place and 138,361,747 shares were issued.

On March 18, 2024, the Company issued the second batch convertible bonds in the principal amount of HK\$33,800,353 to the Bondholder. The convertible bonds bear interest from and including the issue date at 5% per annum, and the interest shall be accrued on a daily basis based on the number of days elapsed on the basis of a 365-day year and has been/shall be payable semi-annually in arrears by the Company to the Bondholder at the close of business on September 17, 2024, March 17, 2025 and the bond maturity date on September 17, 2025. On June 2, 2025, full conversion of the second batch convertible bonds at the initial conversion price of HK\$0.36 per conversion share took place and 93,889,869 shares were issued.

On December 11, 2024, the Company issued the third batch convertible bonds in the principal amount of HK\$58,013,228 to the Bondholder. The convertible bonds bear interest from and including the issue date at 5% per annum, and the interest shall be accrued on a daily basis based on the number of days elapsed on the basis of a 365-day year and shall be payable semi-annually in arrears by the Company to the Bondholder at the close of business on June 10, 2025, December 10, 2025 and the bond maturity date on June 10, 2026. On June 2, 2025, full conversion of the third batch convertible bonds at the initial conversion price of HK\$0.36 per conversion share took place and 161,147,855 shares were issued.

For more details in relation to the completion of the conversion of the convertible bonds into a total of 393,399,471 new issued shares of the Company, please refer to announcement of the Company dated June 2, 2025.

As at the date of this announcement, the fourth batch convertible bonds in the principal amount of HK\$44,376,190 has not yet been issued by the Company, and their issue is expected to take place by or around the third quarter of 2025.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: Nil).

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

The Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) during the first six months ended June 30, 2025. As at June 30, 2025, the Company did not have any treasury shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is available to the Company and within the knowledge of its Directors, the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended June 30, 2025.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The interim report of the Company for the six months ended June 30, 2025 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the website of the Stock Exchange and the website of the Company at www.irasia.com/listco/hk/kasen/index.htm in due course.

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

August 29, 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>