



卡森國際控股有限公司

KASEN INTERNATIONAL HOLDINGS LIMITED

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

stock code : 496



Interim Report
2026

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BUSINESS REVIEW AND PROSPECTS

RESULTS OVERVIEW

For the six months ended June 30, 2026, Kasen International Holdings Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) recorded a consolidated turnover of approximately RMB530.5 million (six months ended June 30, 2025: RMB506.5 million), representing an increase of approximately 4.7% when compared with the corresponding period in 2025. The increase in turnover was mainly due to an increase of approximately RMB45.3 million in revenue from the manufacturing segment as a result of an increase in sales orders received during the period under review.

The Group’s gross profit for the six months ended June 30, 2026 was approximately RMB174.5 million (six months ended June 30, 2025: RMB177.1 million), representing a decrease of approximately 1.4% when compared with the corresponding period in 2025, with an average gross profit margin of approximately 32.9% (six months ended June 30, 2025: 35.0%).

There was a turnaround from profit to loss, such that the net loss attributable to owners of the Company was approximately RMB5.9 million for the six months ended June 30, 2026 (six months ended June 30, 2025: net profit RMB22.6 million). Further details are set out below in this section.

Review by Business Segments

The Group’s reportable business segments principally consist of manufacturing and trading of upholstered furniture, property 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, 2026, together with the comparative figures for the corresponding period in 2025:

	2026		Six Months Ended June 30, 2025		Change
	RMB'Million	%	RMB'Million	%	%
Manufacturing and trading					
of upholstered furniture	330.9	62.4	285.6	56.4	15.9
Property development	57.7	10.9	68.4	13.5	-15.6
Special economic zone	110.5	20.8	119.9	23.7	-7.8
Others	31.4	5.9	32.6	6.4	-3.7
Total	530.5	100.0	506.5	100.0	4.7

BUSINESS REVIEW AND PROSPECTS (cont'd)

RESULTS OVERVIEW (cont'd)

Review by Business Segments (cont'd)

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 sofas, realised a total turnover of approximately RMB330.9 million, representing an increase of approximately 15.9% as compared to the total turnover of approximately RMB285.6 million in the corresponding period of 2025. The Group has relocated most of the production capacity of its production bases in mainland China to Cambodia and has established relatively comprehensive upstream and downstream industrial chains. As a result, the factory operation efficiency has significantly improved, and orders have continued to increase steadily. However, affected by factors such as the rising costs of raw materials in the production process and the depreciation of the U.S. Dollar, the segment recorded an overall profit of approximately RMB13.2 million for the first half of 2026, representing a decrease of approximately 53.7% as compared to the profit of approximately RMB28.5 million in the corresponding period of 2025.

Property Development Business

As at June 30, 2026, the Group had a total of seven property projects at different stages of development or held for sale in mainland China and Cambodia. During the six months ended June 30, 2026, the Group did not have any new property development project, and the turnover recorded from the property development segment was approximately RMB57.7 million, representing a decrease of approximately 15.6% as compared to approximately RMB68.4 million in the corresponding period of 2025. The decrease in revenue from the property development segment was mainly due to fewer properties being delivered from the Group's property development projects during the period under review.

The Group's Property Project Portfolio as at June 30, 2026

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, Shibei 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				3,337,209			

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

BUSINESS REVIEW AND PROSPECTS (cont'd)

RESULTS OVERVIEW (cont'd)

Review by Business Segments (cont'd)

Properties Development Business (cont'd)

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, 2026 (sq.m.)	Accumulated GFA delivered as at June 30, 2026 (sq.m.)	Average selling price (RMB/sq.m.)
1	Asia Bay	718,665	404,709	590,165	220,678	218,689	15,947
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	45,088	—#
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	39,408	18,182	12,122
Total		2,973,019	2,659,063	2,415,048	1,944,754	1,914,915	

* This project was completed and all properties were delivered.

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

Special Economic Zone Business

Approved by the Cambodian government, the Group's Koh Kong Zhejiang Special Economic Zone ("Koh Kong Zhejiang SEZ"), located in Koh Kong, Cambodia, 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 and other industries. The Group regards the operation of the special economic zone as a major strategic initiative for the transformation and upgrading of its industrial structure. Koh Kong Zhejiang SEZ, developed and operated by the Group, is currently in the stage of comprehensive development and construction, and is continuously attracting investment. During the period under review, revenue recognised from the sale and leasing of land and factory buildings in this segment amounted to approximately RMB110.5 million (six months ended June 30, 2025: RMB119.9 million).

No.	Project Name	Location/Postal address	Interests Attributable to the Group	Total Site Area (sq.m.)	Status	Estimated year of completion (Note)	Usage
1	Koh Kong Zhejiang SEZ (Phase I)	Zhejiang Special Economic Zone, Cambodia	49%	8,294,968	Under development	2027	Industrial

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

BUSINESS REVIEW AND PROSPECTS (cont'd)

RESULTS OVERVIEW (cont'd)

Operating Expenses, Taxation and Profit Attributable to Owners

The Group's selling and distribution costs during the six months ended June 30, 2026 increased to approximately RMB31.3 million, representing an increase of approximately 21.8% as compared to approximately RMB25.7 million in the first half of 2025. The increase was mainly due to the increase in transportation cost and declaration fees incurred in the trade of upholstered furniture. The selling and distribution costs as a percentage of turnover in the first half of 2026 slightly increased to approximately 5.9% as compared to approximately 5.1% for the corresponding period in 2025.

The administrative costs for the six months ended June 30, 2026 were approximately RMB90.2 million, representing an increase of approximately 9.6% as compared to approximately RMB82.3 million for the corresponding period in 2025. The increase in administrative costs was mainly due to the increase in staff costs incurred in increasing staff recruitment for the newly setup upholstered furniture factories in Cambodia, which commenced production gradually during the six months ended June 30, 2026.

The Group's impairment loss on financial assets was approximately RMB2.7 million (six months ended June 30, 2025: reversal of impairment loss of approximately RMB2.2 million) under the relevant management policies of the Group adopted in accordance with IFRS 9.

The Group's finance costs in the first half of 2026 were approximately RMB15.9 million, representing a decrease of approximately RMB2.0 million as compared to approximately RMB17.9 million for the corresponding period of 2025. The decrease in finance costs was mainly due to the absence of interest charges on convertible bonds during the period under review. The issued convertible bonds were fully converted on June 2, 2025, and please refer to the paragraphs headed "Issue and Conversion of Convertible Bonds" of "Other Information" section of this interim report for details.

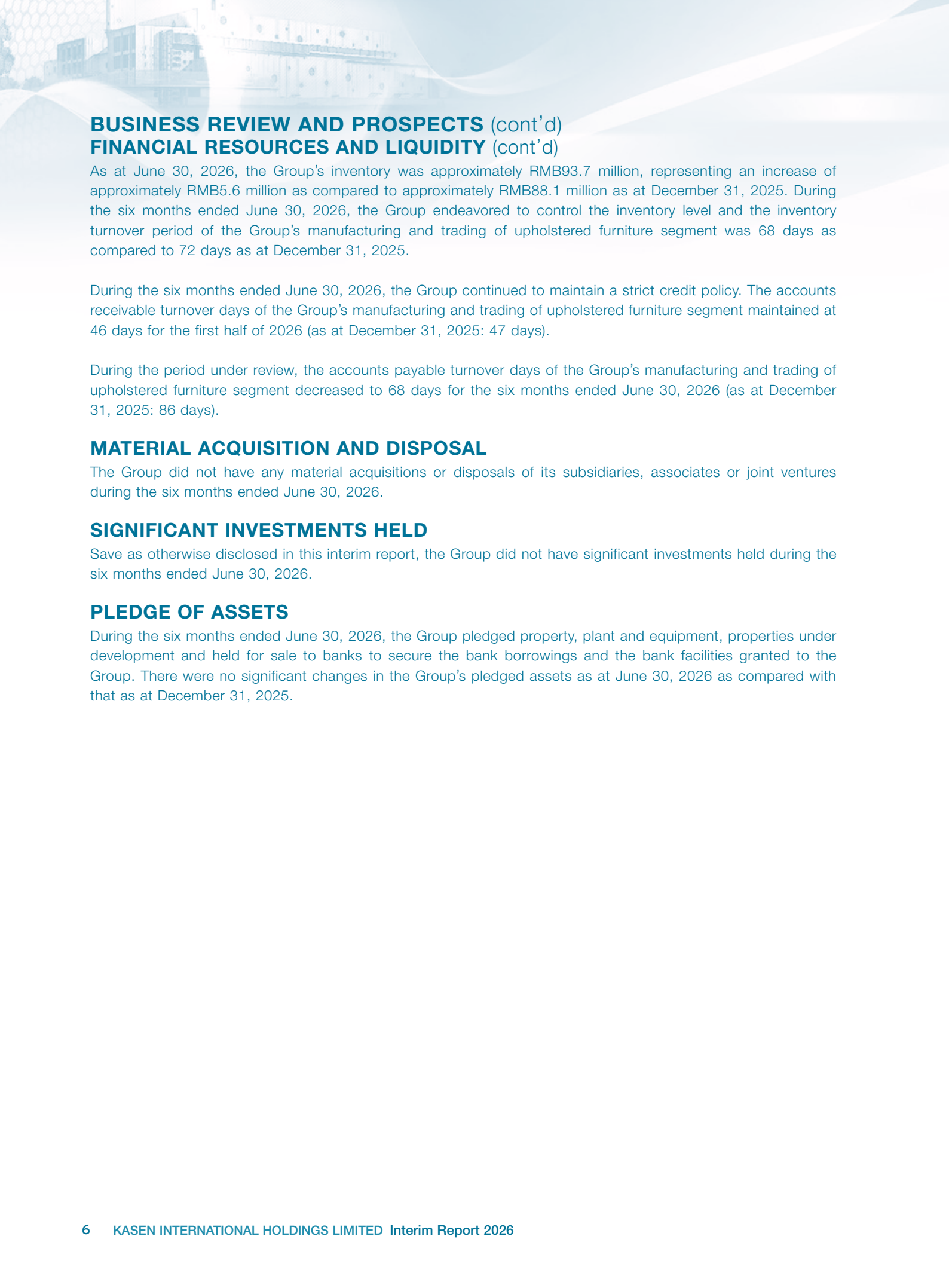
The Group's income tax in the first half of 2026 was approximately RMB10.7 million, representing a decrease of approximately RMB11.1 million as compared to approximately RMB21.8 million for the corresponding period in 2025. The decrease in income tax expense was primarily attributable to changes in deferred tax assets arising from the timing of payment of land appreciation tax during the period under review. For details, please refer to note 7 to the Interim Condensed Consolidated Financial Statements as set out in this interim report.

The Group recorded a net loss of approximately RMB22.7 million in other gains and losses in the first half of 2026, while it recorded a net gain of approximately RMB1.4 million during the corresponding period of 2025. The increase in net loss from other gains and losses was mainly attributable to an increase in foreign exchange loss arising from fluctuations in the exchange rate of the U.S. Dollar against the Renminbi during the six months ended June 30, 2026 as compared with the corresponding period in previous year. 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 interim report.

Based on the aforesaid factors, including changes in business revenue, operating expenses and taxation, etc., there was a turnaround from profit to loss, such that the net loss attributable to owners of the Company was approximately RMB5.9 million for the six months ended June 30, 2026 (six months ended June 30, 2025: net profit RMB22.6 million).

FINANCIAL RESOURCES AND LIQUIDITY

As at June 30, 2026, the Group had cash and cash equivalents available for utilisation totalling approximately RMB140.5 million (as at December 31, 2025: RMB291.8 million) and total borrowings of approximately RMB937.3 million (as at December 31, 2025: RMB990.5 million). As at June 30, 2026, the Group had outstanding bank borrowings amounting to approximately RMB169.6 million repayable within one year and approximately RMB767.7 million repayable after one year (as at December 31, 2025: approximately RMB215.4 million repayable within one year and approximately RMB775.1 million repayable after one year). The gearing ratio (being bank borrowings divided by owners' equity multiplied by 100%) was approximately 23.9% (as at December 31, 2025: 25.0%). In the first half of 2026, the Group's credit facilities were renewed on an on-going basis, which provided sufficient cash to finance the Group's working capital requirements during the period under review.



BUSINESS REVIEW AND PROSPECTS (cont'd)

FINANCIAL RESOURCES AND LIQUIDITY (cont'd)

As at June 30, 2026, the Group's inventory was approximately RMB93.7 million, representing an increase of approximately RMB5.6 million as compared to approximately RMB88.1 million as at December 31, 2025. During the six months ended June 30, 2026, 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 68 days as compared to 72 days as at December 31, 2025.

During the six months ended June 30, 2026, the Group continued to maintain a strict credit policy. The accounts receivable turnover days of the Group's manufacturing and trading of upholstered furniture segment maintained at 46 days for the first half of 2026 (as at December 31, 2025: 47 days).

During the period under review, the accounts payable turnover days of the Group's manufacturing and trading of upholstered furniture segment decreased to 68 days for the six months ended June 30, 2026 (as at December 31, 2025: 86 days).

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions or disposals of its subsidiaries, associates or joint ventures during the six months ended June 30, 2026.

SIGNIFICANT INVESTMENTS HELD

Save as otherwise disclosed in this interim report, the Group did not have significant investments held during the six months ended June 30, 2026.

PLEDGE OF ASSETS

During the six months ended June 30, 2026, 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 pledged assets as at June 30, 2026 as compared with that as at December 31, 2025.



BUSINESS REVIEW AND PROSPECTS (cont'd)

FOREIGN EXCHANGE EXPOSURE

The sales and procurements relating to the Group's upholstered furniture export-related business are mainly denominated in U.S. dollars, and trade receivables may be exposed to exchange rate fluctuation. During the period under review, there were significant fluctuations in the exchange rate of the U.S. dollars against Renminbi. The Group had cash or cash equivalents denominated in U.S. dollars amounting to approximately US\$3,500,000 as at June 30, 2026. The Group did not implement any hedging measures, but will continue to closely monitor the situation and make necessary arrangements as and when appropriate.

CONTINGENT LIABILITIES

As at June 30, 2026, the Group had certain contingent liabilities. For details, please refer to note 17 to the Interim Condensed Consolidated Financial Statements as set out in this interim report.

EMPLOYEES AND EMOLUMENTS POLICIES

As at June 30, 2026, the Group employed a total of approximately 3,604 full-time employees (as at December 31, 2025: approximately 3,066) including management staff, technicians, salespersons and workers. For the six months ended June 30, 2026, the Group's total expenses on the remuneration of employees were approximately RMB93.5 million (six months ended June 30, 2025: RMB87.3 million). The Group's emolument policies for employees are formulated based on the performance of individual employees and are reviewed annually. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees), a state-managed retirement pension scheme (for the PRC employees), a 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.

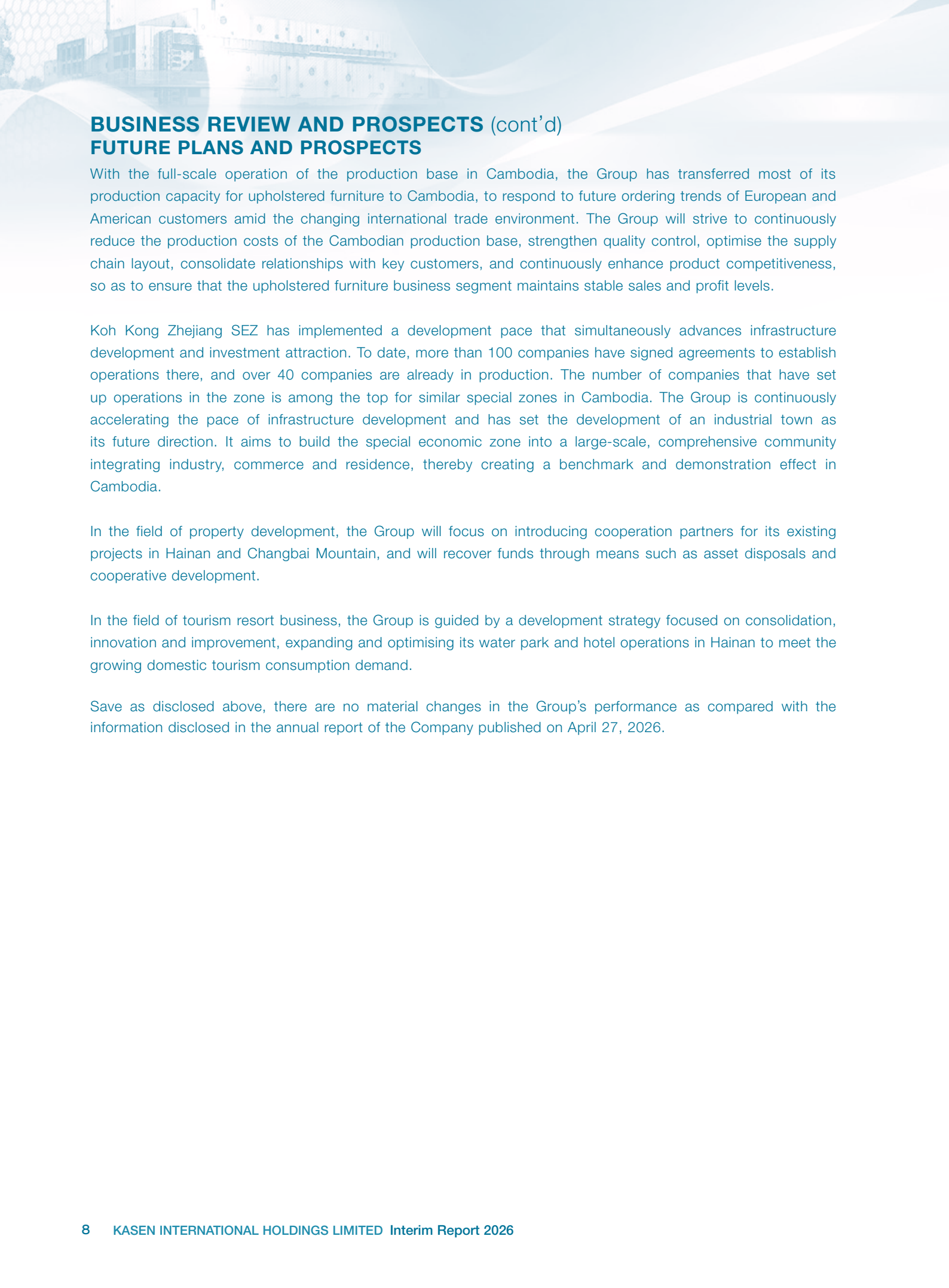
The emolument policies for the Directors are formulated by the Board with reference to their respective qualifications and experience, responsibilities, contributions to the Group and the prevailing market remuneration for executives in comparable positions. The emoluments of the Directors are decided by the Board and the remuneration committee of the Company (the "Remuneration Committee"), who are authorized by the shareholders of the Company (the "Shareholders") at 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. Further details in relation to the share option scheme are set out in the section headed "Disclosure of Interests – 2025 Share Option Scheme" of this interim report.

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 unrelenting 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.



BUSINESS REVIEW AND PROSPECTS (cont'd)

FUTURE PLANS AND PROSPECTS

With the full-scale operation of the production base in Cambodia, the Group has transferred most of its production capacity for upholstered furniture to Cambodia, to respond to future ordering trends of European and American customers amid the changing international trade environment. The Group will strive to continuously reduce the production costs of the Cambodian production base, strengthen quality control, optimise the supply chain layout, consolidate relationships with key customers, and continuously enhance product competitiveness, so as to ensure that the upholstered furniture business segment maintains stable sales and profit levels.

Koh Kong Zhejiang SEZ has implemented a development pace that simultaneously advances infrastructure development and investment attraction. To date, more than 100 companies have signed agreements to establish operations there, and over 40 companies are already in production. The number of companies that have set up operations in the zone is among the top for similar special zones in Cambodia. The Group is continuously accelerating the pace of infrastructure development and has set the development of an industrial town as its future direction. It aims to build the special economic zone into a large-scale, comprehensive community integrating industry, commerce and residence, thereby creating a benchmark and demonstration effect in Cambodia.

In the field of property development, the Group will focus on introducing cooperation partners for its existing projects in Hainan and Changbai Mountain, and will recover funds through means such as asset disposals and cooperative development.

In the field of tourism resort business, the Group is guided by a development strategy focused on consolidation, innovation and improvement, expanding and optimising its water park and hotel operations in Hainan to meet the growing domestic tourism consumption demand.

Save as disclosed above, there are no material changes in the Group's performance as compared with the information disclosed in the annual report of the Company published on April 27, 2026.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2026, the interests of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

(1) Long positions in Shares

Name of Directors	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital (Note 2)
	Directly beneficially owned	Through controlled corporation	Total number of shares interested	
Zhu Zhangjin ("Mr. Zhu") (including parties acting in concert with him) (Note 1)	12,360,000	949,044,584	961,404,584	52.35%
Zhou Xiaohong	9,514,561	—	9,514,561	0.52%

Notes:

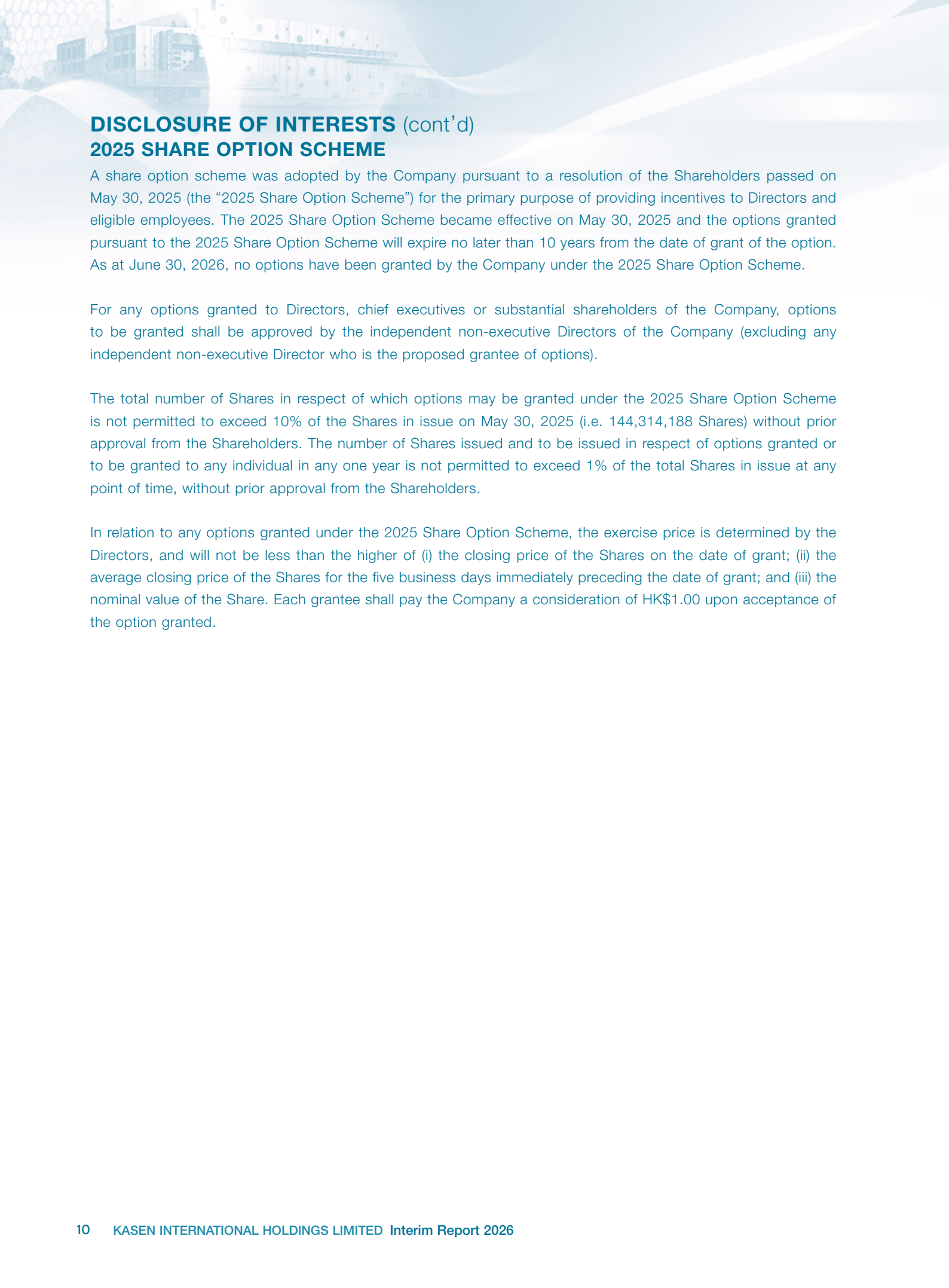
- (1) A Bermuda purpose trust ("Trust") of Mr. Zhu's family members, of which Ms. Zhu Jiayun and Ms. Zhu Lingren (both are Australian and the family members of Mr. Zhu) are beneficiaries, and Prosperity and Wealth Limited (a Bermuda private trust company) is the trustee. The entire issued share capital of Joyview Enterprises Limited ("Joyview") is held by Prosperity and Wealth Limited as trustee of the Trust. Joyview, Prosperity and Wealth Limited and the beneficiaries of the Trust, namely Ms. Zhu Jiayun and Ms. Zhu Lingren are the parties acting in concert with Mr. Zhu. As at June 30, 2026, Joyview held 949,044,584 Shares or approximately 51.68%. Mr. Zhu was deemed to be interested in all the Shares in which Joyview had an interest by virtue of the SFO. Mr. Zhu was also personally and directly interested in 12,360,000 Shares as at June 30, 2026.

- (2) Calculated on the basis of 1,836,541,352 Shares in issue as at June 30, 2026.

(2) Long positions in underlying shares

Long positions in underlying shares are separately disclosed in the paragraph "2025 Share Option Scheme" below.

Save as disclosed herein, none of the Directors nor the chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at June 30, 2026.



DISCLOSURE OF INTERESTS (cont'd)

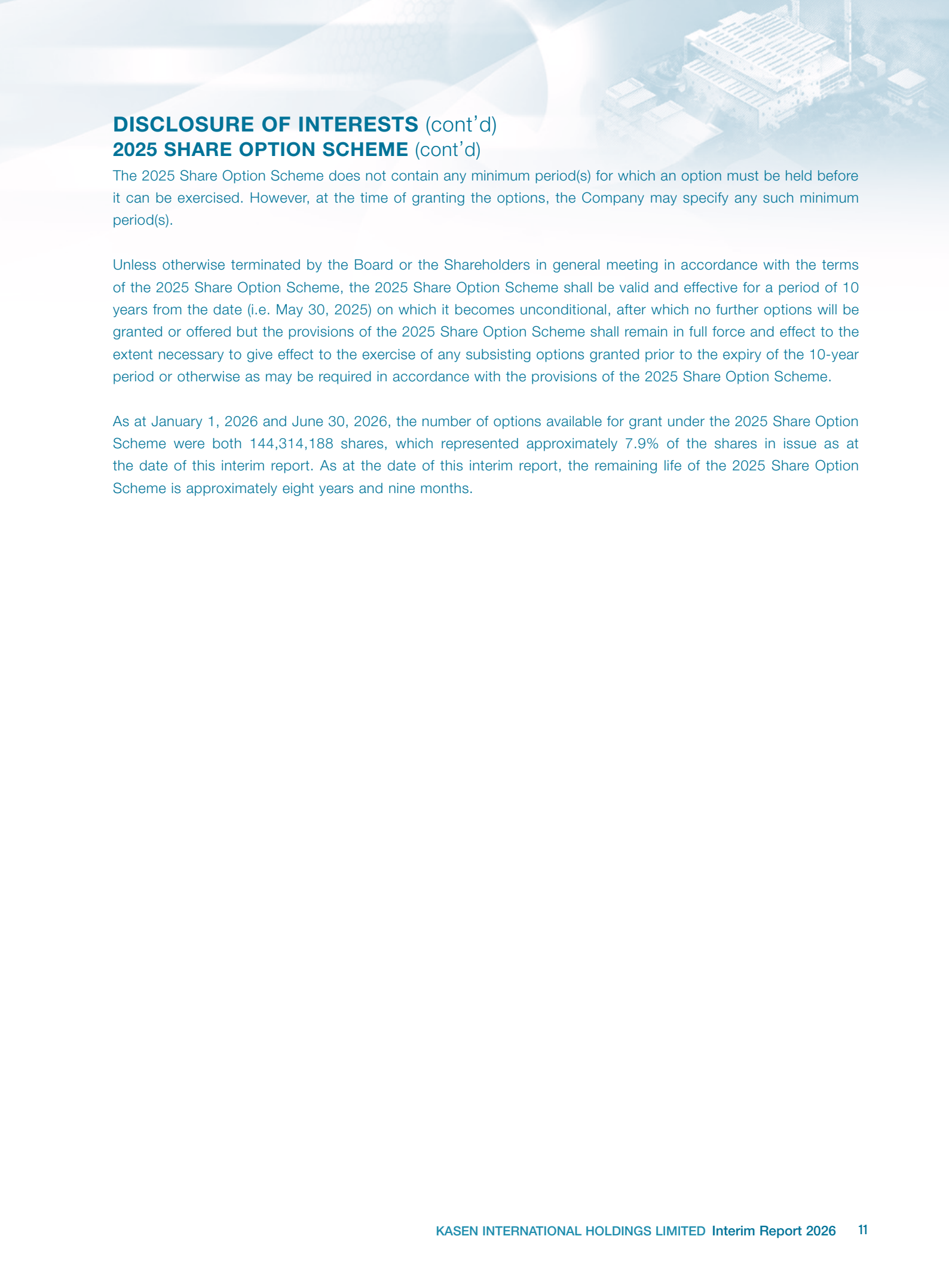
2025 SHARE OPTION SCHEME

A share option scheme was adopted by the Company pursuant to a resolution of the Shareholders passed on May 30, 2025 (the "2025 Share Option Scheme") for the primary purpose of providing incentives to Directors and eligible employees. The 2025 Share Option Scheme became effective on May 30, 2025 and the options granted pursuant to the 2025 Share Option Scheme will expire no later than 10 years from the date of grant of the option. As at June 30, 2026, no options have been granted by the Company under the 2025 Share Option Scheme.

For any options granted to Directors, chief executives or substantial shareholders of the Company, options to be granted shall be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed grantee of options).

The total number of Shares in respect of which options may be granted under the 2025 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on May 30, 2025 (i.e. 144,314,188 Shares) without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of options granted or to be granted to any individual in any one year is not permitted to exceed 1% of the total Shares in issue at any point of time, without prior approval from the Shareholders.

In relation to any options granted under the 2025 Share Option Scheme, the exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. Each grantee shall pay the Company a consideration of HK\$1.00 upon acceptance of the option granted.



DISCLOSURE OF INTERESTS (cont'd)

2025 SHARE OPTION SCHEME (cont'd)

The 2025 Share Option Scheme does not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of granting the options, the Company may specify any such minimum period(s).

Unless otherwise terminated by the Board or the Shareholders in general meeting in accordance with the terms of the 2025 Share Option Scheme, the 2025 Share Option Scheme shall be valid and effective for a period of 10 years from the date (i.e. May 30, 2025) on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the 2025 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the 2025 Share Option Scheme.

As at January 1, 2026 and June 30, 2026, the number of options available for grant under the 2025 Share Option Scheme were both 144,314,188 shares, which represented approximately 7.9% of the shares in issue as at the date of this interim report. As at the date of this interim report, the remaining life of the 2025 Share Option Scheme is approximately eight years and nine months.

DISCLOSURE OF INTERESTS (cont'd)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than the schemes disclosed in the paragraph headed "2025 Share Option Scheme" above, at no time during the six months ended June 30, 2026 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at June 30, 2026, the following persons (other than the Directors or chief executives of the Company stated in the above paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures") had interests or short positions in the Shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity	Short position	Long position	Percentage of the Company's issued share capital ⁽⁴⁾
Joyview ⁽¹⁾	Beneficial owner	–	949,044,584	51.68%
Prosperity and Wealth Limited ⁽¹⁾	Trustee	–	949,044,584	51.68%
Team Ease Limited ⁽²⁾	Beneficial owner	–	235,043,057	12.80%
Xu Helin ⁽²⁾	Interest in controlled corporation	–	235,043,057	12.80%
Zhu Jiayun ⁽³⁾	Beneficial owner	–	123,267,194	6.71%

Notes:

- The Trust, of which Ms. Zhu Jiayun and Ms. Zhu Lingren (both are Australian and the family members of Mr. Zhu) are beneficiaries, and Prosperity and Wealth Limited (a Bermuda private trust company) is the trustee. The entire issued share capital of Joyview is held by Prosperity and Wealth Limited as trustee of the Trust. As at June 30, 2026, Joyview held 949,044,584 Shares or approximately 51.68%.
- Team Ease Limited is a company beneficially owned by Xu Helin.
- Ms. Zhu Jiayun is the daughter of Mr. Zhu. Pursuant to the terms and conditions of the sale and purchase agreement dated September 29, 2023 entered into between Ms. Zhu Jiayun, the Company and a subsidiary of the Company (details of which are set out in the Company's circular dated November 23, 2023), the Company would (upon fulfillment of certain conditions) issue to Ms. Zhu Jiayun (or her nominee(s)) a further batch of the Convertible Bonds (please refer to "Other Information" section for more details) in an aggregate principal amount of HK\$44,376,190, which would be convertible into 123,267,194 Shares at the conversion price of HK\$0.36 per Share (subject to adjustment). As at June 30, 2026, the issuance of such further batch of the Convertible Bonds was still pending.
- Calculated on the basis of 1,836,541,352 Shares in issue as at June 30, 2026.

Save as disclosed above, the Company had not been notified by any other person (other than a Director or a chief executive of the Company) who had an interest or a short position in the Shares or underlying shares of the Company which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at June 30, 2026.

DISCLOSURE OF INTERESTS (cont'd)
DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1)
OF THE LISTING RULES

In accordance with Rule 13.51B(1) of the Listing Rules, there were no changes in the information relating to the Directors during the six months ended June 30, 2026 and subsequent period up to the date of this report that were required to be disclosed.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 to the Listing Rules as its corporate governance code of practice. For the six months ended June 30, 2026, 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 from 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 a 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 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 as its own code of conduct regarding directors’ securities transactions. Specific enquiries had been made with all Directors, who had confirmed that, throughout the six months ended June 30, 2026, each of them had complied with the required standards as set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”), comprising all three independent non-executive Directors namely, Mr. Chow Hiu Tung, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang, has reviewed with management and the external auditors the accounting principles and practices adopted by the Group during the six months ended June 30, 2026. 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 in maintaining an effective internal control system during the six months ended June 30, 2026. This interim report has been reviewed and approved by the Audit Committee.

OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: Nil).

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred in respect of the Group after the reporting date of June 30, 2026.

ISSUE AND CONVERSION 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, for a consideration of HK\$338,000,000, to be satisfied by cash and the issue of the convertible bonds in four batches (the “Convertible Bonds”).

For the background, principal terms, adjustment to conversion price and other details of the above-mentioned 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 in the Company's 2024 annual report.

On January 3, 2024, the Company issued the first batch of 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 accrue on a daily basis based on the number of days elapsed on the basis of a 365-day year and has been 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, the first batch of convertible bonds was fully converted 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 of 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 accrue on a daily basis based on the number of days elapsed on the basis of a 365-day year and has been 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, the second batch of convertible bonds was fully converted at the initial conversion price of HK\$0.36 per conversion share took place and 93,889,869 shares were issued.

OTHER INFORMATION (cont'd)

ISSUE AND CONVERSION OF CONVERTIBLE BONDS (cont'd)

On December 11, 2024, the Company issued the third batch of 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 accrue on a daily basis based on the number of days elapsed on the basis of a 365-day year and has been 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, the third batch of convertible bonds was fully converted 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 shares of the Company, please refer to the announcement of the Company dated June 2, 2025.

As at the date of this report, the fourth batch of 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 fourth quarter of 2026.

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

During the six months ended June 30, 2026, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including any sale or transfer of treasury shares). As at June 30, 2026, the Company did not have any treasury shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float as required under the Listing Rules throughout the six months ended June 30, 2026.

DIRECTORS

As at the date of this interim report, 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.

By order of the Board

Kasen International Holdings Limited

Zhu Zhangjin

Chairman

August 31, 2026

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF KASEN INTERNATIONAL HOLDINGS LIMITED

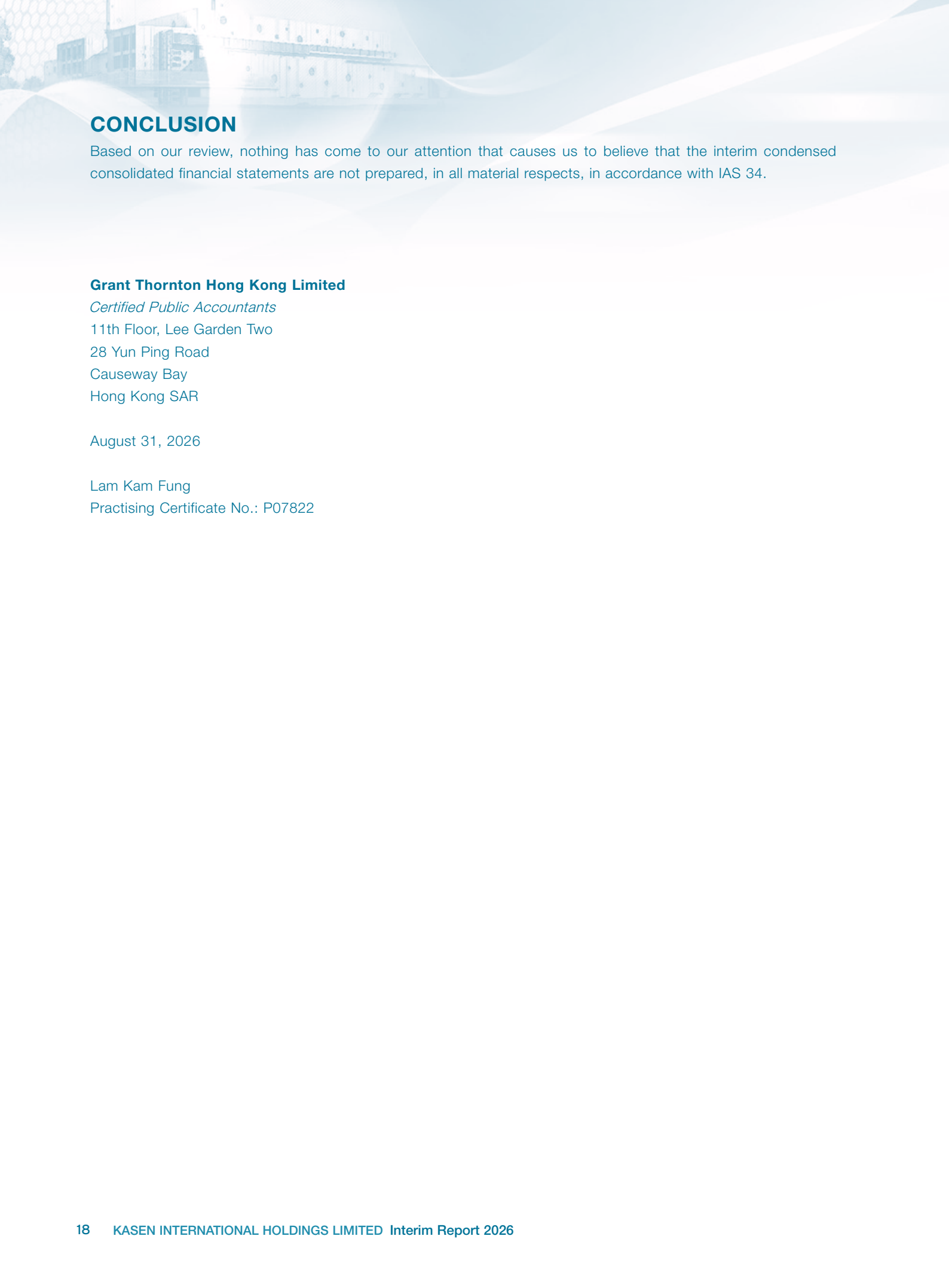
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of Kasen International Holdings Limited (the “Company”) and its subsidiaries set out on pages 19 to 40, which comprise the condensed consolidated statement of financial position as at June 30, 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

August 31, 2026

Lam Kam Fung

Practising Certificate No.: P07822

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Notes	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
Revenue	3,4	530,552	506,538
Cost of sales		(356,022)	(329,470)
Gross profit		174,530	177,068
Other income		4,881	2,623
Other gains and losses	5	(22,655)	1,363
Selling and distribution costs		(31,349)	(25,729)
Administrative expenses		(90,158)	(82,300)
Impairment loss on financial assets, net		(2,749)	2,186
Share of results of associates		55	141
Finance costs		(15,900)	(17,923)
Profit before income tax	6	16,655	57,429
Income tax expenses	7	(10,656)	(21,776)
Profit for the period		5,999	35,653
Other comprehensive (expense)/income			
Item that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation		(34,943)	(5,454)
Total comprehensive (expense)/income for the period		(28,944)	30,199

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

		Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
	Note		
Profit for the period attributable to:			
– Owners of the Company		(5,870)	22,591
– Non-controlling interests		11,869	13,062
		<u>5,999</u>	<u>35,653</u>
Total comprehensive (expense)/income for the period attributable to:			
– Owners of the Company		(40,744)	18,210
– Non-controlling interests		11,800	11,989
		<u>(28,944)</u>	<u>30,199</u>
(Loss)/earnings per share attributable to the owners of the Company (expressed in RMB per share)			
Basic	9	(0.32) cents	1.50 cents
Diluted	9	(0.32) cents	1.07 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	Notes	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,505,304	1,341,424
Right-of-use assets		108,958	112,936
Investment property		8,200	8,534
Interests in associates		30,060	25,234
Intangible assets		259	125
Prepayment for acquisition of freehold land		122,596	126,518
Prepayment for acquisition of property, plant and equipment		7,195	41,446
Lands held for development or sale	11	100,164	102,948
Deferred tax assets		68,009	66,219
		1,950,745	1,825,384
CURRENT ASSETS			
Inventories		93,678	88,073
Properties under development for sale		1,767,899	1,773,689
Properties held for sale		777,092	803,020
Lands held for development or sale		885,490	870,021
Trade, bills and other receivables	12	1,205,799	1,080,875
Prepaid income tax		18,919	20,493
Prepaid land appreciation tax		5,212	6,689
Restricted bank deposits for property development business		1,320	1,347
Cash and cash equivalents		140,519	291,829
		4,895,928	4,936,036

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT JUNE 30, 2026

	Notes	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
CURRENT LIABILITIES			
Trade, bills and other payables	13	957,789	735,329
Lease liabilities		19,278	25,161
Contract liabilities		513,511	551,442
Bank borrowings	14	169,591	215,438
Tax payable		188,255	164,106
Amounts due to non-controlling interests of subsidiaries		7,498	32,635
		1,855,922	1,724,111
NET CURRENT ASSETS		3,040,006	3,211,925
TOTAL ASSETS LESS CURRENT LIABILITIES		4,990,751	5,037,309
NON-CURRENT LIABILITIES			
Lease liabilities		7,819	13,344
Bank borrowings	14	767,661	775,052
Deferred tax liabilities		14,498	14,696
		789,978	803,092
NET ASSETS		4,200,773	4,234,217
CAPITAL AND RESERVES			
Share capital	15	2,078	2,078
Reserves		3,923,997	3,964,741
Equity attributable to owners of the Company		3,926,075	3,966,819
Non-controlling interests		274,698	267,398
TOTAL EQUITY		4,200,773	4,234,217

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Special reserve RMB'000 (note)	Share option reserve RMB'000	Other reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2026 (audited)	2,078	1,594,451	171,276	153,950	-	(41,703)	(8,262)	2,095,029	3,966,819	267,398	4,234,217
(Loss)/Profit for the period	-	-	-	-	-	-	-	(5,870)	(5,870)	11,869	5,999
Other comprehensive expense	-	-	-	-	-	-	(34,874)	-	(34,874)	(69)	(34,943)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	(34,874)	(5,870)	(40,744)	11,800	(28,944)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
At June 30, 2026 (unaudited)	2,078	1,594,451	171,276	153,950	-	(41,703)	(43,136)	2,089,159	3,926,075	274,698	4,200,773

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Special reserve RMB'000 (note)	Share option reserve RMB'000	Other reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2025 (audited)	1,654	1,452,456	171,276	153,950	4,618	(41,703)	6,080	2,055,646	3,803,977	231,989	4,035,966
Profit for the period	-	-	-	-	-	-	-	22,591	22,591	13,062	35,653
Other comprehensive expense	-	-	-	-	-	-	(4,381)	-	(4,381)	(1,073)	(5,454)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	(4,381)	22,591	18,210	11,989	30,199
Share option lapsed	-	-	-	-	(4,618)	-	-	4,618	-	-	-
Issue of ordinary shares upon conversion of convertible bonds	424	141,995	-	-	-	-	-	-	142,419	-	142,419
At June 30, 2025 (unaudited)	2,078	1,594,451	171,276	153,950	-	(41,703)	1,699	2,082,855	3,964,606	243,978	4,208,584

Note: Special reserve included both arising from reorganisation and the deemed contribution/distribution.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	137,078	94,748
INVESTING ACTIVITIES		
Increase in pledged bank deposits	–	40,000
Purchases of property, plant and equipment	(159,359)	(85,029)
Prepayment made for acquisition of property, plant and equipment	(7,195)	(78,480)
Purchase of intangible assets	(144)	(147)
Interest received	1,585	1,237
Proceeds from disposal of property, plant and equipment	15,608	76
Initial capital injection in an associate	(4,770)	–
NET CASH USED IN INVESTING ACTIVITIES	(154,275)	(122,343)
FINANCING ACTIVITIES		
Interest elements of lease liabilities payment	(752)	(1,195)
Capital elements of lease liabilities payment	(22,369)	(6,639)
Repayments of bank borrowings	(74,820)	(101,931)
Proceeds from bank borrowings	35,710	83,673
Interest paid	(15,148)	(17,269)
Decrease in amount due to non-controlling interests of subsidiaries	(25,137)	(40,699)
Dividend paid to non-controlling interest of a subsidiary	(4,500)	–
NET CASH USED IN FINANCING ACTIVITIES	(107,016)	(84,060)
DECREASE IN CASH AND CASH EQUIVALENTS	(124,213)	(111,655)
Effect of changes in exchange rates	(27,097)	(2,844)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	291,829	301,685
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	140,519	187,186

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

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 2025 annual report.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2025 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 have 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”). Grant Thornton Hong Kong Limited’s independent review report to the Board of Directors is included on pages 17 and 18 of the interim report.

2. ADOPTION OF AMENDED IFRS ACCOUNTING STANDARDS

Amended IFRS Accounting Standards that are effective for annual periods beginning on January 1, 2026

The interim condensed consolidated financial statements for the six months ended June 30, 2026 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of the following amended IFRS Accounting Standards which are effective as of January 1, 2026.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

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) Property development ("Property Development");
- (iii) Lands and property 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").

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

3. SEGMENT INFORMATION (cont'd)

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, 2026 (unaudited)

	Manufacturing RMB'000	Property Development RMB'000	Special Economic Zone RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
External sales	330,929	57,706	101,939	31,401	-	521,975
Inter-segment sales	-	-	-	4,971	(4,971)	-
	330,929	57,706	101,939	36,372	(4,971)	521,975
Rental income (note)	-	-	8,577	-	-	8,577
	330,929	57,706	110,516	36,372	(4,971)	530,552
Primary geographical markets						
United States	224,739	-	-	-	-	224,739
The People's Republic of China ("PRC"), including Hong Kong	10,600	51,124	-	36,372	(4,971)	93,125
Cambodia	54,604	6,582	110,516	-	-	171,702
Europe	40,986	-	-	-	-	40,986
	330,929	57,706	110,516	36,372	(4,971)	530,552
Major products and services						
Sales of upholstered furniture	330,929	-	-	-	-	330,929
Sales of properties	-	57,706	99,382	-	-	157,088
Travel & tourism-related services	-	-	-	16,437	-	16,437
Catering & entertainment	-	-	-	10,675	(1,471)	9,204
Property management services	-	-	2,557	9,260	(3,500)	8,317
	330,929	57,706	101,939	36,372	(4,971)	521,975
Rental income (note)	-	-	8,577	-	-	8,577
	330,929	57,706	110,516	36,372	(4,971)	530,552
Timing of revenue recognition (excluding rental income)						
At a point in time	330,929	57,706	101,939	25,697	(1,471)	514,800
Transferred over time	-	-	-	10,675	(3,500)	7,175
	330,929	57,706	101,939	36,372	(4,971)	521,975
Rental income (note)	-	-	8,577	-	-	8,577
	330,929	57,706	110,516	36,372	(4,971)	530,552

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

3. SEGMENT INFORMATION (cont'd)

Segment revenues and results (cont'd)

Revenue (cont'd)

Six months ended June 30, 2025 (unaudited)

	Manufacturing RMB'000	Property 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)	–
	285,630	68,458	119,866	38,034	(5,450)	506,538
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
	285,630	68,458	119,866	38,034	(5,450)	506,538
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
	285,630	68,458	119,866	38,034	(5,450)	506,538
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
	285,630	68,458	119,866	38,034	(5,450)	506,538

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

3. SEGMENT INFORMATION (cont'd) Segment revenues and results (cont'd) Results

	Six months ended June 30, 2026 <i>RMB'000</i> (unaudited)	Six months ended June 30, 2025 <i>RMB'000</i> (unaudited)
Segment profit/(loss)		
– Manufacturing	13,176	28,490
– Property development	(20,687)	(18,447)
– Special Economic Zone	37,700	46,533
– Others	920	(9,897)
	31,109	46,679
Unallocated corporate expenses	(3,076)	(5,550)
Unallocated other gains and losses	(22,034)	(5,476)
	5,999	35,653

Segment profit/(loss) represents the profit/(loss) of 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

3. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Manufacturing	568,238	534,418
Properties development	3,924,191	4,019,594
Special economic zone	1,077,507	1,177,690
Others	1,200,048	938,265
Total segment assets	6,769,984	6,669,967
Unallocated	76,689	91,453
Consolidated assets	6,846,673	6,761,420

Segment liabilities

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Manufacturing	293,307	279,800
Properties development	1,440,985	1,427,927
Special economic zone	673,696	756,121
Others	222,154	48,659
Total segment liabilities	2,630,142	2,512,507
Unallocated	15,758	14,696
Consolidated liabilities	2,645,900	2,527,203

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

3. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities (cont'd)

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than investment in associates, deferred tax assets and head office assets;
- All liabilities are allocated to operating segments other than deferred tax liabilities and head office liabilities; and
- All intergroup balances and investment costs have been eliminated in internal reports when presenting segment assets and liabilities to CODM.

4. REVENUE

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

	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
Sale of goods		
Upholstered furniture	330,929	285,630
Lands and properties	157,088	188,324
	488,017	473,954
Rental income	8,577	–
Provision of services		
Others (note)	33,958	32,584
	530,552	506,538

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

5. OTHER GAINS AND LOSSES

	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
Net foreign exchange loss	(24,552)	(239)
Fair value of financial guarantee issued on initial recognition	–	(4,119)
Fair value changes on derivative component of convertible bonds	–	4,246
(Loss)/Gain on disposal of property, plant and equipment	(447)	28
Release of financial guarantees	726	1,505
Penalty	108	114
Others	1,510	(172)
	(22,655)	1,363

6. PROFIT BEFORE INCOME TAX

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

	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
Amortisation of intangible assets	10	18
Depreciation of property, plant and equipment	21,317	19,451
Depreciation of investment property	328	328
Depreciation and amortisation of right-of-use assets	10,220	13,099
Total depreciation and amortisation	31,875	32,896
Costs of inventories under manufacturing segment recognised as expenses (including net reversal of allowance of inventories of RMB7,200 (June 30, 2025: net provision of allowance of inventories of RMB560,000))	242,518	200,289
Interest on lease liabilities	752	1,196
Interest on bank borrowings (note)	15,148	15,337
Interest on convertible bonds	–	1,390
	15,900	17,923
Government grants	(276)	(140)
Interest income	(167)	(681)

Note: The amounts were offset by interest capitalisation of RMB18,114,000 (June 30, 2025: RMB3,266,000) to lands held for development or sale during the six months ended June 30, 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

7. INCOME TAX EXPENSES

	Six months ended June 30, 2026 RMB'000 (unaudited)	Six months ended June 30, 2025 RMB'000 (unaudited)
Land appreciation tax ("LAT")		
– Current period	8,940	5,755
Hong Kong profits tax		
– Current period	–	1,762
Cambodia corporate tax		
– Current period	75	1,951
The PRC enterprise income tax		
– Current period	3,630	9,800
– Over-provision of income tax in previous periods	–	(4,208)
	3,630	5,592
Deferred tax	(1,989)	6,716
	10,656	21,776

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

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. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the loss attributable to owners of the Company of RMB5,870,000 (six months ended June 30, 2025: profit attributable to owners of the Company of RMB22,591,000) by the weighted average number of ordinary shares in issue during the period ended June 30, 2026. The (loss)/earnings per share is calculated using the weighted average number of ordinary shares of 1,836,541,352 (six months ended June 30, 2025: 1,506,172,735) shares issued during the period.

Diluted (loss)/earnings per share

As at June 30, 2026, there were no outstanding share options. Therefore, the diluted loss per share was the same as the basic loss per share for the six months ended June 30, 2026.

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. PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired property, plant and equipment at a consideration of approximately RMB182,724,000 (six months ended June 30, 2025: RMB85,029,000).

11. LANDS HELD FOR DEVELOPMENT OR SALE

At June 30, 2026, lands held for development or sale mainly represented a freehold land located in Cambodia with a total area of 6,377,000 square meters (December 31, 2025: 6,677,000 square meters), which was classified as non-current assets since the development or sale of which is expected to be completed after one year from the end of the reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

12. TRADE, BILLS AND OTHER RECEIVABLES

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Trade and bills receivables	180,542	119,022
Less: allowance for impairment	(23,213)	(25,282)
	157,329	93,740
Deposits paid for acquisition of land for development for sale	642,154	603,846
Less: allowance for impairment	(627)	(627)
	641,527	603,219
Amount due from vendor in Malaysia for deposits paid for acquisition of land for development for sale	32,129	32,129
Less: allowance for impairment	(32,129)	(32,129)
	—	—
Advance payment for purchase of inventories	12,467	15,028
Prepaid other taxes	119,801	100,897
	132,268	115,925
Deposit, prepayments and other receivables (note)	332,783	321,281
Less: allowance for impairment	(58,108)	(53,290)
	274,675	267,991
	1,205,799	1,080,875

Note: The amounts included prepayment made to suppliers for property development, and short advances to staff for operation purpose etc. Management expects the amounts to be realised or recovered from counterparties within a year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

12. TRADE, BILLS AND OTHER RECEIVABLES (cont'd)

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, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Aged:		
Within 60 days	149,746	83,378
61-90 days	2,556	3,632
91-180 days	6,369	3,515
181-365 days	3,813	8,433
Over 1 year	18,058	20,064
	180,542	119,022

The Group expects that there is no significant credit risk associated with bills receivables since they are held with state-owned banks in the PRC. The directors do not expect that there will be any significant credit losses from non-performance by these counterparties.

13. TRADE, BILLS AND OTHER PAYABLES

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Trade payable	716,900	523,361
Other payables (note)	153,973	129,183
Advance from a director of the Company	8,068	2,089
Other tax payable	22,919	14,528
Accruals	24,001	33,514
Financial guarantees (note 17(b))	1,020	1,746
Amount due to an associate	30,908	30,908
	957,789	735,329

Note: Other payables mainly included guarantee deposits received from the contractors as securities for properties construction, which would be refunded to the contractors on completion of the properties construction in accordance with specific terms.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

13. TRADE, BILLS AND OTHER PAYABLES (cont'd)

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, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Within 60 days	429,797	244,775
61-90 days	11,870	8,417
91-180 days	4,937	2,506
181-365 days	27,450	12,037
1-2 years	206,156	215,988
Over 2 years	36,690	39,638
	716,900	523,361

14. BANK BORROWINGS

During the current period, the Group obtained additional bank borrowings of approximately RMB35,710,000 (six months ended June 30, 2025: RMB83,673,000) and repaid bank borrowings RMB74,820,000 (six months ended June 30, 2025: approximately RM101,931,000).

As at June 30, 2026, the bank borrowings included unsecured bank borrowings of RMB30,000,000 (December 31, 2025: RMB68,500,000), which were guaranteed by Mr. Zhu Zhangjin ("Mr. Zhu"), the executive director of the Company, a related company in which Mr. Zhu has significant influence and beneficial interests and certain independent third parties. The Group has complied with the loan covenants during the six months ended June 30, 2026 and the year ended December 31, 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

15. SHARE CAPITAL

Authorised share capital of the Company

	Number of ordinary shares (in thousand) at US\$0.00015 each	US\$'000
At January 1, 2025, December 31, 2025 and June 30, 2026	266,666,667	40,000

Issued and fully paid

	June 30, 2026			December 31, 2025		
	Number in thousand	US\$	RMB'000	Number in thousand	US\$	RMB'000
Issued and fully paid:						
Ordinary shares of US\$0.00015 each						
At January 1	1,836,541	275,481	2,078	1,443,142	216,471	1,654
Issue of ordinary shares upon conversion of convertible bonds (note)	-	-	-	393,399	59,010	424
At June 30/December 31	1,836,541	275,481	2,078	1,836,541	275,481	2,078

Note: During the year ended December 31, 2025, the holder of Batch 1, Batch 2 and Batch 3 of the Convertible Bonds exercised the conversion right and the Convertible Bonds were converted into 393,399,471 ordinary shares of the Company of US\$0.00015 each.

16. CAPITAL AND OTHER COMMITMENTS

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

	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Commitments for acquisition/addition of:		
– Property, plant and equipment	2,185,790	2,310,347
– Properties under development	145,160	140,829
– Lands held for development or sale	261,913	315,941
	2,592,863	2,767,117

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

17. FINANCIAL GUARANTEE CONTRACTS

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

The Group provided guarantees of RMB33,619,000 at June 30, 2026 (December 31, 2025: RMB38,622,000) 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

The Group entered into the financial guarantee ("Financial Guarantee") in favour of banks in respect of banking facilities granted an independent third party for three years between January 1, 2025 and December 31, 2027 for the maximum amounts of RMB325,000,000. The fair value of the Financial Guarantees at the date of initial recognition amounting to approximately RMB4,119,000 was recognised 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 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. During the six months period ended June 30, 2026, approximately RMB726,000 (six months period ended June 30 2025: RMB1,505,000) was recorded as the release of Financial Guarantees recognised 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, 2026 and December 31, 2025, 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 recognised in the profit or loss. Accordingly, the financial guarantee contracts are measured at its fair values initially recognised less cumulative amortisation.

During the six months ended June 30, 2026, the independent third party had continued to negotiate with the relevant banks in the PRC and identify suitable parties to replace the Group as guarantor. As at June 30, 2026, the maximum amount guaranteed by the Group in respect of the Financial Guarantee in respect of banking facilities granted to the independent third party has been reduced to RMB200,000,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

18. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Details of the amounts due from related parties are as follows:

	Amounts due from related parties	
	June 30, 2026 RMB'000 (unaudited)	December 31, 2025 RMB'000 (audited)
Trade in nature		
Starcorp Corporation Pty., Ltd. (note)	1,078	1,113
Haining Yujie Material Recycling Co., Ltd. ("Yujie") 海寧宇潔物資回收有限公司 (note)	1,024	893
	2,102	2,006

Notes: The amounts are trading in nature and unsecured, interest-free and settle according to agreed credit terms.

(b) Details of the related party transactions

Name of the related parties	Nature of transactions	June 30, 2026 RMB'000 (unaudited)	June 30, 2025 RMB'000 (unaudited)
Yujie (note)	Sales of scrap materials by the Group	116	270

Note: Mr. Zhu, director of the Company, indirectly controls more than 30% of the voting power at Zhejiang Sunbridge Industrial Group Company Limited ("Sunbridge")'s general meeting. Mr. Zhu has significant influence and beneficial interests in Yujie, through Sunbridge during the six months ended June 30, 2026 and 2025.

(c) Key management personnel compensation

The remuneration of the directors and other members of key management during the periods was as follows:

	June 30, 2026 RMB'000 (unaudited)	June 30, 2025 RMB'000 (unaudited)
Basic salaries and other benefits	2,538	3,578
Contribution to retirement benefits schemes	24	39
	2,562	3,617