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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, 2025

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, 2025, together with comparative figures for the year ended December 31, 2024, as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|--|-------|------------------|------------------|
| Revenue | 4 | 1,110,675 | 1,025,691 |
| Cost of sales | | <u>(699,412)</u> | <u>(624,918)</u> |
| Gross profit | | 411,263 | 400,773 |
| Other income | 5 | 4,367 | 6,225 |
| Other gains and losses, net | 6 | 16,960 | 14,238 |
| Share of result of an associate | | 156 | 1,684 |
| Selling and distribution costs | | (66,687) | (62,224) |
| Administrative expenses | | (224,385) | (173,474) |
| Provision for impairment loss on financial assets, net | | (9,799) | (7,515) |
| Finance costs | 7 | <u>(36,978)</u> | <u>(54,268)</u> |
| Profit before income tax | 8 | 94,897 | 125,439 |
| Income tax expense | 9 | <u>(23,363)</u> | <u>(55,755)</u> |
| Profit for the year | | <u>71,534</u> | <u>69,684</u> |

| | <i>Note</i> | 2025 RMB'000 | 2024 RMB'000 |
|---|-------------|-------------------------------|--------------------------|
| Other comprehensive income, including reclassification adjustments | | | |
| Item that will be reclassified subsequently to profit or loss: | | | |
| Exchange (loss)/profit on translation of financial statements of foreign operations | | <u>(15,702)</u> | <u>2,580</u> |
| Total comprehensive income for the year | | <u>55,832</u> | <u>72,264</u> |
| Profit for the year attributable to: | | | |
| – Owners of the Company | | 34,765 | 63,535 |
| – Non-controlling interests | | 36,769 | 6,149 |
| | | <u>71,534</u> | <u>69,684</u> |
| Profit and total comprehensive income attributable to: | | | |
| – Owners of the Company | | 20,423 | 65,389 |
| – Non-controlling interests | | 35,409 | 6,875 |
| | | <u>55,832</u> | <u>72,264</u> |
| Earnings per share attributable to the owners of the Company (expressed in RMB per share) | | | |
| Basic | <i>11</i> | 2.08 cents | 4.40 cents |
| Diluted | | <u>1.74 cents</u> | <u>3.39 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 1,341,424 | 1,073,694 |
| Right-of-use assets | | 112,936 | 137,058 |
| Investment properties | | 8,534 | 9,190 |
| Interests in associates | | 25,234 | 25,078 |
| Intangible assets | | 125 | 18 |
| Financial asset at fair value through profit or loss ("FVTPL") | | – | 20,389 |
| Prepayment for acquisition of freehold land | | 126,518 | 129,391 |
| Prepayment for acquisition of property, plant and equipment | | 41,446 | 10,780 |
| Lands held for development or sale | | 102,948 | 674,585 |
| Deferred tax assets | | 66,219 | 76,313 |
| | | <u>1,825,384</u> | <u>2,156,496</u> |
| Current assets | | | |
| Inventories | | 88,073 | 68,654 |
| Properties under development for sale | | 1,773,689 | 1,773,645 |
| Properties held for sale | | 803,020 | 850,485 |
| Lands held for development or sale | | 870,021 | – |
| Trade, bills and other receivables | 12 | 1,080,875 | 1,070,378 |
| Prepaid income tax | | 20,493 | 20,915 |
| Prepaid land appreciation tax | | 6,689 | 6,672 |
| Pledged bank deposits | | – | 40,000 |
| Restricted bank deposit for property development business | | 1,347 | 3,684 |
| Cash and cash equivalents | | 291,829 | 301,685 |
| | | <u>4,936,036</u> | <u>4,136,118</u> |
| Current liabilities | | | |
| Trade, bills and other payables | 13 | 735,329 | 492,582 |
| Lease liabilities | | 25,161 | 18,113 |
| Contract liabilities | | 551,442 | 539,076 |
| Bank borrowings | | 215,438 | 184,453 |
| Tax payable | | 164,106 | 240,219 |
| Amounts due to non-controlling interests of subsidiaries | | 32,635 | 83,162 |
| Convertible bonds | | – | 131,881 |
| Derivative financial instruments | | – | 19,693 |
| | | <u>1,724,111</u> | <u>1,709,179</u> |

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|-------------------------|-------------------------|
| Net current assets | <u>3,211,925</u> | <u>2,426,939</u> |
| Total assets less current liabilities | <u>5,037,309</u> | <u>4,583,435</u> |
| Non-current liabilities | | |
| Lease liabilities | 13,344 | 23,462 |
| Bank borrowings | 775,052 | 508,987 |
| Deferred tax liabilities | <u>14,696</u> | <u>15,020</u> |
| | <u>803,092</u> | <u>547,469</u> |
| Net assets | <u><u>4,234,217</u></u> | <u><u>4,035,966</u></u> |
| CAPITAL AND RESERVES | | |
| Share capital | 2,078 | 1,654 |
| Reserves | <u>3,964,741</u> | <u>3,802,323</u> |
| Equity attributable to the owners of the Company | <u>3,966,819</u> | <u>3,803,977</u> |
| Non-controlling interests | <u>267,398</u> | <u>231,989</u> |
| Total equity | <u><u>4,234,217</u></u> | <u><u>4,035,966</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) property development; (iii) lands and property development in special economic zone (“Special Economic Zone”); and (iv) travel and tourism-related operations.

The consolidated financial statements for the year ended December 31, 2025 were approved for issue by the Board of Directors on March 31, 2026.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as 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 new or 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, 2025

In the current year, the Group has applied for the first time the Amendments to IAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on January 1, 2025.

The amendments do not have a material impact on the financial statements of the Group.

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 ² |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures and related amendments ² |
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ¹ |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature dependent Electricity ¹ |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards – Volume 11 ¹ |
| Amendment to IAS 21 | Translation to Hyperinflationary Presentation Currency ² |

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

² Effective for annual periods beginning on or after January 1, 2027

³ 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 statement.

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 are responsible for allocating resources and assessing performance of the operating segment, has identified the Group's operating and reportable segments as below:

- (i) Manufacturing and trading of upholstered furniture ("Manufacturing");
- (ii) Property development ("Property development");
- (iii) 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").

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

For the year ended December 31, 2025:

| | Manufacturing <i>RMB'000</i> | Property 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 | 628,146 | 135,170 | 276,365 | 70,994 | - | 1,110,675 |
| Inter-segment sales | - | - | - | 10,095 | (10,095) | - |
| | <u>628,146</u> | <u>135,170</u> | <u>276,365</u> | <u>81,089</u> | <u>(10,095)</u> | <u>1,110,675</u> |

For the year ended December 31, 2024:

| | Manufacturing <i>RMB'000</i> | Property 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> |

Disaggregation of revenue from contracts with customers

For the year ended December 31, 2025:

| | Manufacturing <i>RMB'000</i> | Property 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 | 395,136 | - | - | - | - | 395,136 |
| PRC, including Hong Kong | 27,903 | 86,312 | - | 81,089 | (10,095) | 185,209 |
| Cambodia | 94,220 | 48,858 | 276,365 | - | - | 419,443 |
| Europe | 106,805 | - | - | - | - | 106,805 |
| Others | 4,082 | - | - | - | - | 4,082 |
| | <u>628,146</u> | <u>135,170</u> | <u>276,365</u> | <u>81,089</u> | <u>(10,095)</u> | <u>1,110,675</u> |
| Major products and services | | | | | | |
| Sales of upholstered furniture | 628,146 | - | - | - | - | 628,146 |
| Sales of properties | - | 135,170 | 259,166 | - | - | 394,336 |
| Travel & tourism-related services | - | - | - | 1,523 | - | 1,523 |
| Catering & entertainment | - | - | - | 59,562 | (2,637) | 56,925 |
| Property management services | - | - | 971 | 20,004 | (7,458) | 13,517 |
| | <u>628,146</u> | <u>135,170</u> | <u>260,137</u> | <u>81,089</u> | <u>(10,095)</u> | <u>1,094,447</u> |
| Rental income <i>(note)</i> | - | - | 16,228 | - | - | 16,228 |
| | <u>628,146</u> | <u>135,170</u> | <u>276,365</u> | <u>81,089</u> | <u>(10,095)</u> | <u>1,110,675</u> |
| Timing of revenue recognition (excluding rental income) | | | | | | |
| At a point in time | 628,146 | 135,170 | 259,166 | 60,062 | (2,637) | 1,079,907 |
| Transferred over time | - | - | 971 | 21,027 | (7,458) | 14,540 |
| | <u>628,146</u> | <u>135,170</u> | <u>260,137</u> | <u>81,089</u> | <u>(10,095)</u> | <u>1,094,447</u> |
| Rental income | - | - | 16,228 | - | - | 16,228 |
| | <u>628,146</u> | <u>135,170</u> | <u>276,365</u> | <u>81,089</u> | <u>(10,095)</u> | <u>1,110,675</u> |

Note: Rental income is presented as revenue as it arises from the principal activities of Special Economic Zone.

For the year ended December 31, 2024:

| | Manufacturing <i>RMB'000</i> | Property 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> |

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

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| Segment profit/(loss) | | |
| – Manufacturing | 39,982 | 44,108 |
| – Property development | (42,044) | 2,807 |
| – Special Economic Zone | 75,405 | 20,157 |
| – Others | (17,989) | 8,910 |
| | <u>55,354</u> | <u>75,982</u> |
| Unallocated corporate income | 43,120 | 5,283 |
| Unallocated other gains and losses | (26,940) | (11,581) |
| | <u>71,534</u> | <u>69,684</u> |

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

For the year ended December 31, 2025

| | Manufacturing | Property | Special | Others | Unallocated | Total |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <i>RMB'000</i> | development | Economic | | | |
| | | <i>RMB'000</i> | Zone | <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 | - | 156 | - | - | - | 156 |
| Interest income | 751 | 35 | 763 | 35 | 1 | 1,585 |
| Depreciation and amortization of non-current assets | (32,120) | (31,173) | (2,866) | (8,004) | (812) | (74,975) |
| Finance costs | (6,033) | (28,731) | - | (768) | (1,446) | (36,978) |
| Income tax expense | (11,963) | (11,252) | - | (148) | - | (23,363) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

For the year ended December 31, 2024

| | Manufacturing | Property | Special | Others | Unallocated | Total |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <i>RMB'000</i> | development | Economic | | | |
| | | <i>RMB'000</i> | Zone | <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 | (9,897) | (46,563) | - | 705 | - | (55,755) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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 FVTPL and derivative component of convertible bonds, interest charges on convertible bonds and gain on disposal of property, plant and equipment amounting to approximately RMB43,119,000 (2024: RMBNil).

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 | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| United States | 395,136 | 341,369 |
| PRC, including Hong Kong | 185,209 | 333,644 |
| Cambodia | 419,443 | 241,814 |
| Europe | 106,805 | 108,038 |
| Others | 4,082 | 826 |
| | <u>1,110,675</u> | <u>1,025,691</u> |

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

| | 2025 | 2024 |
|------------------------|------------------|------------------|
| | RMB'000 | RMB'000 |
| Sale of goods | | |
| Upholstered furniture | 628,146 | 551,891 |
| Lands and properties | 394,336 | 386,966 |
| | <u>1,022,482</u> | 938,857 |
| Rental income | 16,228 | – |
| Provision of services | | |
| Others (<i>note</i>) | 71,965 | 86,834 |
| | <u>1,110,675</u> | <u>1,025,691</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, 2025 and the expected timing of recognising revenue as follows:

| | Property development | |
|--|-----------------------------|------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| More than one year but not more than two years | <u>–</u> | <u>1,010,000</u> |

5. OTHER INCOME

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---------------------------------------|------------------------|------------------------|
| Government grants (<i>note (a)</i>) | 299 | 763 |
| Interest income | 1,585 | 2,188 |
| Rental income (<i>note (b)</i>) | 848 | 1,432 |
| Others | 1,635 | 1,842 |
| | <u>4,367</u> | <u>6,225</u> |

Notes:

- (a) Government grants represent various incentives received from government for business development. There were no specific conditions attached to the incentives.
- (b) 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

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Gain/(Loss) on early termination of leases | 215 | (2,038) |
| Net foreign exchange (loss)/gain | (15,129) | 5,385 |
| Donation | (49) | (185) |
| Change in fair value of financial asset at FVTPL | (311) | (1,273) |
| Fair value of financial guarantee issued on initial recognition (<i>note</i>) | (4,119) | – |
| Fair value changes on derivative component of convertible bonds | 4,246 | 5,799 |
| Gain/(Loss) on disposal of property, plant and equipment, net | 42,890 | (1,495) |
| Loss on disposal of financial assets at FVTPL | (15,831) | – |
| Release of financial guarantees (<i>note</i>) | 2,373 | 5,425 |
| Written-back of payables | 1,615 | – |
| Penalty | 48 | 3,607 |
| Others | 1,012 | (987) |
| | <u>16,960</u> | <u>14,238</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

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Interest charges on bank borrowings (<i>note</i>) | 33,330 | 47,724 |
| Interest charges on lease liabilities | 2,258 | 1,930 |
| Interest charges on convertible bonds | 1,390 | 4,614 |
| | <u>36,978</u> | <u>54,268</u> |

Note: Interest capitalised to lands held for development or sale amounted to RMB12,918,000 (2024: RMB2,031,000) during the year ended 31 December 2025 was not included. The annual capitalized rate adopted for general borrowings that used as funds for lands held for development or sale was 7.58% (2024: 6.78%).

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Amortization of intangible assets | 24 | 8 |
| Depreciation of property, plant and equipment | 48,215 | 49,425 |
| Depreciation of right-of-use assets | 26,080 | 28,812 |
| Depreciation of investment properties | 656 | 656 |
| Total depreciation and amortization | <u>74,975</u> | <u>78,901</u> |
| Auditor's remuneration | | |
| – Audit service | 2,460 | 2,400 |
| – Non-audit service | 400 | 900 |
| Provision for impairment loss on financial assets, net | | |
| – Trade receivables | 6,156 | 2,065 |
| – Other receivables | 3,643 | 5,450 |
| | <u>9,799</u> | <u>7,515</u> |
| Cost of inventories under Manufacturing segment recognized as expenses (including net provision for allowance of inventories of RMB339,000 (2024: RMB90,000)) | 433,888 | 384,452 |
| Development costs under Property development and Special Economic Zone segments recognized as cost of sales | 155,121 | 199,225 |
| Expenses relating to short term leases | 1,129 | 1,558 |
| Employee costs (including directors' emoluments) | | |
| – Wages, salaries and other benefits | 175,518 | 163,295 |
| – Contributions to defined contribution retirement plans | 14,039 | 13,753 |
| | <u>189,557</u> | <u>177,048</u> |

9. INCOME TAX EXPENSE

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Current income tax | | |
| – PRC Enterprise Income Tax (“EIT”) | | |
| – Current year | 19,057 | 23,120 |
| – Under/(Over)-provision in respect of prior years | <u>32</u> | <u>(3,085)</u> |
| | 19,089 | 20,035 |
| – Cambodia corporate tax | | |
| – Current year | 465 | 4,004 |
| LAT (credit)/expense | (5,961) | 30,223 |
| Deferred tax | <u>9,770</u> | <u>1,493</u> |
| Total income tax expense | <u>23,363</u> | <u>55,755</u> |

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the years ended December 31, 2025 and 2024.

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:

| | 2025 <i>RMB'000</i> | 2024 <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: | 34,765 | 63,535 |
| – Fair value changes on derivative component of convertible bonds | (4,246) | (5,799) |
| – Interest on convertible bonds | <u>1,390</u> | <u>4,614</u> |
| Profit for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share | <u><u>31,909</u></u> | <u><u>62,350</u></u> |
| | 2025 <i>Number in thousand</i> | 2024 <i>Number in thousand</i> |
| Number of shares | | |
| Weighted average number of ordinary shares for the purposes of calculating basic earnings per share | 1,672,715 | 1,443,142 |
| Effect of dilutive potential ordinary shares: | | |
| – Convertible bonds | <u>163,826</u> | <u>393,399</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u><u>1,836,541</u></u> | <u><u>1,836,541</u></u> |

The calculation of diluted earnings per share for the years ended December 31, 2025 and 2024 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, 2025 and 2024.

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:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--------------|------------------------|------------------------|
| 0-60 days | 83,378 | 79,790 |
| 61-90 days | 3,632 | 1,462 |
| 91-180 days | 3,515 | 7,339 |
| 181-365 days | 8,433 | 6,591 |
| Over 1 year | <u>20,064</u> | <u>16,998</u> |
| | <u><u>119,022</u></u> | <u><u>112,180</u></u> |

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 ageing analysis of the trade and bills payables based on invoice date, is as follows:

| | 2025 | 2024 |
|----------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0 – 60 days | 244,775 | 232,293 |
| 61 – 90 days | 8,417 | 58,079 |
| 91 – 180 days | 2,506 | 6,556 |
| 181 – 365 days | 12,037 | 3,526 |
| 1 – 2 years | 215,988 | 6,869 |
| Over 2 years | 39,638 | 13,359 |
| | <u>523,361</u> | <u>320,682</u> |

14. CAPITAL AND OTHER COMMITMENTS

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

| | 2025 | 2024 |
|---|-----------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Commitments for acquisition/addition of: | | |
| – Property, plant and equipment | 2,310,347 | 2,297,412 |
| – Properties under development | 140,829 | 465,863 |
| – Lands held for development or sale | 315,941 | 132,448 |
| – Contribution to investment funds | – | 40,453 |
| | <u>2,767,117</u> | <u>2,936,176</u> |

15. PLEDGED ASSETS

As at December 31, 2025, the facilities were secured by:

- (i) pledge of buildings of the Group with net book value of RMB8,462,000 (2024: RMB9,926,000);
- (ii) pledge of bank deposit of the Group of RMBNil (2024: RMB40,000,000); and
- (iii) pledge of certain properties under development and properties held for sale and land held for development or sale of the Group of RMB1,385,518,000 (2024: RMB1,328,742,000).

16. FINANCIAL GUARANTEE CONTRACTS

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

The Group provided guarantees of RMB38,622,000 at December 31, 2025 (2024: RMB62,258,000) 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, 2025, the Group entered into the financial guarantees ("Financial Guarantees") issued to banks in respect of banking facilities granted to Haining Schinder Leather Company Limited ("CCT Company") (the "CCT Master Guarantee") and an independent third party for three years between January 1, 2025 and December 31, 2027 with a maximum amounts of RMB170,000,000 and RMB325,000,000 respectively. Details of the CCT Master Guarantee were disclosed in the circular dated December 10, 2024. 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 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 Company and an independent third party on initial recognition was determined by 聯合中和土地房地產資產評估有限公司 (Lianhezhonghe Land Real Estate Assets Appraisal Co., Ltd.), a professional valuer independent to the Group. Subsequently, approximately RMB2,373,000 was recorded as the release of Financial Guarantees recognized in profit or loss for the year ended December 31, 2025 (2024: 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, 2025 and 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 year, 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. As at December 31, 2025, the guarantee to the CCT Group was released and the maximum guaranteed amount has reduced to RMB200,000,000 to an independent third party.

The movement of financial guarantee liabilities as shown as below:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| At the beginning of the year | – | 5,425 |
| Initial recognition of financial guarantee liabilities (<i>note 6</i>) | 4,119 | – |
| Release of financial guarantee liabilities (<i>note 6</i>) | <u>(2,373)</u> | <u>(5,425)</u> |
| At the end of the year | <u><u>1,746</u></u> | <u><u>–</u></u> |

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Financial Review

For the year ended December 31, 2025, the Group recorded a consolidated turnover of RMB1,110.7 million (2024: RMB1,025.7 million), representing an increase of approximately 8.3% when compared with 2024. The increase in revenue was mainly attributable to (1) the increase of approximately RMB216.6 million of revenue derived from the special economic zone segment newly operated in late 2024, (2) the increase of approximately RMB76.2 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 RMB192.0 million in revenue from the property development segment since there was a decrease in the delivery of properties for the Group's property development projects during the year ended December 31, 2025 as compared to the year 2024.

The Group's gross profit for the year ended December 31, 2025 was RMB411.3 million (2024: RMB400.8 million), representing an increase of approximately RMB10.5 million or approximately 2.6% when compared with 2024. The Group's gross profit margin for the year ended December 31, 2025 was approximately 37.0% (2024: 39.1%).

Profit after income tax for the year ended December 31, 2025 increased slightly by approximately RMB1.8 million or approximately 2.6%, from RMB69.7 million to RMB71.5 million, as compared with 2024. However, after sharing profits to the non-controlling interests, the net profit attributable to owners of the Company was approximately RMB34.8 million for the year ended December 31, 2025 (2024: RMB63.5 million), representing a decrease of approximately RMB28.7 million or approximately 45.2% as compared with 2024. Further discussion is set out below in this section.

Review by Business Segments

The Group's reportable business segments in 2025 principally consist of manufacturing and trading of upholstered furniture, property 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, 2025 together with the comparative figures for the year ended December 31, 2024:

| | 2025 | | 2024 | | Year-on-year Change |
|--|--------------------|--------------|--------------------|--------------|------------------------|
| | <i>RMB'Million</i> | % | <i>RMB'Million</i> | % | % |
| Manufacturing and Trading of Upholstered Furniture | 628.1 | 56.5 | 551.9 | 53.8 | 13.8 |
| Property development | 135.2 | 12.2 | 327.2 | 31.9 | (58.7) |
| Special Economic Zone | 276.4 | 24.9 | 59.8 | 5.8 | 362.2 |
| Others | 71.0 | 6.4 | 86.8 | 8.5 | (18.2) |
| Total | <u>1,110.7</u> | <u>100.0</u> | <u>1,025.7</u> | <u>100.0</u> | 8.3 |

Manufacturing and Trading of Upholstered Furniture Business

During the year ended December 31, 2025, the Group's manufacturing and trading of upholstered furniture business realized a total turnover of approximately RMB628.1 million, representing an increase of approximately 13.8% as compared to the total turnover of approximately RMB551.9 million in the corresponding period of 2024. The Group recorded a net profit of approximately RMB40.0 million from manufacturing and trading of upholstered furniture business in 2025, representing a decrease of approximately 9.3% as compared to the net profit of approximately RMB44.1 million in the corresponding period of 2024. The tariff rate for Cambodian exports to the United States was set at 19%, providing Cambodia with a highly competitive export advantage. The Group has prioritized Cambodia for its development, relocating its primary upholstered furniture manufacturing capacity to the country, which has solidified cooperation with major United States customers and successfully achieved the stable shift of export orders, thus laying a solid foundation for establishing Cambodia as the Group's principal production base for exporting upholstered furniture to the United States.

Property development Business

As at December 31, 2025, the Group had a total of seven property projects at various stages of development or held for sale in mainland China and Cambodia. The turnover from the property development segment was RMB135.2 million in 2025, representing a significant decrease of approximately 58.7% as compared to RMB327.2 million in 2024. The decrease in sales was mainly due to the decrease in delivery of properties in 2025 as compared to that in the corresponding period of last year. The operating loss from this segment in 2025 was RMB42.0 million (2024: an operating gain of RMB2.8 million).

The Group's property project portfolio as at December 31, 2025 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, 2025.

| 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, 2025 (sq.m.) | Accumulated GFA delivered as at December 31, 2025 (sq.m.) | Average selling price (RMB/sq.m.) |
|-------|-----------------------------------|--|--|----------------------------|--|---|-----------------------------------|
| 1 | Asia Bay | 718,665 | 404,709 | 590,165 | 217,466 | 215,493 | 19,667 |
| 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 | 45,088 | 4,948 |
| 5 | Qianjiang Oasis | 334,899 | 334,899 | 260,296 | 254,276 | 254,161 | — |
| 6 | Phnom Penh Kasen Garden (Phase 1) | 64,527 | 64,527 | 63,782 | 38,731 | 17,639 | 10,580 |
| Total | | <u>2,973,019</u> | <u>2,659,063</u> | <u>2,415,048</u> | <u>1,940,866</u> | <u>1,911,176</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 (“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 and 2025, the Group has fully launched its infrastructure construction and investment promotion work in the special economic zone. During the year under review, the Group has continued to promote the infrastructure construction in Koh Kong Zhejiang SEZ. The road network within the special zone has been substantially completed, with supporting facilities including water and power supply, smooth transportation and logistics, and one-stop services for businesses provided by government authorities. As a result, a large number of enterprises from the PRC and Southeast Asia were attracted to establish operations, and revenue recognised from the sale/lease of land and factory buildings in this segment amounted to approximately RMB276.4 million (2024: RMB59.8 million). Operating gain generated from this segment in 2025 was RMB75.4 million (2024: an operating gain of RMB20.2 million).

| 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 | Koh Kong Zhejiang SEZ (Phase I) | Zhejiang Special Economic Zone, Cambodia | 49% | 8,294,968 | Under development | 2026 | Industrial |

Operating Expenses, Taxation and Profit Attributable to Owners

The Group’s selling and distribution costs during the year ended December 31, 2025 were approximately RMB66.7 million, representing an increase of approximately 7.2% as compared to approximately RMB62.2 million in 2024. The increase was mainly due to the increase in the staff costs and marketing expenses in the property development segment and Koh Kong Zhejiang SEZ in 2025 as compared with 2024. The Group’s selling and distribution costs as a percentage of turnover in 2025 were approximately 6.0% (2024: 6.0%).

The administrative expenses in 2025 were approximately RMB224.4 million, representing an increase of approximately 29.3% as compared to approximately RMB173.5 million in 2024. The increase in the administrative expenses was mainly due to the administrative expenses and staff remuneration incurred in the rapid development of Koh Kong Zhejiang SEZ since late 2024.

The Group’s impairment loss on financial assets changed from approximately RMB7.5 million in 2024 to approximately RMB9.8 million of impairment loss provided in 2025 under the relevant accounting policies of the Group adopted in accordance with IFRS 9.

The Group's finance cost in 2025 was approximately RMB37.0 million, representing a decrease of approximately RMB17.3 million or 31.9%, as compared to approximately RMB54.3 million in 2024. 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 decrease in finance cost was mainly due to (1) increase in the interest capitalization to property projects during the year under review, and (2) interest charges on the convertible bonds decreased by approximately RMB3.2 million.

The Group recorded a net gain of approximately RMB17.0 million in other gains and losses in 2025, while it recorded a net gain of approximately RMB14.2 million in 2024. For details of the other gains and losses, please refer to note 6 to the consolidated financial statements.

The Group's income tax in 2025 was approximately RMB23.4 million, representing a decrease of approximately RMB32.4 million or 58.1%, as compared to approximately RMB55.8 million in 2024. The decrease mainly resulted from the refund of PRC land appreciation tax of approximately RMB36.2 million.

Based on the aforesaid factors, profit after income tax for the year increased slightly by approximately RMB1.8 million or approximately 2.6%, from RMB69.7 million to RMB71.5 million, as compared with the year 2024. However, after sharing profits to the non-controlling interests, the net profit attributable to owners of the Company in 2025 decreased by approximately 45.2% to approximately RMB34.8 million (2024: RMB63.5 million).

CAPITAL EXPENDITURE

Capital expenditure in 2025 increased to approximately RMB306.6 million (including construction in progress of approximately RMB249.9 million) from approximately RMB167.3 million in 2024. The capital expenditure mainly comprised the amount of approximately RMB305.6 million spent on the purchase of property and equipment, and construction of plants for operational purpose during the year ended December 31, 2025.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Bank Borrowings

As at December 31, 2025, the Group's bank borrowings amounted to approximately RMB990.5 million (in which approximately 46.6% (2024: 17.8%) was denominated in USD and approximately 53.4% (2024: 82.2%) was denominated in RMB), representing an increase of approximately 42.8% from approximately RMB693.4 million as at December 31, 2024. As at December 31, 2025, the Group had outstanding bank borrowings of approximately RMB215.4 million repayable within one year and approximately RMB775.1 million repayable after one year (2024: approximately RMB184.4 million repayable within one year and approximately RMB509.0 million repayable after one year).

Turnover Period, Liquidity and Gearing

In 2025, the inventory turnover period increased to 72 days (2024: 61 days).

In 2025, the Group continued to maintain a strict credit policy. The trade and bills receivables turnover days of the Group's manufacturing and trading of upholstered furniture segment was 47 days in 2025 (2024: 48 days).

The trade and bills payable turnover days of the Group's manufacturing and trading of upholstered furniture segment increased to 86 days in 2025 (2024: 64 days).

As at December 31, 2025, the Group's current ratio was 286.3% (December 31, 2024: 242.0%). The Group's cash and cash equivalent was approximately RMB291.8 million as at December 31, 2025 (December 31, 2024: approximately RMB301.7 million). As at December 31, 2025, cash and cash equivalent balance of the Group was approximately 40.4% (2024: 80.4%) denominated in RMB, approximately 59.1% (2024: 18.8%) denominated in USD, approximately 0.5% (2024: 0.7%) denominated in HKD and Japanese Yen, and less than 0.1% (2024: 0.1%) denominated in other currencies. This represents a gearing ratio of 25.0% as at December 31, 2025 (December 31, 2024: 18.2%) and a net debt-to-equity ratio of 17.6% as at December 31, 2025 (December 31, 2024: 10.3%). 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 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 year ended December 31, 2025.

Capital Structure

The capital structure of the Group consists of debt, which includes 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

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. (海寧恒森傢具有限公司) (“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 year ended December 31, 2025.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save 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 property development and special economic zone.

SIGNIFICANT INVESTMENTS

Save as disclosed, the Company had no other significant investments held during the year ended December 31, 2025.

CONTINGENT LIABILITIES

As at December 31, 2025, 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, 2025, the Group had contracted, but not provided for, total capital and other expenditure of RMB2,767.1 million (2024: RMB2,936.2 million), in which an amount of RMB140.8 million (2024: RMB465.9 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, 2025, 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\$24.5 million as at December 31, 2025. 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, 2025, the Group employed a total of approximately 3,066 full-time employees (December 31, 2024: approximately 2,431), including management staff, technicians, salespersons and workers. In 2025, the Group's total expense on the remuneration of employees was approximately RMB189.6 million (2024: approximately RMB177.0 million), representing approximately 17.1% (2024: 17.3%) 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 for 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 are set out in the "Directors' Report" section of the annual report of the Company for the year ended December 31, 2025.

FUTURE PLANS AND PROSPECTS

In 2024, the Group added two new businesses, namely construction and operation of industrial special economic zones and international power and energy development, which have been regarded as strategic emerging industries and received substantial resource investment. During 2025, the industrial special economic zone sector achieved substantial revenue growth and became a new highlight of the Group's business development. The construction of the power plant in Mongolia has been progressing steadily as scheduled, ensuring that it will commence operation and power generation in 2027. The Group will continue to increase investment in the above emerging business segments, making them an important safeguard supporting the Group's strategic transformation and the optimization and upgrading of its industrial structure.

In the field of upholstered furniture business, the Group has substantially established 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, domestic policies and tax incentives, the Group will continue to enhance the overall competitiveness of its upholstered furniture products, maintaining the Group's advantageous position among international upholstered furniture OEM manufacturers.

In the field of property development, the Group will adopt more flexible sales policies to fully accelerate the sales of projects in China, with a view to rapidly recovering funds and disposing of inefficient property assets in parallel. As for the real estate projects in Phnom Penh, Cambodia, the Group will adjust its development pace in accordance with the local property market conditions to ensure that profitability is the top priority.

In the field of tourism resort business, as China's cultural tourism market continues to demonstrate robust growth momentum, the Group will take this opportunity to seek partners while ensuring the stable operation of this business segment, thereby promoting the optimization and integration of relevant assets and business.

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

No significant events have occurred in respect of the Group after the reporting date December 31, 2025.

DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended December 31, 2025 (2024: 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 to be held on May 29, 2026, the register of members of the Company will be closed from May 26, 2026 to May 29, 2026 (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 22, 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM is May 29, 2026.

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 or transfer of treasury shares) during the year ended December 31, 2025. As at December 31, 2025, the Company did not hold any treasury shares.

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, 2025, 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 assumed the role as both the chairman and CEO of the Company responsible for overseeing the operations of the Group during the year ended December 31, 2025. Despite 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 ensures the continuity of the Group's operations. 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 interests 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, 2025, each of them has complied 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, 2025 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 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, 2025.

The audited annual results of the Company for the year ended December 31, 2025 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 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, 2025 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, 2025.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

The annual report of the Company for the year ended December 31, 2025 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 29, 2026. 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 28, 2026.

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

March 31, 2026

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>