

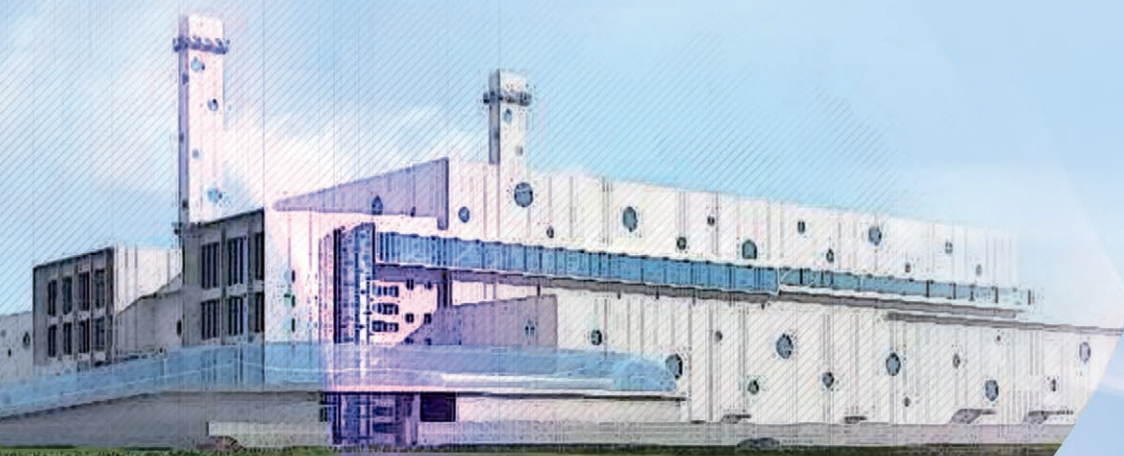


**卡森國際控股有限公司**

**KASEN INTERNATIONAL HOLDINGS LIMITED**

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

*stock code : 496*



Interim Report  
**2025**



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## BUSINESS REVIEW AND PROSPECTS

### RESULTS OVERVIEW

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

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

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

### Review by Business Segments

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

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

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

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

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

##### **Properties Development Business**

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

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

No.	Project Name	Location/Postal address	Interests Attributable to the Group	Total Site Area (sq.m.)	Status	Estimated year/actual year of completion (Note)	Usage
1	Asia Bay	Boao, Asia Bay, Binhai Avenue, Boao Town, Qionghai City, Hainan Province	92%	590,165	Under development	2027	Residential and tourism resort
2	Sanya Project	Dream Water Park, 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 and 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, 2025 (sq.m.)	Accumulated GFA delivered as at June 30, 2025 (sq.m.)	Average selling price (RMB/sq.m.)
1	Asia Bay	718,665	404,709	590,165	224,447	213,661	19,507
2	Qianjiang Continent	775,292	775,292	670,065	670,065	670,065	—*
3	Kasen Star City	957,224	957,224	708,730	708,730	708,730	—*
4	Changbai Paradise	122,412	122,412	122,010	51,597	44,578	5,986
5	Qianjiang Oasis	334,899	334,899	260,296	254,084	253,947	—#
6	Phnom Penh Kasen Garden (Phase 1)	64,527	64,527	63,782	38,731	14,974	10,673
Total		2,973,019	2,659,063	2,415,048	1,947,654	1,905,955	

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

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

### Special Economic Zone Operation Business

In August 2023, the Group obtained control of Zhejiang Special Economic Zone located in Koh Kong, Cambodia by way of equity acquisition. Approved by the Cambodian government, Koh Kong Zhejiang Special Economic Zone ("Koh Kong Zhejiang SEZ") is an industrial special economic zone featuring eco-manufacturing, circular economy, industrial clusters, green and low-carbon development, and its development objective is to become a demonstration zone for Sino-Cambodian cooperation in production capacity. The special economic zone has a strong capacity to absorb industries, and its industrial clusters cover light industry, heavy industry, chemical industry, renewable energy processing industry, etc. The Group regards the operation of the special economic zone as a major strategic initiative for the transformation and upgrading of its industrial structure. In late 2024, the Group has fully launched its infrastructure construction and investment promotion work in the special economic zone. During the period under review, revenue recognised from the sale/lease of land and factory buildings in this new segment amounted to approximately RMB119.9 million.

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



## **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, 2025 increased to approximately RMB25.7 million, representing an increase of approximately 2.8% as compared to approximately RMB25.0 million in the first half of 2024. The selling and distribution costs as a percentage of turnover in the first half of 2025 decreased to approximately 5.1% as compared to approximately 5.9% for the corresponding period in 2024.

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

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

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

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

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

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

#### **FINANCIAL RESOURCES AND LIQUIDITY**

As at June 30, 2025, the Group had cash and cash equivalent available for utilisation totalling approximately RMB187.2 million (as at December 31, 2024: RMB301.7 million) and total borrowings of approximately RMB674.7 million (as at December 31, 2024: RMB693.4 million). As at June 30, 2025, the Group had outstanding bank borrowings amounted to approximately RMB171.7 million repayable within one year and approximately RMB503.0 million repayable after one year (As at December 31, 2024: approximately RMB184.4 million repayable within one year and approximately RMB509.0 million repayable after one year). The gearing ratio (being bank borrowings divided by owners' equity multiplied by 100%) was approximately 17.0% (as at December 31, 2024: 18.2%). In the first half of 2025, the Group's credit facilities were renewed on an on-going basis, which provided sufficient cash to finance the Group's working capital requirement during the period under review.

## **BUSINESS REVIEW AND PROSPECTS (cont'd)**

### **FINANCIAL RESOURCES AND LIQUIDITY (cont'd)**

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

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

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

### **MATERIAL ACQUISITION AND DISPOSAL**

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

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

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

### **SIGNIFICANT INVESTMENTS HELD**

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

### **PLEDGE OF ASSETS**

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





## **BUSINESS REVIEW AND PROSPECTS (cont'd)**

### **FOREIGN EXCHANGE EXPOSURE**

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

### **CONTINGENT LIABILITIES**

As at June 30, 2025, the Group had certain contingent liabilities. For details, please refer to note 19 to the Interim Condensed Consolidated Financial Statements as set out in this interim report.

### **EMPLOYEES AND EMOLUMENTS POLICIES**

As at June 30, 2025, the Group employed a total of approximately 3,219 full time employees (as at December 31, 2024: approximately 2,431) including management staff, technicians, salespersons and workers. For the six months ended June 30, 2025, the Group's total expenses on the remuneration of employees were approximately RMB87.3 million (six months ended June 30, 2024: RMB77.9 million). The Group's emolument policies for employees are formulated on the performance of individual employees, which are reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees), state-managed retirement pension scheme (for the PRC employees), national social security fund scheme (for Cambodia employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

The Group's emolument policies of the employees are formulated by the board (the "Board") of directors (the "Directors", each the "Director") of the Company with reference to their respective qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for executives of similar position. The emoluments of the Directors are decided by the Board and the remuneration committee of the Company (the "Remuneration Committee"), who are authorized by the shareholders of the Company (the "Shareholders") in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Group has also adopted a share option scheme for the purpose of providing incentives to Directors, eligible employees and third party service providers. Further details in relation to the share option scheme are set out in the section headed "Disclosure of Interests – Share Option Schemes" 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**

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

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

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

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

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

## DISCLOSURE OF INTERESTS

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

As at June 30, 2025, 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") (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) Mr. Zhu is the settlor of a Bermuda purpose trust ("Trust"), of which 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. As at June 30, 2025, 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 interest by virtue of the SFO. Mr. Zhu was also personally and directly interested in 12,360,000 Shares as at June 30, 2025.
- (2) Calculated on the basis of 1,836,541,352 Shares in issue as at June 30, 2025.

#### (2) Long positions in underlying shares

Long positions in underlying shares are separately disclosed in the paragraph "Share Option Schemes" 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 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, 2025.

## **DISCLOSURE OF INTERESTS (cont'd)**

### **SHARE OPTION SCHEMES**

On October 20, 2005, the Company adopted the 2005 Share Option Scheme for the primary purpose of providing incentives to Directors, eligible employees and third party services providers. The 2005 Share Option Scheme became effective on October 20, 2005 and the options issued pursuant to the 2005 Share Option Scheme will expire no later than 10 years from the date of grant of the option. Under the 2005 Share Option Scheme, the Board may grant options to any employees of the Company or any of its subsidiaries to subscribe for shares of the Company. The 2005 Share Option Scheme was terminated on May 29, 2015. As at June 30, 2025, the Company had no outstanding options granted pursuant to the 2005 Share Option Scheme.

On the same date of the termination of the 2005 Share Option Scheme (i.e. May 29, 2015), a new share option scheme was adopted by the Company pursuant to a resolution of the Shareholders passed on May 29, 2015 (the “2015 Share Option Scheme”) for the primary purpose of providing incentives to Directors and eligible employees. The 2015 Share Option Scheme became effective on May 29, 2015 and the options issued pursuant to the 2015 Share Option Scheme will expire no later than 10 years from the date of grant of the option. As at June 30, 2025, no options have been granted by the Company under the 2015 Share Option Scheme.

Upon the termination of the 2015 Share Option Scheme (i.e. May 29, 2025), a new 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 issued 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, 2025, 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 2005 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on October 20, 2005 (i.e. 101,404,536 Shares), the total number of Shares of which options may be granted under the 2015 Share Option Scheme is not permitted to exceed 10% of the Shares in issue on May 29, 2015 (i.e. 116,232,298 Shares) and the total number of Shares 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 and may 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 all of the 2005 Share Option Scheme, the 2015 Share Option Scheme and 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)

### SHARE OPTION SCHEMES (cont'd)

All of the 2005 Share Option Scheme, the 2015 Share Option Scheme and the 2025 Share Option Scheme do not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of granting of 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, 2025, the number of options available for grant under the 2015 Share Option Scheme was 116,232,298 shares. As at June 30, 2025, the number of options available for grant under the 2025 Share Option Scheme was 144,314,188 shares. As at June 30, 2025, the total number of shares available for issue under the 2025 Share Option Scheme was 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 2025 Share Option Scheme is approximately nine years and nine months.

Details of movement of the share options during the six months ended June 30, 2025, being share options granted pursuant to the 2005 Share Option Scheme on May 26, 2015, were as follows:

Name of Director	Exercise price HK\$	Number of share options				Outstanding as at June 30, 2025	Percentage of total issued share capital	Exercisable period	Notes
		Outstanding as at January 1, 2025	Granted from January 1, 2025 to June 30, 2025	Exercised from January 1, 2025 to June 30, 2025	Lapsed or cancelled from January 1, 2025 to June 30, 2025				
		January 1, 2025	June 30, 2025	June 30, 2025	June 30, 2025				
Zhu Zhangjin	1.37	1,000,000	-	-	(1,000,000)	-	-	1/1/2016 to 25/5/2025	1,2,3
Zhou Xiaohong	1.37	3,000,000	-	-	(3,000,000)	-	-	1/1/2016 to 25/5/2025	1,2,3
		4,000,000	-	-	(4,000,000)	-	-		
Other employees in aggregate	1.37	6,850,000	-	-	(6,850,000)	-	-	1/1/2016 to 25/5/2025	1,2,3
		10,850,000	-	-	(10,850,000)	-	-		

#### Notes:

- These share options were granted pursuant to the 2005 Share Option Scheme on May 26, 2015 with a vesting period of seven months and are exercisable at HK\$1.37 per Share from January 1, 2016 to May 25, 2025. The closing price of Shares immediately before the date of grant of share options was HK\$1.38.
- These share options represent personal interest held by the relevant participants as beneficial owner.
- During the six months ended June 30, 2025, none of these share options were exercised, and all of them had lapsed.



## DISCLOSURE OF INTERESTS (cont'd)

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than the schemes disclosed in the paragraph headed "Share Option Schemes" above, at no time during the six months ended June 30, 2025 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, 2025, 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 <sup>(4)</sup>
Joyview <sup>(1)</sup>	Beneficial owner	–	949,044,584	51.68%
Prosperity and Wealth Limited <sup>(1)</sup>	Trustee	–	949,044,584	51.68%
Team Ease Limited <sup>(2)</sup>	Beneficial owner	–	235,043,057	12.80%
Xu Helin <sup>(2)</sup>	Interest in controlled corporation	–	235,043,057	12.80%
Zhu Jiayun <sup>(3)</sup>	Beneficial owner	–	123,267,194	6.71%

Notes:

1. Mr. Zhu is the settlor of the Trust, of which 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, 2025, Joyview held 949,044,584 Shares or approximately 51.68%.
2. Team Ease Limited is a company beneficially owned by Xu Helin.
3. 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 in 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, 2025, the issuance of such further batch of the Convertible Bonds was still pending.
4. Calculated on the basis of 1,836,541,352 Shares in issue as at June 30, 2025.

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 were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at June 30, 2025.



## **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, changes of the information of the Directors during the six months ended June 30, 2025 and subsequent period up to the date of this report required to be disclosed, are set out below:

<b>Name of Director</b>	<b>Details of changes</b>
Mr. Chow Hiu Tung ("Mr. Chow")	Mr. Chow has been an independent non-executive director of Reach Energy Berhad, since March 2023, and Reach Energy Berhad was delisted from the Kuala Lumpur Stock Exchange on April 24, 2025.

## 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 practices. For the six months ended June 30, 2025, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code except for the following deviation to code provisions C.2.1.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not at present separate the roles of chairman and chief executive. Mr. Zhu is the chairman and chief executive officer of the Company responsible for overseeing the operations of the Group. Mr. Zhu will provide solid and continuous leadership to the Group with his extensive experience and knowledge in management and maintain the continuous operation of business of the Group. Moreover, under the supervision of other existing members of the Board including the independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interest of the Company and its shareholders. As such, the Board considers that the deviation from code provision C.2.1 is appropriate in the current situation. The Company is still considering to appoint a new chief executive officer to replace Mr. Zhu if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. However, due to the nature and extent of the Group’s operations, and the in-depth knowledge and experience in the leather and upholstery furniture market required for the position of chief executive officer, the Company is unable to determine as to when the appointment of a chief executive officer for the Company can be effected.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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, 2025, 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 the three independent non-executive Directors namely, Mr. Chow Hiu Tung, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang, has reviewed with the management and the external auditors on the accounting principles and practices adopted by the Group during the six months ended June 30, 2025. The Audit Committee held meetings with the Company’s senior management to review, supervise and discuss the Company’s financial reporting and internal control principles and risk management effectiveness and to make recommendations to improve the Company’s internal control and risk management effectiveness, and to ensure that management discharged its duty to have an effective internal control system during the six months ended June 30, 2025. This interim report has been reviewed and agreed by the Audit Committee.



## OTHER INFORMATION

### INTERIM DIVIDEND

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

### EVENTS AFTER THE REPORTING PERIOD

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

### ISSUE OF CONVERTIBLE BONDS

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

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

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



## **OTHER INFORMATION (cont'd)**

### **ISSUE OF CONVERTIBLE BONDS (cont'd)**

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

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

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

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

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **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 29, 2025

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Grant Thornton  
致同

## 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 46, which comprise the condensed consolidated statement of financial position as at June 30, 2025 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 interim 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”) 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 these 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” 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 29, 2025

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, 2025

	Notes	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Revenue	3,4	506,538	423,868
Cost of sales		(329,470)	(263,246)
Gross profit		177,068	160,622
Other income		2,623	4,740
Other gains and losses	5	1,363	11,104
Selling and distribution costs		(25,729)	(24,995)
Administrative expenses		(82,300)	(79,989)
Impairment loss on financial assets, net		2,186	(1,559)
Share of results of associates		141	228
Finance costs		(17,923)	(20,677)
Profit before income tax	6	57,429	49,474
Income tax expenses	7	(21,776)	(26,143)
Profit for the period		35,653	23,331
Other comprehensive (expense)/income Item that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation		(5,454)	2,694
Total comprehensive income for the period		30,199	26,025



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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

		Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
	Note		
Profit for the period attributable to:			
– Owners of the Company		22,591	27,824
– Non-controlling interests		13,062	(4,493)
		<b>35,653</b>	23,331
Total comprehensive income for the period attributable to:			
– Owners of the Company		18,210	30,302
– Non-controlling interests		11,989	(4,277)
		<b>30,199</b>	26,025
Earnings per share attributable to the owners of the Company (expressed in RMB per share)	9		
– Basic		1.50 cents	1.93 cents
– Diluted		1.07 cents	1.93 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

	Notes	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,137,386	1,073,694
Right-of-use assets		126,466	137,058
Investment property		8,862	9,190
Interests in associates		25,219	25,078
Intangible assets		147	18
Financial asset at fair value through profit or loss	11	20,304	20,389
Prepayment for acquisition of freehold land		128,855	129,391
Prepayment for acquisition of property, plant and equipment		89,260	10,780
Lands held for development or sale	12	923,279	674,585
Deferred tax assets		69,432	76,313
		<b>2,529,210</b>	<b>2,156,496</b>
<b>CURRENT ASSETS</b>			
Inventories		88,445	68,654
Properties under development for sale		1,778,235	1,773,645
Properties held for sale		810,718	850,485
Trade, bills and other receivables	13	1,058,749	1,070,378
Prepaid income tax		20,955	20,915
Prepaid land appreciation tax		6,672	6,672
Pledged bank deposits		5,997	40,000
Restricted bank deposits for property development business		1,392	3,684
Cash and cash equivalents		187,186	301,685
		<b>3,958,349</b>	<b>4,136,118</b>
Assets classified as held for sale		1,662	—
		<b>3,960,011</b>	<b>4,136,118</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT JUNE 30, 2025

	Notes	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	14	699,566	492,582
Lease liabilities		17,762	18,113
Contract liabilities		602,063	539,076
Bank borrowings	16	171,644	184,453
Tax payable		208,746	240,219
Amounts due to non-controlling interests of subsidiaries		42,463	83,162
Convertible bonds	15	—	131,881
Derivative financial instruments	15	—	19,693
		<b>1,742,244</b>	1,709,179
<b>NET CURRENT ASSETS</b>		<b>2,217,767</b>	2,426,939
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,746,977</b>	4,583,435
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		20,510	23,462
Bank borrowings	16	503,027	508,987
Deferred tax liabilities		14,856	15,020
		<b>538,393</b>	547,469
<b>NET ASSETS</b>		<b>4,208,584</b>	4,035,966
<b>CAPITAL AND RESERVES</b>			
Share capital	17	2,078	1,654
Reserves		3,962,528	3,802,323
Equity attributable to owners of the Company		<b>3,964,606</b>	3,803,977
Non-controlling interests		<b>243,978</b>	231,989
<b>TOTAL EQUITY</b>		<b>4,208,584</b>	4,035,966

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	Attributable to owners of the Company								Non-controlling interests	Total equity
	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	
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	4,035,966
Profit for the period	-	-	-	-	-	-	-	22,591	22,591	35,653
Other comprehensive expense	-	-	-	-	-	-	(4,381)	-	(4,381)	(5,454)
Total comprehensive income for the period	-	-	-	-	-	-	(4,381)	22,591	18,210	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	4,208,584

	Attributable to owners of the Company								Non-controlling interests	Total equity
	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	
At January 1, 2024 (audited)	1,654	1,452,456	171,276	167,983	4,618	(41,703)	4,226	1,992,111	3,752,621	3,813,450
Profit/(loss) for the period	-	-	-	-	-	-	-	27,824	27,824	23,331
Other comprehensive income	-	-	-	-	-	-	2,478	-	2,478	2,694
Total comprehensive income for the period	-	-	-	-	-	-	2,478	27,824	30,302	26,025
Capital injection from non-controlling interest	-	-	-	-	-	-	-	-	-	94,908
Deemed distribution	-	-	-	(14,033)	-	-	-	-	(14,033)	(14,033)
At June 30, 2024 (unaudited)	1,654	1,452,456	171,276	153,950	4,618	(41,703)	6,704	2,019,935	3,768,890	3,920,350

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, 2025

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>94,748</b>	50,645
<b>INVESTING ACTIVITIES</b>		
Increase/(Decrease) in pledged bank deposits	40,000	(18,056)
Purchases of property, plant and equipment	(85,029)	(5,268)
Prepayment made for acquisition of property, plant and equipment	(78,480)	(11,517)
Purchase of intangible assets	(147)	–
Interest received	1,237	1,237
Proceeds from disposal of property, plant and equipment	76	2,150
Purchase of lands held for development or sale	–	(99,453)
Increase in amount due to an associate	–	12,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(122,343)</b>	(118,907)
<b>FINANCING ACTIVITIES</b>		
Interest elements of lease liabilities payment	(1,195)	(730)
Capital elements of lease liabilities payment	(6,639)	(19,946)
Repayments of bank borrowings	(101,931)	(128,902)
Proceeds from bank borrowings	83,673	60,210
Interest paid	(17,269)	(17,965)
Decrease in amount due to non-controlling interests of subsidiaries	(40,699)	(1,305)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(84,060)</b>	(108,638)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(111,655)</b>	(176,900)
Effect of changes in exchange rates	(2,844)	(270)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>301,685</b>	567,542
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> represented by bank balances and cash	<b>187,186</b>	390,372

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

## 1. BASIS OF PREPARATION

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

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

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

These interim condensed consolidated financial statements are unaudited, but has been reviewed by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). 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 IFRSs that are effective for annual periods beginning on January 1, 2025

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

Amendments to IAS 21

Lack of Exchangeability

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 3. SEGMENT INFORMATION

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

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 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, 2025 (unaudited)

	Manufacturing RMB'000	Properties Development RMB'000	Special Economic Zone RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
<b>External sales</b>	285,630	68,458	119,866	32,584	-	506,538
<b>Inter-segment sales</b>	-	-	-	5,450	(5,450)	-
	285,630	68,458	119,866	38,034	(5,450)	506,538
<b>Primary geographical markets</b>						
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
<b>Major products and services</b>						
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
<b>Timing of revenue recognition</b>						
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, 2025

## 3. SEGMENT INFORMATION (cont'd)

### Segment revenues and results (cont'd)

#### Revenue (cont'd)

Six months ended June 30, 2024 (unaudited)

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



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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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

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

Segment profit/(loss) represents the profit/(loss) of each segment without allocation of central administration costs, directors' salaries and exchange (loss)/gain. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 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, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Manufacturing	1,038,913	1,001,873
Properties development	4,026,535	4,154,972
Special economic zone	957,139	703,491
Others	350,017	310,498
Total segment assets	6,372,604	6,170,834
Assets classified as held for sale	1,662	—
Unallocated	114,955	121,780
Consolidated assets	6,489,221	6,292,614

#### Segment liabilities

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Manufacturing	289,120	273,176
Properties development	1,457,831	1,555,042
Special economic zone	431,386	189,780
Others	87,444	72,056
Total segment liabilities	2,265,781	2,090,054
Unallocated	14,856	166,594
Consolidated liabilities	2,280,637	2,256,648

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 5. OTHER GAINS AND LOSSES

	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2024 RMB'000 (unaudited)
Net foreign exchange (loss)/gain	(239)	685
Change in fair value of financial asset at fair value through profit or loss	–	(1,241)
Fair value of financial guarantee issued on initial recognition	(4,119)	–
Fair value changes on derivative component of convertible bonds (note 15)	4,246	7,721
Gain/(Loss) on disposal of property, plant and equipment	28	(883)
Release of financial guarantees	1,505	2,713
Penalty	114	1,674
Others	(172)	435
	<b>1,363</b>	<b>11,104</b>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 6. PROFIT BEFORE INCOME TAX

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

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

Note:

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



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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 7. INCOME TAX EXPENSES

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 8. DIVIDENDS

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

### 9. EARNINGS PER SHARE

#### Basic earnings per share

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

#### Diluted earnings per share

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

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

### 10. PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired property, plant and equipment at a consideration of approximately RMB85,029,000 (six months ended June 30, 2024: RMB5,268,000).

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Financial asset at fair value through profit or loss		
– Unlisted investment fund (Note)	20,304	20,389

Note:

On February 28, 2020, the Company's wholly owned subsidiary, Cardina International Company Limited ("Cardina") entered into a limited partnership agreement which committed to a capital contribution of US\$10,000,000 (equivalent to approximately RMB70,750,000) in Asia Greentech Fund I LP (the "Greentech Fund"). This Greentech Fund was established principally to achieve long-term capital appreciation primarily through investment in equity and/or equity oriented securities of companies operating in green energy sectors with focus on solar, hydro, waste to energy and other green energy projects that have applications in Asia.

Cardina is a limited partner in this Greentech Fund and the responsibility for the operational and financing decisions of Greentech Fund is discharged by the general partner. Up to June 30, 2025, the Group's capital contribution to the Greentech Fund was approximately US\$4,373,000 (December 31, 2024: US\$4,373,000).

### 12. LANDS HELD FOR DEVELOPMENT OR SALE

At June 30, 2025, lands held for development or sale mainly represented a freehold land located in Cambodia with a total area of 7,736,000 square meters (December 31, 2024: 8,078,000 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, 2025

### 13. TRADE, BILLS AND OTHER RECEIVABLES

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Trade and bills receivables	106,936	112,180
Less: allowance for impairment	(20,236)	(19,126)
	86,700	93,054
Deposits paid for acquisition of land for development for sale	603,846	603,846
Less: allowance for impairment	(627)	(627)
	603,219	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	13,479	14,387
Prepaid other taxes	107,993	95,092
	121,472	109,479
Deposit, prepayments and other receivables	293,709	314,273
Less: allowance for impairment	(46,351)	(49,647)
	247,358	264,626
	1,058,749	1,070,378

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 13. 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, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Aged:		
Within 60 days	74,754	79,790
61–90 days	2,175	1,462
91–180 days	5,040	7,339
181–365 days	4,605	6,591
Over 1 year	20,362	16,998
	<b>106,936</b>	<b>112,180</b>

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.

### 14. TRADE, BILLS AND OTHER PAYABLES

	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Trade payable	478,850	318,881
Bill payable	5,998	1,801
Other payables (note (a))	150,570	101,365
Other tax payable	5,015	5,999
Accruals	25,611	33,628
Financial guarantees (note 19(b))	2,614	–
Amount due to an associate	30,908	30,908
	<b>699,566</b>	<b>492,582</b>

Note:

- (a) As at June 30, 2025, other payables included deposit received of RMB30,838,000 (2024: RMBNil) for the disposal of the assets classified as held for sale.



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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 14. 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, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
Within 60 days	321,553	232,293
61–90 days	8,126	58,079
91–180 days	4,829	6,556
181–365 days	115,679	3,526
1–2 years	8,077	6,869
Over 2 years	26,584	13,359
	<b>484,848</b>	<b>320,682</b>

### 15. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

The movement of the convertible bonds and derivative financial instruments for the six months ended June 30, 2025 are set out as below:

	Convertible bonds RMB'000 (unaudited)	Derivative financial instruments RMB'000 (unaudited)
As at January 1, 2024 (audited)	–	–
Issued during the period	127,416	25,129
Interest on convertible bonds	4,614	–
Interest paid	(1,907)	–
Fair value changes	–	(5,799)
Exchange realignment	1,758	363
As at December 31, 2024 and January 1, 2025 (audited)	<b>131,881</b>	<b>19,693</b>
Interest on convertible bonds	1,390	–
Interest paid	(1,932)	–
Fair value changes	–	(4,246)
Conversion into shares	(129,982)	(15,243)
Exchange realignment	(1,357)	(204)
As at June 30, 2025 (unaudited)	<b>–</b>	<b>–</b>

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 15. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

On September 29, 2023, Kasen International Company Limited, a wholly owned subsidiary of the Company entered into the sale and purchase agreement with Ms. Zhu Jiayun ("Ms. Zhu"), pursuant to which Ms. Zhu has agreed to sell, and Kasen International has agreed to purchase 49% of the equity interest in a subsidiary at a consideration of HK\$338,000,000 (equivalent to approximately RMB306,296,000), which will be satisfied by cash of HK\$152,000,000 (equivalent to approximately RMB137,743,000) and the issue of the convertible bonds of HK\$186,000,000 (equivalent to approximately RMB168,553,000).

On January 3, 2024, March 18, 2024 and December 11, 2024, the Company completed the issuance of 1.5-year convertible bonds (the "Convertible Bonds") with aggregate principal amounts of HK\$49,810,000 ("Batch 1"), HK\$33,800,000 ("Batch 2") and HK\$58,013,000 ("Batch 3"), respectively. The Convertible Bonds are denominated in Hong Kong dollars (other than the Company's functional currency), unsecured and with 5% percent coupon rate.

The holder of the Convertible bonds has the right to convert the whole or part of the principal amount of the Convertible Bonds into ordinary shares of the Company at any time from the date of issue of the Convertible Bonds up to seven days before the maturity date.

The Convertible Bonds are comprised of convertible bonds (debt component) and derivative financial instruments (derivative component including conversion options).

The fair value of Batch 1, Batch 2 and Batch 3 of the Convertible Bonds, of approximately HK\$58,780,000 (equivalent to approximately RMB53,231,000), HK\$40,312,000 (equivalent to approximately RMB36,580,000) and HK\$67,924,000 (equivalent to approximately RMB62,734,000), was valued by CHFT Advisory and Appraisal Limited.

Batch 1, Batch 2 and Batch 3 consist of:

- (a) a debt component with initial fair value of approximately HK\$48,712,000 (equivalent to approximately RMB44,113,000), HK\$33,212,000 (equivalent to approximately RMB30,137,000) and HK\$57,564,000 (equivalent to approximately RMB53,166,000), respectively, classified as financial liabilities at amortized cost; and
- (b) a conversion option with initial fair value of approximately HK\$10,068,000 (equivalent to approximately RMB9,118,000), HK\$7,100,000 (equivalent to approximately RMB6,443,000) and HK\$10,360,000 (equivalent to approximately RMB9,568,000), respectively, classified as derivative financial liabilities.

The Convertible Bonds are subsequently measured at amortized cost with an effective interest rate of 6.66%, 6.31% and 5.55% per annum for Batch 1, Batch 2 and Batch 3, respectively, while the derivative financial instruments are measured at fair value, with changes in fair value recognized in profit or loss under "Other gains and losses".

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 15. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

On June 2, 2025, all the Convertible Bonds were converted into 393,399,471 new shares of the Company, and such shares were issued and allotted in totalling of HK\$158,472,000 (equivalent to approximately RMB145,225,000). Share issuance expenses directly attributable to the conversion amounting to RMB2,806,000 was treated as a deduction against the share premium account.

The inputs used in the Binomial Option Pricing Model adopted by the independent professional valuer in determining the fair values of derivative component of Batch 1, Batch 2 and Batch 3 at issue date and conversion date were as follows:

	At issue date			At conversion date		
	Batch 1	Batch 2	Batch 3	Batch 1	Batch 2	Batch 3
Share price	HK\$0.30	HK\$0.29	HK\$0.33	HK\$0.33	HK\$0.33	HK\$0.33
Exercise price	HK\$0.36	HK\$0.36	HK\$0.36	HK\$0.36	HK\$0.36	HK\$0.36
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Volatility	64.10%	67.10%	45.11%	59.55%	68.26%	66.31%
Discount rate	6.68%	6.31%	5.63%	3.68%	3.68%	3.68%
Risk free interest rate	3.78%	4.01%	3.44%	1.72%	1.72%	1.72%

### 16. BANK BORROWINGS

During the current period, the Group obtained additional bank borrowings of approximately RMB83,673,000 (six months ended June 30, 2024: RMB60,210,000) and repaid bank borrowings RMB101,931,000 (six months ended June 30, 2024: approximately RMB128,902,000).

As at June 30, 2025, the bank borrowings amounting to RMB15,000,000 are secured by certain trade receivables of RMB14,728,000 (December 31, 2024: RMBNil).

As at June 30, 2025, the bank borrowings included unsecured bank borrowings of RMB55,000,000 (December 31, 2024: RMB48,000,000), 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, 2025 and the year ended December 31, 2024.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 17. SHARE CAPITAL

#### Authorised share capital of the Company

	Number of ordinary shares (in thousand) at US\$0.00015 each	US\$'000
At January 1, 2024, December 31, 2024 and June 30, 2025	266,666,667	40,000

#### Issued and fully paid

	June 30, 2025			December 31, 2024		
	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	1,443,142	216,471	1,654	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	1,836,541	275,481	2,078	1,443,142	216,471	1,654

Note:

On June 2, 2025, the holder of all 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.

### 18. CAPITAL AND OTHER COMMITMENTS

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

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 19. FINANCIAL GUARANTEE CONTRACTS

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

The Group provided guarantees of RMB59,155,000 at June 30, 2025 (December 31, 2024: RMB62,258,000) to banks in favour of the purchasers of the Group's properties in respect of the mortgage loans provided by the banks to those purchasers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released within a year upon receiving the building ownership certificate of the respective properties by the banks from the purchasers as a pledge for security to the mortgage loans granted. The directors of the Company consider that the fair value of the above guarantees is insignificant on initial recognition and at the report dates as it is not probable that an outflow in settlement will be required.

#### (b) Financial guarantee issued

During the six months ended June 30, 2025, the Group entered into the financial guarantees ("Financial Guarantees") in favour of banks in respect of banking facilities granted to Haining Schinder Leather Company Limited ("CCT Group") (the "CCT Master Guarantee") and an independent third party for three years between January 1, 2025 and December 31, 2027 for the maximum amounts of RMB170,000,000 and RMB325,000,000 respectively. The fair value of the Financial Guarantees at the date of initial recognition amounting to approximately RMB4,119,000 was recognized as liabilities in the condensed consolidated statement of financial position and the corresponding amount was debited to profit or loss. The fair value of Financial Guarantee provided for the CCT Group and an independent third party on initial recognition was determined by United Assets & Real Estate Appraisal Co., Ltd., a professional valuer independent to the Group. Subsequently approximately RMB1,505,000 (six months ended June 30, 2024: RMB2,713,000) was recorded as the release of Financial Guarantees recognized in profit or loss represented the income earned as the performance obligation (i.e. providing the guarantee) satisfied over the period of guarantees since initial recognition.

As at June 30, 2025 and December 31, 2024, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount to 12-month expected credit losses. No loss allowance was recognized in the profit or loss. Accordingly, the financial guarantee contracts are measured at its fair values initially recognized less cumulative amortization.

During the six months ended June 30, 2025, the CCT Group and an independent third party had continued to negotiate with the relevant banks in the PRC and identify suitable parties to replace the Group as guarantor to part or all of the CCT Master Guarantee. As at June 30, 2025, the maximum amount guaranteed by the Group in respect of the Financial Guarantees in respect of banking facilities granted to CCT Group and an independent third party has been reduced to RMB57,000,000 and RMB228,000,000 respectively.



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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset and liabilities	Fair value as at June 30, 2025 RMB'000	Fair value as at December 31, 2024 RMB'000	Fair value hierarchy	Valuation technique and key input
Unlisted investment fund classified at fair value through profit or loss	20,304	20,389	Level 3	Adjusted net assets value approach: fair value of net assets as key input for the valuation
Derivative financial instruments (note 15)	–	19,693	Level 3	Binomial Option Pricing Model: Expected volatility of 59.55%, 68.26% and 66.31%

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortized cost in the interim condensed consolidated financial statements approximate their fair values.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (cont'd)

#### Valuation techniques used and key inputs of unlisted investment funds

The fair value of unlisted investment funds classified at fair value through profit or loss is determined using adjusted net assets value. The fair value measurement is positively correlated to the underlying net assets' value. As at June 30, 2025, management consider the underlying net assets' values of the investment funds as significant unobservable input, and it is estimated that with other variables held constant, an increase/decrease in 5% of underlying net assets' values would have increased/decreased the Group's profit by approximately RMB1,015,000 (December 31, 2024: RMB1,019,000).

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	<b>June 30, 2025 RMB'000 (unaudited)</b>	<b>December 31, 2024 RMB'000 (audited)</b>
At the beginning of the period/year	<b>20,389</b>	21,355
Decrease in fair value recognized in profit or loss during the period/year	<b>–</b>	(1,273)
Exchange realignment	<b>(85)</b>	307
At the end of the period/year	<b>20,304</b>	20,389

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

FOR THE SIX MONTHS ENDED JUNE 30, 2025

### 21. RELATED PARTY BALANCES AND TRANSACTIONS

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

	Amounts due from related parties	
	June 30, 2025 RMB'000 (unaudited)	December 31, 2024 RMB'000 (audited)
<b>Trade in nature</b>		
Starcorp Corporation Pty., Ltd. (note)	1,134	1,138
Haining Yujie Material Recycling Co., Ltd. ("Yujie") 海寧宇潔物資回收有限公司 (note)	731	765
	<b>1,865</b>	<b>1,903</b>

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, 2025 RMB'000 (unaudited)	June 30, 2024 RMB'000 (unaudited)
Yujie (note)	Sales of scrap materials by the Group	270	448

Note: Mr. Zhu, controlling shareholder and 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, 2025 and 2024.

#### (c) Key management personnel compensation

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

	June 30, 2025 RMB'000 (unaudited)	June 30, 2024 RMB'000 (unaudited)
Basic salaries and other benefits	3,578	2,816
Contribution to retirement benefits schemes	39	40
	<b>3,617</b>	<b>2,856</b>