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KASEN INTERNATIONAL HOLDINGS LIMITED

卡森國際控股有限公司

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

(Stock Code: 496)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

The board (the “Board”) of directors (the “Directors”) of Kasen International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2015 together with comparative figures for the same period of 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

	NOTES	2015 RMB'000	2014 RMB'000
Turnover	3	3,237,881	3,230,327
Cost of sales		<u>(2,771,069)</u>	<u>(2,852,868)</u>
Gross profit		466,812	377,459
Other income	4	23,958	21,578
Selling and distribution costs		(181,385)	(164,335)
Administrative expenses		(262,950)	(211,651)
Other gains and losses	5	271,328	160,237
Share of loss of an associate		(87)	–
Finance costs	6	<u>(85,288)</u>	<u>(62,964)</u>
Profit before tax	7	232,388	120,324
Income tax expenses	8	<u>(67,018)</u>	<u>(102,494)</u>
Profit for the year		<u>165,370</u>	<u>17,830</u>

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Other comprehensive income (loss)			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain (loss) on available-for-sale investments		105,464	(230,720)
Income tax on fair value change of available-for-sale investments		(26,366)	57,680
Exchange difference arising on translation		54	(481)
Reclassification from translation reserve to profit or loss on disposal of foreign operation		728	–
Reclassification from revaluation reserve to profit or loss on disposal of available-for-sale investments		(326,835)	(197,972)
Reclassification from revaluation reserve to profit or loss on income tax relating to disposal of available-for-sale investments		81,708	49,493
		<u>(165,247)</u>	<u>(322,000)</u>
Total comprehensive income (loss) for the year		<u>123</u>	<u>(304,170)</u>
Profit (loss) for the year attributable to:			
Owners of the Company		190,458	32,418
Non-controlling interests		(25,088)	(14,588)
		<u>165,370</u>	<u>17,830</u>
Total comprehensive income (loss) attributable to:			
Owners of the Company		25,211	(289,582)
Non-controlling interests		(25,088)	(14,588)
		<u>123</u>	<u>(304,170)</u>
			(Restated)
Earnings per share	<i>10</i>		
Basic		<u>RMB14.41 cents</u>	<u>RMB2.46 cents</u>
Diluted		<u>RMB14.41 cents</u>	<u>RMB2.46 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		961,216	923,774
Prepaid lease payments – non-current portion		71,667	73,704
Intangible assets		563	938
Available-for-sale investments – non-current portion		–	223,056
Deferred tax assets		73,930	82,456
Deposits paid for acquisition of land use rights		48,420	68,458
		<u>1,155,796</u>	<u>1,372,386</u>
CURRENT ASSETS			
Available-for-sale investments – current portion		177,262	190,920
Inventories		534,052	601,911
Properties under development		3,189,256	3,249,721
Properties held for sale		1,289,901	1,426,793
Amount due from non-controlling interests of a subsidiary		10,000	4,769
Trade, bills and other receivables	11	1,517,615	1,655,427
Prepaid lease payments – current portion		2,309	2,581
Tax recoverable		6,987	13,790
Prepaid land appreciation tax		18,623	41,050
Pledged bank deposits		104,308	244,495
Restricted bank deposits for property development business		1,867	9,101
Bank balances and cash		215,629	324,388
		<u>7,067,809</u>	<u>7,764,946</u>
CURRENT LIABILITIES			
Trade, bills and other payables	12	1,359,849	1,856,171
Deposits received in respect of pre-sale of properties		1,111,880	1,044,265
Bank and other borrowings – due within one year		1,583,869	1,666,765
Exchangeable bonds		137,439	216,000
Tax payable		111,323	166,909
Amounts due to non-controlling interests of subsidiaries		149,405	127,474
Other long-term liabilities – current portion		–	33,222
		<u>4,453,765</u>	<u>5,110,806</u>
NET CURRENT ASSETS		<u>2,614,044</u>	<u>2,654,140</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,769,840</u>	<u>4,026,526</u>

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		172,852	228,369
Bank and other borrowings – due after one year		316,891	679,865
Other long-term liabilities		–	10,984
		<u>489,743</u>	<u>919,218</u>
NET ASSETS		<u>3,280,097</u>	<u>3,107,308</u>
CAPITAL AND RESERVES			
Share capital		1,735	1,400
Reserves		<u>3,165,599</u>	<u>2,961,307</u>
Equity attributable to owners of the Company		3,167,334	2,962,707
Non-controlling interests		<u>112,763</u>	<u>144,601</u>
TOTAL EQUITY		<u>3,280,097</u>	<u>3,107,308</u>

Notes:

1. GENERAL

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) since October 20, 2005. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information attached to the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) manufacturing of upholstered furniture, furniture leather and automotive leather; (ii) properties development; (iii) retail of furniture; and (iv) tourism resort-related operations.

2. APPLICATION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

(a) Adoption of new/revised IFRSs – effective from January 1, 2015

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time in the current year, which are effective from the Group’s financial period beginning on January 1, 2015.

IFRSs (Amendments) Annual Improvements 2010-2012 Cycle
IFRSs (Amendments) Annual Improvements 2011-2013 Cycle

The adoption of these amendments has no material impact on the Group’s financial statements.

(b) New/revised IFRSs issued but not yet effective

The Group has not early applied the following new/revised IFRSs that have been issued but are not yet effective.

IFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ¹
Amendments to IAS 1	Disclosure Initiative ¹
Amendments to IAS 7	Disclosure Initiative ²
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ²
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ¹
Amendments to IAS 27	Equity Method in Separate Financial Statements ¹
IFRS 9 (2014)	Financial Instruments ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
IFRS 14	Regulatory Deferral Accounts ¹
IFRS 15	Revenue from Contracts with Customers ²
IFRS 16	Leases ⁴

¹ Effective for annual periods beginning on or after January 1, 2016

² Effective for annual periods beginning on or after January 1, 2017

³ Effective for annual periods beginning on or after January 1, 2018

⁴ Effective for annual periods beginning on or after January 1, 2019

⁵ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the above new and revised IFRSs will have no material impact on the consolidated financial statements except for the application of IFRS 15 and IFRS 16 which may have impacts on the disclosure set out in these consolidated financial statements attached to the annual report.

3. SEGMENT INFORMATION AND REVENUE

(a) Segment information

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

- Manufacturing of upholstered furniture, furniture leather and automotive leather ("Manufacturing");
- Properties development;
- Retailing of furniture ("Retail"); and
- Others, comprising mainly provision of property management service and tourism resort-related services ("Others").

Segment revenues and results

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

Revenue

For the year ended December 31, 2015

	Manufacturing RMB'000	Properties development RMB'000	Retail RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
TURNOVER							
External sales	2,333,849	711,991	19,583	172,458	3,237,881	-	3,237,881
Inter-segment sales	1,093	-	-	777	1,870	(1,870)	-
Total	<u>2,334,942</u>	<u>711,991</u>	<u>19,583</u>	<u>173,235</u>	<u>3,239,751</u>	<u>(1,870)</u>	<u>3,237,881</u>

For the year ended December 31, 2014

	Manufacturing RMB'000	Properties development RMB'000	Retail RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
TURNOVER							
External sales	2,375,828	718,348	17,913	118,238	3,230,327	-	3,230,327
Inter-segment sales	968	-	-	5,050	6,018	(6,018)	-
Total	<u>2,376,796</u>	<u>718,348</u>	<u>17,913</u>	<u>123,288</u>	<u>3,236,345</u>	<u>(6,018)</u>	<u>3,230,327</u>

Results

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Segment results		
– Manufacturing (<i>note</i>)	222,540	80,353
– Properties development	(32,001)	(11,660)
– Retail	154	(1,340)
– Others	<u>(12,754)</u>	<u>(45,573)</u>
	177,939	21,780
Unallocated corporate expenses	(14,641)	(2,953)
Unallocated other gains and losses	<u>2,072</u>	<u>(997)</u>
Profit for the year	<u><u>165,370</u></u>	<u><u>17,830</u></u>

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

Inter-segment sales are charged at prevailing market rates.

Note: Included in the result of manufacturing segment was a gain on disposal of available-for-sale investments amounting to RMB288,544,000 (2014: RMB190,820,000). The available-for-sale investments were invested and managed under the manufacturing segment.

Geographical information

The Group's operations are substantively located in the People's Republic of China ("PRC").

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

The Group's revenue from external customers by geographical location is detailed below:

	Year ended December 31,	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
United States	516,585	444,787
PRC, including Hong Kong	2,563,538	2,601,400
Europe	105,414	91,026
Japan	87	40,245
Others	<u>52,257</u>	<u>52,869</u>
	<u><u>3,237,881</u></u>	<u><u>3,230,327</u></u>

Information about major customers

The following table summarises revenue for customers which accounted for 10% or more of net sales:

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Customer A ¹	506,579	496,976
Customer B ¹	<u>680,271</u>	<u>454,631</u>

¹ Revenue from Manufacturing

(b) Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year.

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

	2015	2014
	RMB'000	RMB'000
Sale of goods		
Manufacturing		
Upholstered furniture	677,540	666,059
Furniture leather	282,752	248,099
Automotive leather	1,373,557	1,461,670
Residential properties	711,991	718,348
Retail of upholstered furniture	<u>19,583</u>	<u>17,913</u>
	3,065,423	3,112,089
Provision of services		
Others (note)	<u>172,458</u>	<u>118,238</u>
Total	<u>3,237,881</u>	<u>3,230,327</u>

Note: Amounts mainly included income from provision of property management services and tourism resort-related services.

4. OTHER INCOME

Details of other income are as follows:

	2015	2014
	RMB'000	RMB'000
Government grants (note)	8,422	8,053
Income from sales of scrap materials	5,414	630
Interest income	6,562	7,516
Dividends income from available-for-sale investments	1,920	4,034
Rental income	<u>1,640</u>	<u>1,345</u>
	<u>23,958</u>	<u>21,578</u>

Note: Government grants represent various incentives received from government for business development.

5. OTHER GAINS AND LOSSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Impairment loss recognised in respect of properties under development	(15,911)	(9,015)
Impairment loss recognised in respect of property, plant and equipment	(4,250)	(278)
(Loss) gain on disposal of property, plant and equipment	(2,792)	2,619
Net foreign exchange loss	(3,176)	(9,517)
Net impairment loss recognised in respect of trade and other receivables	(1,246)	(5,969)
Donation	(83)	(1,794)
Penalty	(1,906)	(138)
Gain on disposal of available-for-sale investments	288,544	190,820
Gain on disposal of subsidiaries	17,415	–
Loss on disposal of an associate	(123)	–
Fair value change of exchangeable bonds	(2,346)	–
Others	(2,798)	(6,491)
	<u>271,328</u>	<u>160,237</u>

6. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on:		
Bank and other borrowings	79,137	98,296
Exchangeable bonds	10,132	–
Corporate bonds	897	8,971
	<u>90,166</u>	<u>107,267</u>
Total borrowing costs	90,166	107,267
Less: Amounts capitalised in respect of properties under development	(4,878)	(44,303)
	<u>85,288</u>	<u>62,964</u>

The capitalised borrowing costs represent the borrowing costs incurred by the entities on borrowings whose funds were specifically used in the properties during the year.

7. PROFIT BEFORE TAX

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	330	460
Depreciation of property, plant and equipment	<u>77,900</u>	<u>65,467</u>
Total depreciation and amortisation	<u>78,230</u>	<u>65,927</u>
Release of prepaid lease payments	2,309	2,206
Auditor's remuneration	2,700	3,800
Cost of inventories recognised as expenses (including reversal for net allowance of inventories of RMB2,079,000 (2014: allowance for inventories of RMB21,594,000))	2,154,317	2,194,915
Cost of properties recognised as cost of sales	625,518	573,597
Operating lease rentals in respect of land and buildings	19,738	19,525
Employee cost (including directors' emoluments)		
– Wages, salaries and other benefits	267,769	254,515
– Contributions on defined contribution retirement plans	18,690	11,337
– Equity settled share-based payment expenses	<u>10,990</u>	<u>–</u>

8. INCOME TAX EXPENSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Income tax		
– for current year	69,673	58,936
– under (over) provision in respect of prior years	<u>11,632</u>	<u>(956)</u>
	<u>81,305</u>	<u>57,980</u>
PRC withholding income tax	<u>8,548</u>	<u>–</u>
PRC Land Appreciation Tax (“LAT”)		
– for current year	20,967	26,115
– over provision in respect of prior years	<u>(52,153)</u>	<u>–</u>
	<u>(31,186)</u>	<u>26,115</u>
Deferred tax	<u>8,351</u>	<u>18,399</u>
	<u>67,018</u>	<u>102,494</u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Taxation arising in Japan is calculated at the tax rate 36.8% prevailing in Japan.

Haining Schinder Leather Co., Ltd, one subsidiary of the Group obtained a High and New Technology Enterprise status and entitled to a preferential tax rate of 15% for the periods from January 1, 2013 to December 31, 2015.

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from January 27, 1995, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value.

9. DIVIDENDS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Dividends recognised as distributions during the year:		
Nil (2014: 2013 final, paid – HKD1.00 cent per share (equivalent to approximately RMB0.79 cent))	<u>–</u>	<u>9,227</u>

No dividend has been proposed during 2015 nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

Profit for the year

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit for the purposes of basic and diluted earnings per share, being profit attributable to owners of the Company	<u>190,458</u>	<u>32,418</u>

Number of shares

	2015	2014 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,322,068,471</u>	1,316,745,896
Effect of dilutive potential ordinary shares – share options	<u>–</u>	<u>1,400,675</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,322,068,471</u>	<u>1,318,146,571</u>

Notes:

- (a) The weighted average number of ordinary shares for the purpose of basic earnings per share for 2015 and 2014 has been adjusted for the bonus element of the placing of new shares completed on December 21, 2015.
- (b) For the year ended December 31, 2015, the computation of diluted earnings per share does not assume the exercise of all share options of the Company because the exercise prices of all share options were higher than the average market price of the Company's shares during 2015.
- (c) For the year ended December 31, 2014, the computation of diluted earnings per share does not assume the exercise of certain share options of the Company because the exercise prices of those share options were higher than the average market price of the Company's shares during 2014.

11. TRADE AND BILLS RECEIVABLES

The Group grants a credit period ranging from 30 days to 120 days to their manufacturing trade customers. The aging analysis of trade and bills receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of reporting period is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Aged:		
Within 60 days	420,344	439,594
61 – 90 days	66,485	92,944
91 – 180 days	22,593	19,576
181 – 365 days	32,874	3,154
Over 1 year	3,700	1,235
	<u>545,996</u>	<u>556,503</u>

12. TRADE AND BILLS PAYABLES

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 60 days	785,054	1,155,932
61 – 90 days	35,855	64,710
91 – 180 days	124,209	261,314
181 – 365 days	41,442	39,856
1 – 2 years	54,473	27,885
Over 2 years	17,026	26,316
	<u>1,058,059</u>	<u>1,576,013</u>

13. PLEDGE OF ASSETS

At the end of the reporting period, certain of the Group's assets have been pledged to secure the borrowings and the general banking facilities of the Group. The aggregate carrying amounts of the pledged assets of the Group at the end of the reporting period are as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Buildings	218,059	300,048
Prepaid lease payments	43,707	68,611
Pledged bank deposits	104,631	244,495
Available-for-sale investments	61,360	222,740
Properties under development and held for sale	2,192,702	2,260,130
	<u>2,620,459</u>	<u>3,096,024</u>

14. CAPITAL AND OTHER COMMITMENTS

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Commitments for acquisition/addition of:		
– Property, plant and equipment	43,171	52,861
– Properties under development	1,018,390	997,106
– Land use rights	<u>32,405</u>	<u>32,405</u>
	<u>1,093,966</u>	<u>1,082,372</u>

15. CONTINGENT LIABILITIES

The Group provided guarantees of RMB335,469,000 at December 31, 2015 (2014: RMB450,465,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The directors 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.

16. EVENTS AFTER THE REPORTING PERIOD

On February 1, 2016, Zhejiang Kasen Industrial Group Co., Limited and Cardina International Company Limited (collectively referred to as the "Vendors"), Ms. Zhu Jiayun and Ms. Zhu Lingren (collectively referred to as the "Purchasers"), the Company and Mr. Zhu entered into a conditional sales and purchase agreement (the "SPA"), pursuant to which (i) the Vendors have conditionally agreed to sell and the Purchasers have conditionally agreed to acquire the entire equity interest of Yancheng Dafeng Huasheng Leather Co., Limited, Haining Home Direct Furniture Co., Limited, Haining Kasen Automotive Interior Materials Co., Limited, Haining Kasen Leather Co., Limited, Haining Schinder Leather Co., Limited, Haining Senmei Trading Co., Limited and Wuji Kasen Industrial Co. Limited (collectively referred to as the "Disposal Group" and the Group excluding the Disposal Group as "Remaining Group") at total consideration of RMB492,755,687 (the "Disposal"); (ii) the Purchasers shall assume all liabilities and obligations in respect of the debts due and owing by the Remaining Group to the Disposal Group with effect from the completion of the Disposal whereby the Remaining Group shall be released and discharged from its liabilities and obligations in respect of the debts with effect from the Completion of the Disposal; and (iii) Mr. Zhu has agreed to irrevocably and unconditionally guarantee to the Vendors and the Company the due and punctual performance, observance and discharge by the Purchasers of all of their obligations, representations, warranties and agreements under or pursuant to the SPA. Further details of the Disposal were set out in the announcement of the Company dated February 1, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

For the year ended December 31, 2015, the Group recorded a consolidated turnover of approximately RMB3,237.9 million, representing a slight increase of approximately 0.2% as compared to approximately RMB3,230.3 million for the year ended December 31, 2014.

The Group's gross profit for the year of 2015 was approximately RMB466.8 million, representing an increase of approximately 23.7% as compared to approximately RMB377.5 million in the year of 2014 and the Group's gross profit margin in 2015 was at 14.4%, compared to 11.7% in the year of 2014.

During the year under review, the net profit attributable to owners of the Company was approximately RMB190.5 million, representing an increase of approximately 488.0% as compared to approximately RMB32.4 million in the year of 2014. The increase in the net profit was mainly due to (i) an increase in the gain on disposal of 1.29% (2014: 1.37%) of equity securities in Haining China Leather Market Co., Ltd. ("HCLM") by RMB100.8 million which will be further discussed in the paragraphs headed "Operating Expense, Taxation and Profit Attributable to Owners" and "Disposal of Equity Securities of HCLM" of this announcement, and (ii) the increase in contribution of the net profit from the upholstered furniture business during the year under review.

Review by Business Segments

The Group's reportable business segments principally consist of manufacturing, property development, retail business and others (comprising mainly tourism resort-related operation and provision of travel-related services).

The table below shows the total turnover of the Group by business segments for the year ended December 31, 2015 together with the comparative figures for the corresponding period of year 2014:

	2015		2014		Y-O-Y Change
	<i>RMB'Million</i>	%	<i>RMB'Million</i>	%	%
Manufacturing	2,333.8	72.1	2,375.9	73.5	-1.8
<i>Automotive Leather</i>	1,373.6	42.4	1,461.7	45.2	-6.0
<i>Upholstered Furniture</i>	677.5	20.9	666.1	20.6	1.7
<i>Furniture Leather</i>	282.7	8.8	248.1	7.7	13.9
Property Development	712.0	22.0	718.3	22.2	-0.9
Retail business	19.6	0.6	17.9	0.6	9.5
Others	172.5	5.3	118.2	3.7	45.9
Total	<u>3,237.9</u>	<u>100.0</u>	<u>3,230.3</u>	<u>100.0</u>	<u>0.2</u>

Manufacturing Business

During the year under review, the Group's manufacturing business, comprising of manufacturing of upholstered furniture, furniture leather and automotive leather, recorded a total turnover of RMB2,333.8 million, representing a decrease of approximately 1.8% as compared to RMB2,375.9 million in 2014.

During the year under review, this segment recorded an operating profit of RMB222.5 million, as compared to an operating profit of RMB80.4 million in 2014 (such that both years' segment results included a gain on disposal of HCLM shares). A brief discussion of the performance of the three operating divisions is as follows:

Automotive Leather

Despite the fact that automotive industry in China had maintained a rapid growth for several years, with the economic downturns in China, the development and prosperity of automotive industry and automotive component industry were also affected and as a result the growth has slowed down significantly. For the year under review, the automotive leather business of the Group recorded a decrease in revenue due to the decline in purchase orders of leather from automobile manufacturers, who are the Group's automotive leather customers in the PRC. In 2015, the segment recorded a revenue of approximately RMB1,373.6 million, representing a slight decrease of approximately 6.0% as compared to RMB1,461.7 million in 2014. During the year under review, given the practical difficulty to explore for new customers in a short time, the Group had continued to focus on strengthening the cooperation with the existing customers.

Upholstered Furniture

Sales of upholstered furniture are mostly for export. The US market is still the largest export market for the Group's upholstered furniture. During the year under review, the Group continued to reinforce its communication and relationship with the key customers in the US. The Group achieved remarkable progress on production process, technology, delivery and after-sales service by constantly adopting improvements. In 2015, the turnover from upholstered furniture segment amounted to RMB677.5 million, representing a slight increase of approximately 1.7% as compared to RMB666.1 million in 2014.

Furniture Leather

The Group's priority in furniture leather production is to meet the internal leather requirement of its upholstered furniture division. Additionally, the Group supplied furniture leather to some major international furniture makers. During the year under review, due to an increase in external orders of furniture leather, the Group's furniture leather segment recorded the sales of approximately RMB282.7 million, representing an increase of approximately 13.9% as compared to RMB248.1 million in the corresponding period of 2014.

Property Development Business

As of December 31, 2015, the Group had six property development projects at various stages of development in different geographical locations in the PRC. The turnover from the property development segment was RMB712.0 million in 2015, remained at the same level as compared to RMB718.3 million in 2014. An operating loss generated from this segment in 2015 was RMB32.0 million, as compared to an operating loss of RMB11.7 million in 2014.

Group Property Project Portfolio as at December 31, 2015

No.	Project Name	Location	Interests Attributable to the Group	Total Site Area (sq.m.)	Status	Usage
1	Asia Bay	Boao, Hainan	92%	590,165	Under development	Residential and tourism resort
2	Sanya Project	Sanya, Hainan	80.5%	1,423,987	Under development	Hotel and tourism resort
3	Qianjiang Continent	Yancheng, Jiangsu	100%	335,822	Completed	Residential and commercial
4	Kasen Star City	Haining, Zhejiang	100%	469,867	Under development	Residential and commercial
5	Changbai Paradise	Changbai Mountain, Jilin	89%	291,662	Completed	Residential and hotel
6	Qianjiang Oasis	Yancheng, Jiangsu	55%	<u>108,138</u>	Under development	Residential
Total				<u><u>3,219,641</u></u>		

Analysis of Properties Under Development as at December 31, 2015

No.	Project Name	Total GFA (sq.m.)	GFA under development (sq.m.)	Total Saleable GFA (sq.m.)	GFA sold	GFA delivered	Average Selling Price (RMB/sq.m.)
					as at December 31, 2015 (sq.m.)	as at December 31, 2015 (sq.m.)	
1	Asia Bay	718,665	342,435	590,165	103,117	68,671	27,300
2	Qianjiang Continent	775,292	775,292	670,065	650,902	622,199	8,767
3	Kasen Star City	1,042,588	581,896	709,009	186,743	91,757	7,906
4	Changbai Paradise	179,077	179,077	120,743	23,039	–	–
5	Qianjiang Oasis	<u>335,301</u>	<u>106,235</u>	<u>266,206</u>	<u>36,565</u>	<u>24,420</u>	4,169
Total		<u><u>3,050,923</u></u>	<u><u>1,984,935</u></u>	<u><u>2,356,188</u></u>	<u><u>1,000,366</u></u>	<u><u>807,047</u></u>	

Operating Expense, Taxation and Profit Attributable to Owners

The selling and distribution costs during the year under review increased to approximately RMB181.4 million, as compared to approximately RMB164.3 million in 2014, mainly attributable to an increase of salary of approximately RMB10.5 million due to increased staff costs in the trial operation of the Group's water park situated in Sanya, Hainan Province in the PRC, as well as the hotel operation. As a result, the Group's selling and distribution costs to turnover in 2015 maintained at approximately 5.6% as compared to approximately 5.1% in 2014.

The administrative costs in 2015 was approximately RMB263.0 million, representing an increase of approximately RMB51.3 million as compared to approximately RMB211.7 million in 2014. The increase was mainly due to (1) an increase of salary and staff welfare of approximately RMB14.2 million due to the increase in discretionary bonus payment to the employees, (2) the recognition of share-based payment expense of approximately RMB11.0 million for the year ended December 31, 2015 in relation to share options granted by the Company on May 26, 2015, (3) increase of store rental expenses of approximately RMB6.3 million and (4) increase of approximately RMB8.5 million for technical consultation fees and the research and development fees for re-designing and re-developing production processes. In addition to the above principal factors causing the increase, there were also a moderate increase in all other administrative costs and expenses.

The Group's finance cost in 2015 was approximately RMB85.3 million, representing an increase of approximately RMB22.3 million, as compared to approximately RMB63.0 million in 2014, mainly due to (1) the increase of loan interests from the exchangeable bond issued in December 2014 by approximately RMB10.1 million and (2) the decrease in capitalisation of interests charged in the bank loans used for financing the Group's property development projects resulted in an increase in finance cost by approximately RMB39.4 million for the year, offset by (3) a decrease of loan interests of approximately RMB19.1 million since the decrease in bank loans made during 2015 as well as the decrease in bank loan interest rates in the PRC and (4) decrease of loan interests from the corporate bond issued in June 2012 by approximately RMB8.1 million because approximately RMB120.0 million of corporate bonds were redeemed in June 2014.

The Group's other gains and losses in 2015 recorded at a net gain of approximately RMB271.3 million, representing an increase of approximately RMB111.1 million, as compared to a net gain of approximately RMB160.2 million in 2014. Included in the Group's other gains and losses in the year 2015, there was a gain of approximately RMB288.5 million recognised for the disposal of 1.29% (2014: 1.37%) of equity securities in Haining China Leather Market Co., Ltd. ("HCLM") (2014: RMB187.7 million). HCLM operates department stores in the PRC and its shares are listed on the Shenzhen Stock Exchange. The Group disposed such 1.29% of equity securities in HCLM in the open trading market as well as through the block trade platform of the Shenzhen Stock Exchange during the year under review. For details, please refer to note 5 to the consolidated financial statements.

The Group's income tax in 2015 was approximately RMB67.0 million, representing a decrease of approximately RMB35.5 million, as compared to approximately RMB102.5 million in 2014. The decrease was mainly attributable to (1) the decrease in deferred taxation charge of approximately RMB10.0 million, (2) the increase in the reversal of a net amount of approximately RMB39.6 million of over provision in taxation charge for prior years, and (3) the decrease in PRC land appreciation tax of approximately RMB5.1 million from the property development projects, which was offset by (4) an increase in PRC income tax of approximately RMB10.7 million mainly due to an increase in taxable profits generated by the manufacturing business at the subsidiary level.

With the reasons mentioned above, profit attributable to owners of the Company for the year 2015 increased by approximately 488.0% to RMB190.5 million (2014: RMB32.4 million).

CAPITAL EXPENDITURES

Capital expenditure (excluding assets acquired through acquisition of subsidiaries during the year) in 2015 decreased to approximately RMB127.6 million from approximately RMB195.5 million in 2014. The capital expenditure mainly comprised the amount of approximately RMB127.6 million spent on the purchase of property, plant and equipment for operational purpose during the year under review.

FINANCIAL RESOURCES AND LIQUIDITY

Bank and Other Borrowings

As at December 31, 2015, the Group's bank and other borrowings amounted to approximately RMB1,900.8 million, representing a decrease of approximately 19.0% from approximately RMB2,346.6 million as at December 31, 2014. In addition, a wholly-owned subsidiary of the Company, Zhejiang Kasen Industrial Group Co., Ltd., issued exchangeable bonds in the PRC on December 29, 2014 at the issue size of RMB216 million, with a term of two years. For details of the exchangeable bonds, please refer to the announcement of the Company dated December 24, 2014.

Turnover Period, Liquidity and Gearing

The Group's existing inventory primarily comprised leather crust used for production, accounted for approximately 30.4% of the total inventory of approximately RMB534.1 million in 2015 (2014: approximately RMB601.9 million). In 2015, the inventory turnover period maintained at 93 days (2014: 99 days).

In 2015, the Group continued to maintain a strict credit policy. The account and bills receivables turnover days of the Group's manufacturing and retail segments maintained at 83 days in 2015 (2014: 84 days).

The accounts and bills payable turnover days of the Group's manufacturing and retail segments decreased to 67 days in 2015 (2014: 78 days).

As at December 31, 2015, the Group's current ratio was 1.59 (December 31, 2014: 1.52). The Group's cash and cash equivalent balance was approximately RMB215.6 million as at December 31, 2015 (December 31, 2014: approximately RMB324.4 million). This represents a gearing ratio of 53.3% as at December 31, 2015 (December 31, 2014: 77.4%) and a net debt-to-equity ratio of 46.5% as at December 31, 2015 (December 31, 2014: 66.4%). The gearing ratio is based on bank borrowings to shareholders' equity and the net debt-to-equity ratio is based on bank borrowings net of cash and cash equivalent to shareholders' equity. In 2015, the Group's credit facilities were renewed on an on-going basis, which provided sufficient cash to finance the Group's working capital requirement during the year under review.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisitions or disposals during the year ended December 31, 2015.

DISPOSAL OF EQUITY SECURITIES OF HCLM

As at January 1, 2015, the Group held an aggregate of 26,000,000 shares (“HCLM Shares”) in HCLM, a domestic company incorporated in the PRC and shares of which are listed on the Shenzhen Stock Exchange. During the year ended December 31, 2015, the Company had disposed an aggregate of 10,000,000 HCLM Shares through on-market transactions or through the block trade platform conducted on the Shenzhen Stock Exchange, and 4,444,446 HCLM Shares through the exchange for HCLM Shares by the bondholders of an exchangeable bond issued by a wholly-owned subsidiary of the Group. The aggregate consideration, after deduction of necessary transaction costs, of the disposals of such HCLM Shares carried out during the year ended December 31, 2015 amounted to approximately RMB327.0 million. The original acquisition costs of the HCLM Shares paid by Zhejiang Kasen was RMB1.04 per HCLM Share. As a result, a gain before deduction of any tax on disposal in the amount of approximately RMB288.5 million was arisen upon completion of the disposal carried out during the year ended December 31, 2015. As at December 31, 2015, the Company had a remaining of 11,555,554 HCLM Shares.

HCLM is indirectly non-wholly owned by 海寧市國有資產監督管理委員會 (State-owned Assets Supervision and Administrative Commission of Haining Municipal Government). Haining Leather Market is principally engaged in the development and operation of large leather product retail malls and was listed on the Shenzhen Stock Exchange on January 26, 2010.

Save as otherwise, the Company had no other significant investments held during the year under review.

ISSUE OF NEW SHARES AND USE OF PROCEEDS FROM PLACING

On November 10, 2015, to manage the then imminent need for the Group to repay bank loans and settlement of overdue payables, the Company entered into a placing agreement (the “Placing Agreement”) with Fortune (HK) Securities Limited as placing agent, pursuant to which the Company allotted and issued an aggregate of 348,696,896 ordinary shares of the Company (the “Shares”) to no less than six independent placees at the price of HK\$0.60 per Share (the “Placing”). The Placing had been completed on December 21, 2015. The placing shares placed under the Placing represent (i) approximately 30.00% of the total number of issued shares of the Company as at the date of the Placing Agreement; and (ii) approximately 23.08% of the total number of issued shares of the Company as enlarged by the issue of such placing shares. The placing shares under the Placing have a market value of approximately HK\$435,871,120 based on the closing price of the Shares of HK\$1.25 on the date of the Placing Agreement. The placing price of HK\$0.60 per placing share represents: (i) a discount of 52.00% to the closing price of HK\$1.25 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; (ii) a discount of 52.00% to the average closing price of approximately HK\$1.25 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and (iii) a discount of approximately 53.13% to the average closing price of approximately HK\$1.28 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing Agreement.

The gross proceeds of the Placing was approximately HK\$209,218,137, and the net proceeds (after deducting all applicable costs and expenses of the Placing) was approximately HK\$204,400,000. As disclosed in the circular of the Company dated November 26, 2015, the net proceeds from the Placing will be used in the following manner:

- (i) approximately HK\$143,100,000, representing approximately 70% of the net proceeds from the Placing, will be used for the repayment of bank loans and payment of overdue accounts payables of the Group and
- (ii) the remaining portion of approximately HK\$61,300,000, representing approximately 30% of the net proceeds from the Placing, will be used by the Company as general working capital of the Group.

As at December 31, 2015, the Group had utilised approximately HK\$165 million out of the net proceeds and the unutilised portion of the net proceeds from the Placing is currently held in cash and cash equivalents and intended that it will be applied in the manner consistent with the proposed allocations.

CONTINGENT LIABILITIES

As at December 31, 2015, the Group had certain contingent liabilities. For details, please refer to note 15 to the consolidated financial statements.

PLEDGE OF ASSETS

Some of the Group's assets have been pledged to secure the bank borrowings and the bank facilities granted to the Group. For details, please refer to note 13 to the consolidated financial statements.

CAPITAL COMMITMENTS

As at December 31, 2015, the Group had contracted, but not provided for, a total capital expenditure of RMB1,094.0 million (2014: RMB1,082.4 million), in which an amount of RMB1,018.4 million (2014: RMB997.1 million) was in respect of properties under development.

FOREIGN EXCHANGE EXPOSURE

The Group is principally engaged in export-related business, and transactions (including sale and procurements) were mainly denominated in US dollars, and most of the trade receivables was exposed to exchange rate fluctuation. The Group currently does not engage in any hedging activities.

EMPLOYEES AND EMOLUMENTS POLICIES

As at December 31, 2015, the Group employed a total of approximately 4,800 full time employees (December 31, 2014: approximately 4,960), including management staff, technicians, salespersons and workers. In 2015, the Group's total expense on the remuneration of employees was approximately RMB297.4 million (2014: approximately RMB265.9 million), representing approximately 9.2% (2014: 8.2%) of the operating revenue of the Group. The Group's emolument policies for employees are formulated on the performance of individual employees, which are reviewed regularly on an annual basis. Apart from 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) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

The Group's emolument policies of the employees are formulated by the Board with reference to their respective qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for executives of similar position. The emoluments of the Directors are decided by the Board 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 (the "AGM"), 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 scheme will be set out in the "Directors' Report" section of the annual report of the Company for the year ended December 31, 2015.

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY

With "Harmonious Development Achieved Through Coordinating Our Employees and Corporation to Serve Social Benefits" as its core values, the Group emphasizes great importance to environmental protection and advocates the concept of green manufacturing in its manufacturing process. The Group is one of the first "Eco-Leather Enterprises" certified by the China Leather Industry Association. In the course of production, the Group opts for clean production, energy efficiency and emission reduction, and it has been granted national patents for recycling waste water from the leather-making process. In addition, the Group, for the sake of green development, has collaborated with tertiary academic institutions in China over R&D of key technologies and production processes concerning environmental protection in the field of leather-making and furniture manufacturing.

The Group concerns much to the growth of its employees and harmonious development of social relationships. For the sustainable development of its employees, the Group provides them with a decent working environment, cares about their occupational health and organizes regular skill trainings. The Group actively participates in social welfare and charity undertakings by setting up the Kasen Needy Employee Assistance Foundation (卡森困難職工幫扶基金會) and Kasen Group Charity Foundation (卡森集團慈善基金) in an effort to repay and serve the society during the course of its development.

FUTURE PLANS AND PROSPECTS

As China has entered into the period of new normal economy, the Chinese government proposed the development direction of elimination of obsolete production capacity and excess inventory, and due to the continuous in labor cost, it is expected that the manufacturing industry, as a labor-intensive industry, will face a more difficult situation. The Company continued to evaluate the existing business of the Group, so as to streamline its business structure and enhance overall performance, prospects and attraction to market investors. As a result, the Group has initiated its business reorganization plan and entered into a sale and purchase agreement on February 1, 2016, pursuant to which the Group had conditionally agreed to dispose a number of subsidiaries under the Group engaging in the production of automotive leather and furniture leather in order to lower liability ratio and improve financial position. The said disposal is subject to fulfilment of certain conditions precedent, including the passing of an ordinary resolutions by its shareholders at a general meeting to be convened by the Company. Upon completion of the said disposal, the Group will concentrate its resources on the exploration of opportunities for tourism resorts, hotel operation and property development.

Under the overall background of severe growth pressure exerting on both global and domestic economy, tourism related industry is one of the exceptional emerging industries with great development potential, and a strategic pillar industry explicitly recognized by the Chinese government. The enormous population in China provided a huge customer base, and the continuous growth in household income triggered the enthusiasm in travel expenditure. Under the circumstances of structural adjustment of domestic economy and slowdown in growth speed, the importance of the strategic role of tourism industry on both consumption and investment will become more significant, and it is expected the support by the Chinese government on the development of tourism industry will continue to increase. The Company has accumulated extensive experience and resources over the years engaging in the tourism related business. Currently, the Group has layout its tourism resort projects in Hainan, Zhejiang, Gansu, Changbai Mountain and etc. After the implementation of business reorganization, the development objective of the Group is positioned as establishing tourism resort complexes with brand recognition in China, and becoming a domestic leading tourism resource developer and tourism resort service provider. Further, on January 26, 2016, the Group entered into a cooperation agreement with Cambo Guilincity Construction Engineering Corporation Co., Ltd, a company incorporated in Cambodia, to establish a joint venture company in Cambodia on a 70:30 basis for the development and operation of a water park located in Phnom Penh, Cambodia. Through focusing on tourism related business and making more investment in such field, we are devoted to enhance the value of the Group and bring greater return to the shareholders.

FINAL DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended December 31, 2015 (2014: Nil) and proposed that profit for the year be retained.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from May 27, 2016 to May 31, 2016 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on May 26, 2016.

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

The Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the year ended December 31, 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions ("CG Code Provisions") set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended December 31, 2015, except for the deviation to CG Code Provision A.2.1 as stated below.

CODE PROVISION A.2.1

Under CG Code Provision A.2.1, the roles of chairman and chief executive officer 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 officer. Mr. Zhu Zhangjin, Kasen is the chairman and chief executive officer of the Company responsible for overseeing the operations of the Group. The Company is still considering appointing a new chief executive officer to replace Mr. Zhu if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group. However, due to the nature and extent of the Group's operations, in particular in the PRC and the in-depth knowledge and experience in the leather and upholstered furniture market required for the position of chief executive officer, the Company is unable to determine as to when the appointment of a chief executive officer for the Company can be effected.

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the year ended December 31, 2015, each of them has complied with the provisions with the required standards as set out in the Model Code.

AUDIT COMMITTEE

An audit committee of the Company (the "Audit Committee") was established by the Company in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee comprises all the three independent non-executive Directors namely, Mr. Du Haibo (appointed on November 2, 2015), Mr. Zhang Yuchuan and Mr. Zhou Lingqiang (Mr. Sun Steve Xiaodi was resigned as the chairman of the Audit Committee on November 2, 2015). The Audit Committee has reviewed with management and the external auditors on the accounting principles and practices adopted by the Group. The Audit Committee has held meetings with the Company's senior management to review, supervise and discuss the Company's financial reporting, internal control principles and risk management effectiveness and to make recommendations to improve the Company's internal control, and to ensure that management has discharged its duty to have an effective internal control system during the year ended December 31, 2015.

The annual results of the Company for the year ended December 31, 2015 have been reviewed by the Audit Committee.

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

SCOPE OF WORK OF MESSRS. BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended December 31, 2015.

PUBLICATION OF INFORMATION ON THE EXCHANGE'S WEBSITE

The annual report of the Company for the year ended December 31, 2015 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the website of the Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.irasia.com/listco/hk/kasen/index.htm> in due course.

AGM

It is proposed that the AGM of the Company will be held on May 31, 2016. Notice of the AGM will be published on the website of the Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at <http://www.irasia.com/listco/hk/kasen/index.htm> and despatched to the Company's shareholders on or about April 12, 2016.

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

PRC, March 31, 2016

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Mr. Sun Hongyang and Mr. Zhang Mingfa, Michael and the independent non-executive Directors are Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

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