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, 2012

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, 2012 together with comparative figures for the same period of 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2012

	NOTES	**2012** *RMB'000*	2011 *RMB'000*
Turnover	*4*	**3,094,552**	2,241,475
Cost of sales		**(2,457,175)**	(1,897,163)
Gross profit		**637,377**	344,312
Other income	*5*	**67,822**	67,097
Selling and distribution costs		**(126,941)**	(149,475)
Administrative expenses		**(142,254)**	(124,620)
Other expenses		**(20,561)**	(11,154)
Other gains and losses	*6*	**17,234**	(7,659)
Share of losses of associates		**(11,947)**	(14,845)
Gain on loss of control of a subsidiary	*15*	**17,871**	72,250
Gain on relocation of a factory	*14*	**–**	361,052
Finance costs	*7*	**(38,241)**	(78,331)
Profit before tax	*8*	**400,360**	458,627
Income tax expenses	*9*	**(192,806)**	(157,472)
Profit for the year		**207,554**	301,155

	NOTES	2012 RMB'000	2011 RMB'000
Other comprehensive income (expenses)			
Fair value gain (loss) on available-for-sale investments		**123,570**	(62,024)
Deferred tax liability on fair value change of available-for-sale investments		**(30,892)**	15,506
Cumulative exchange differences in respect of the net liabilities of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary		**–**	(1,531)
		92,678	(48,049)
Total comprehensive income for the year		**300,232**	253,106
Profit for the year attributable to:			
Owners of the Company		**203,399**	300,491
Non-controlling interests		**4,155**	664
		207,554	301,155
Total comprehensive income attributable to:			
Owners of the Company		**296,077**	252,442
Non-controlling interests		**4,155**	664
		300,232	253,106
Earnings per share	11		
Basic		**RMB17.50 cents**	RMB25.86 cents
Diluted		**RMB17.49 cents**	RMB25.84 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2012

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**512,794**	408,225
Prepaid lease payments – non-current portion		**70,052**	33,951
Properties for development		**174,715**	175,807
Intangible assets		**605**	702
Interests in associates		**4,253**	16,200
Available-for-sale investments		**494,366**	380,796
Deferred tax assets		**48,910**	25,080
Deposit paid for acquisition of a property		**–**	40,000
Deposit paid for acquisition of a subsidiary		**212,581**	212,581
Advances for acquisition of land for development		**279,430**	279,430
Deposits paid for acquisition of land use rights		**20,000**	17,068
		1,817,706	1,589,840
CURRENT ASSETS			
Inventories		**426,905**	357,584
Properties under development		**3,687,351**	2,906,761
Properties held for sale		**519,735**	412,814
Trade, bills and other receivables	*12*	**895,671**	810,617
Receivable from disposal of assets	*14*	**–**	270,948
Prepaid lease payments – current portion		**1,568**	806
Derivative financial instruments		**–**	497
Tax recoverable		**44,032**	30,522
Pledged bank deposits		**240,815**	185,180
Restricted bank deposits for property development business		**6,257**	9,192
Bank balances and cash		**560,928**	370,385
		6,383,262	5,355,306
Assets classified as held for sale		**–**	40,844
		6,383,262	5,396,150

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade, bills and other payables	*13*	**1,794,886**	1,185,590
Deposits received in respect of pre-sale of properties		**1,542,080**	1,535,252
Bank and other borrowings – due within one year		**1,280,978**	1,424,376
Tax payable		**172,347**	36,194
Amount due to a non-controlling shareholder of a subsidiary		**103,001**	–
		4,893,292	4,181,412
Liabilities classified as held for sale		**–**	1,690
		4,893,292	4,183,102
NET CURRENT ASSETS		**1,489,970**	1,213,048
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,307,676**	2,802,888
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**247,527**	204,868
Bank and other borrowings – due after one year		**5,568**	6,513
Other long-term liabilities		**142,842**	–
		395,937	211,381
NET ASSETS		**2,911,739**	2,591,507
CAPITAL AND RESERVES			
Share capital		**1,400**	1,400
Reserves		**2,813,664**	2,517,587
Equity attributable to owners of the Company		**2,815,064**	2,518,987
Non-controlling interests		**96,675**	72,520
TOTAL EQUITY		**2,911,739**	2,591,507

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; and (iii) retail of furniture.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group and its ability to meet its ongoing obligations in light of its financial position as at December 31, 2012. At December 31, 2012, the Group had consolidated net current assets of approximately RMB1,489,970,000 (2011: RMB1,213,048,000), of which bank balances and cash as at December 31, 2012 was approximately RMB808,000,000 (2011: RMB564,757,000) (including RMB240,815,000 (2011: RMB185,180,000) of bank deposits pledged for borrowings within one year and RMB6,257,000 (2011: RMB9,192,000) of restricted bank deposits for property development business) and borrowings due within one year were approximately RMB1,280,978,000 (2011: RMB1,424,376,000).

The Group's operating results for the year continue to show a profit of approximately RMB207,554,000 (2011: RMB301,155,000). The turnover of the Group for the year has increased from RMB2,241 million for the year ended December 31, 2011 to RMB3,095 million for the year ended December 31, 2012. The Group has net cash from operating activities amounting to RMB136 million (2011: Net cash used in operating activities amounting to RMB464 million). In order to improve the liquidity of the Group, the directors maintained regular contacts with the banks to renew the credit facilities annually on an ongoing basis. As at December 31, 2012, the Group has available unutilized short-term bank loan facilities of approximately RMB779 million (2011: RMB507 million) as liquidity management resources. The directors consider that the existing facilities can provide sufficient cash to finance the Group's working capital requirement and the Group is able to renew the existing credit facilities on an ongoing basis. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board.

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets

The application of the amendments to IFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after January 1, 2013.
2 Effective for annual periods beginning on or after January 1, 2014.
3 Effective for annual periods beginning on or after January 1, 2015.
4 Effective for annual periods beginning on or after July 1, 2012.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

4. 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, hot spring resort operation and provision of travel-related services ("Others").

In July 2011 and September 2011, the Group acquired two subsidiaries engaged in hot spring resort operation and provision of travel related services. Because the sizes of subsidiaries are insignificant, they are aggregated with provision of property management service as an operating segment of Others when reporting to the CODM.

Segment revenues and results

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

Revenue

For the year ended December 31, 2012

	Manufacturing	Properties development	Retail	Others	Segment total	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TURNOVER							
External sales	**1,715,874**	**1,268,049**	**20,851**	**89,778**	**3,094,552**	**–**	**3,094,552**
Inter-segment sales	**4,438**	**–**	**–**	**5,667**	**10,105**	**(10,105)**	**–**
Total	**1,720,312**	**1,268,049**	**20,851**	**95,445**	**3,104,657**	**(10,105)**	**3,094,552**

For the year ended December 31, 2011

	Manufacturing	Properties development	Retail	Others	Segment total	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TURNOVER							
External sales	1,637,113	532,417	46,928	25,017	2,241,475	–	2,241,475
Inter-segment sales	13,869	–	–	6,042	19,911	(19,911)	–
Total	1,650,982	532,417	46,928	31,059	2,261,386	(19,911)	2,241,475

Results

	2012	2011
	RMB'000	*RMB'000*
Segment results		
– Manufacturing	**45,456**	232,235
– Properties development	**193,757**	33,221
– Retail	**(6,387)**	(4,733)
– Others	**(34,749)**	(19,389)
	198,077	241,334
Unallocated corporate expenses	**(8,065)**	(3,933)
Unallocated other gains and losses	**(329)**	(8,496)
Gain on loss of control of a subsidiary	**17,871**	72,250
Profit for the year	**207,554**	301,155

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 chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

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 sold.

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

	Year ended December 31, **2012** *RMB'000*	2011 *RMB'000*
United States	**295,267**	348,027
PRC, including Hong Kong	**2,683,429**	1,777,608
Europe	**69,165**	68,951
Australia	**3,009**	46,889
Others	**43,682**	–
	3,094,552	2,241,475

(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:

	2012 *RMB'000*	2011 *RMB'000*
Sale of goods		
Manufacturing		
Upholstered furniture	**495,595**	527,342
Furniture leather	**200,030**	272,813
Automotive leather	**1,020,249**	836,958
Residential properties	**1,268,049**	532,417
Retail of upholstered furniture	**20,851**	46,928
	3,004,774	2,216,458
Provision of services		
Others *(note)*	**89,778**	25,017
Total	**3,094,552**	2,241,475

Note: Amounts mainly included income from provision of property management services, hot spring resort operation and provision of travel-related services.

5. OTHER INCOME

Details of other income are as follows:

	2012 *RMB'000*	2011 *RMB'000*
Government grants		
Grants for export sales	**–**	452
Incentive for business development	**70**	5,520
Other grants	**7,688**	6,191
	7,758	12,163
Income from sales of scrap materials	**13,280**	2,957
Interest income	**18,836**	23,995
Dividend income from listed available-for-sale investments	**5,163**	5,163
Rental income	**3,848**	6,438
Imputed interest of receivable from disposal of assets	**2,470**	5,862
Others	**16,467**	10,519
	67,822	67,097

6. OTHER GAINS AND LOSSES

	2012 *RMB'000*	2011 *RMB'000*
Reversal of impairment loss recognized in respect of trade and other receivables	**11,260**	9,154
(Loss) gain on fair value change on derivative financial instruments	**(338)**	839
(Loss) gain on disposal of property, plant and equipment	**(8)**	1,143
Net foreign exchange loss	**(246)**	(10,828)
Impairment loss recognized in respect of trade and other receivables	**(6,518)**	(14,748)
Reversal of impairment recognized in respect of property, plant and equipment *(Note)*	**13,084**	6,781
	17,234	(7,659)

Note: During the year, after the internal restructuring of the operation, certain idled plant and equipment resumed production and accordingly, the impairment made in prior year on these plant and equipment had been reversed.

7. FINANCE COSTS

	2012 *RMB'000*	2011 *RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**83,691**	87,255
Corporate bonds wholly repayable within five years	**8,149**	–
Other borrowings not wholly repayable within five years	**195**	48
Total borrowing costs	**92,035**	87,303
Less: Amounts capitalized in respect of properties under development	**(53,794)**	(8,972)
	38,241	78,331

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

8. PROFIT BEFORE TAX

	2012 *RMB'000*	2011 *RMB'000*
Profit before tax has been arrived at after charging:		
Amortization of intangible assets (included in administrative expenses)	**372**	429
Amortization of properties for development (included in other expenses)	**1,092**	1,092
Depreciation of property, plant and equipment	**41,186**	43,276
Total depreciation and amortization	**42,650**	44,797
Release of prepaid lease payments	**805**	1,344
Auditor's remuneration	**4,534**	5,218
Cost of inventories recognized as expenses (including net reversal of allowance of inventories of RMB457,000 (2011: RMB13,406,000))	**1,537,759**	1,540,612
Cost of properties recognized as cost of sale	**837,271**	331,991
Operating lease rentals in respect of land and buildings	**31,905**	26,178
Total employee benefit expenses (including directors' emoluments)	**150,587**	149,664

9. INCOME TAX EXPENSES

	2012 *RMB'000*	2011 *RMB'000*
PRC enterprise income tax		
– Current year	**118,391**	22,343
– Underprovision of income tax in previous years	**187**	8,389
	118,578	30,732
PRC Land appreciation tax ("LAT")	**86,291**	51,012
Deferred tax	**(12,063)**	75,728
	192,806	157,472

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% from January 1, 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries are exempted from PRC Enterprise Income Tax ("EIT") for two years starting from its first profit-making year, followed by a 50% reduction in tax rate for the next three years (the "Tax Exemptions"). The tax exemption had expired in 2009 and the tax relief of 50% reduction in tax rate had expired in 2012.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa 2008 No.39), certain of the group entities operating in the PRC are entitled to the following tax concession under the EIT Law:

(1) The Tax Exemptions is still applicable until the end of the five-year transitional period under the EIT Law.

(2) Those entities that previously enjoyed tax incentive rate of 15% would have their applicable tax rate increased progressively to 25% over a five year transitional period.

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.

10. DIVIDENDS

No dividend was paid, declared or proposed during 2012, nor has any dividend been proposed since the end of the reporting period (2011: interim dividend of RMB2.46 cents equivalent to approximately HK3.00 cents per ordinary share, amounting to approximately RMB28,565,000 equivalent to approximately HK$34,869,000).

11. 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

	2012	2011
	RMB'000	*RMB'000*
Profit for the purposes of basic and diluted earnings per share, being profit attributable to owners of the Company	**203,399**	300,491

Number of shares

	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,162,322,985**	1,161,972,300
Effect of dilutive potential ordinary shares – share options	**317,752**	796,543
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,162,640,737**	1,162,768,843

The computation of diluted earnings per share does not assume the exercise of certain of the Company's options because the exercise prices of those options were higher than the average market price of shares in 2012.

12. TRADE AND BILLS RECEIVABLES

The Group grants a credit period ranging from 30 days to 120 days to their 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:

	2012	2011
	RMB'000	*RMB'000*
Aged:		
Within 60 days	**279,818**	287,871
61 – 90 days	**127,456**	92,781
91 – 180 days	**22,330**	42,772
181 – 365 days	**9,213**	12,884
Over 1 year	**2,546**	2,546
	441,363	438,854

13. 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:

	2012	2011
	RMB'000	*RMB'000*
Within 60 days	**1,103,530**	703,086
61 – 90 days	**36,088**	106,731
91 – 180 days	**254,133**	110,934
181 – 365 days	**82,453**	7,342
1 – 2 years	**38,454**	19,220
Over 2 years	**14,433**	9,179
	1,529,091	956,492

14. RECEIVABLE FROM DISPOSAL OF ASSETS/GAIN ON RELOCATION OF A FACTORY

During the year ended December 31, 2011, the Group demolished the plant and returned certain land use rights to the PRC government. The consideration of the disposal was RMB463,418,000. RMB190,000,000 was received in 2011. The fair value of the remaining balance of the receivable at initial recognition with effective interest rate of 3.75% per annum amounted to approximately RMB270,948,000. RMB273,418,000 was received during current year.

A gain of relocation, amounting to RMB361,052,000 (including removal cost of RMB1,414,000) was recognized during the year ended December 31, 2011.

15. DISPOSAL/LOSS OF CONTROL OF A SUBSIDIARY

In December 2011, the Group entered into an agreement with independent third parties to dispose of 100% interest of a subsidiary, La Kassa for an aggregate consideration of approximately RMB41,000,000. The disposal was completed on March 22, 2012, on which date the Group lost control of La Kassa.

The net assets of La Kassa at the date of disposal were as follows:

	31.12.2012
	RMB'000
Bank balance and cash	359
Other receivable	49
Building	27,844
Prepaid lease payments	12,592
Trade and other payables	(17,715)
Net assets disposed of	23,129
Gain on disposal	17,871
Total consideration, satisfied by cash	41,000
Net cash inflow arising on disposal:	
Total cash consideration received during the year *(note)*	31,000
Bank balance and cash disposed of	(359)
	30,641

Note: An amount of RMB10,000,000 was received during the year ended December 31, 2011.

Pursuant to a Board resolution dated on March 29, 2011, the resolution in respect of the administration of a wholly owned subsidiary, Sofas UK, which carried out retail sales of furniture in the United Kingdom, was duly passed. Accordingly, the Group filed the necessary documentation with the High Court of Justice (Bristol District Registry) in United Kingdom and administrators were appointed. The administration became effective from March 30, 2011, on which date the control of Sofas UK was lost. After consultation of a legal counsel for legal advice, the directors of the Company are in the opinion that the Group has lost its control over Sofas UK since administration became effective.

An analysis of the assets and liabilities of Sofas UK at the date when the Group lost control were as follows:

	RMB'000
Bank balances and cash	11,686
Inventories	32,149
Trade and other receivables	14,837
Other long term liabilities	(43,455)
Trade and other payables *(Note)*	(219,142)
Carrying amount of brandname (included in intangible assets of the Group)	2,330
Net liabilities	(201,595)
Add: Allowance made by the Group related to trade and other receivables due from Sofas UK	127,814
Cumulative exchange differences in respect of net liabilities of the subsidiary reclassified from equity to profit or loss on loss of control of a subsidiary	1,531
Gain on loss of control of Sofas UK	(72,250)

For the year ended December 31, 2011, the net cash outflow arising on loss of control of a subsidiary with an amount of RMB11,686,000 is disclosed as an investing activity in consolidated statement of cash flows.

Note: The amount above includes a balance due to the Group of approximately RMB127,814,000 which had been fully eliminated in the Group prior to the loss of control. The Group had fully impaired the amount due from Sofas UK.

16. 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 is as follows:

	2012	2011
	RMB'000	*RMB'000*
Buildings	**124,568**	133,351
Prepaid lease payments	**25,108**	26,016
Pledged bank deposits	**240,815**	185,180
Properties under development and held for sale	**533,175**	553,615
	923,666	898,162

17. CAPITAL AND OTHER COMMITMENTS

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

	2012	2011
	RMB'000	*RMB'000*
Expenditure contracted for but not provided in the consolidated financial statements in respect of		
– Acquisition of property, plant and equipment	**12,635**	43,176
– Properties under development	**1,012,040**	696,727
	1,024,675	739,903

18. CONTINGENT LIABILITIES

The Group provided guarantees of RMB295,248,000 (2011: RMB150,059,000) at December 31, 2012 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.

19. EVENT AFTER THE REPORTING PERIOD

Subsequent to December 31, 2012, the Group completed its negotiations with MELX Co., Ltd. ("MELX"), for the subscription of 100% shares of MELX at the subscription price of ¥100,000,000 (equivalent to approximately RMB6,880,000). The transaction was completed on January 29, 2013 and the acquisition cost of RMB6,880,000 was satisfied in cash. Details of the subscription are set out in the Company's announcement dated January 28, 2013.

MELX has over 100 years of expertise and experience in the manufacturing of leather products including automotive leather with its headquarter based in Japan. It currently owns various production facilities, land and factories in Japan for the manufacturing of leather products. The Group is in the process to determine the financial impacts of the transaction to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Financial Review

For the year ended December 31, 2012, the Group recorded a consolidated turnover of RMB3,094.6 million, representing an increase of 38.1% as compared with RMB2,241.5 million for the year ended December 31, 2011.

The Group's gross profit for the year 2012 was RMB637.4 million, representing an increase of 85.1% as compared with RMB344.3 million in the year 2011 and the Group's gross profit margin in 2012 rose to 20.6%, as compared to 15.4% in the year 2011.

During the year under review, the net profit attributable to owners of the Company was RMB203.4 million, representing a decrease of 32.3% as compared to RMB300.5 million in the year 2011. The decrease in the net profit was mainly due to (i) a decrease in a one-off disposal gain resulted from the loss of control of a subsidiary of the Group recognized for the year ended December 31, 2012 as compared with the corresponding period for the year ended December 31, 2011 and (ii) a loss of a one-off disposal gain resulted from the relocation of a factory recognized for the year ended December 31, 2011 but not for the year ended December 31, 2012.

Review by Business Segments

The Group's reportable business segments principally consist of manufacturing, property development, retail business and others (comprising mainly provisions of property management service business, hot spring resort 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, 2012 together with the comparative figures for the corresponding period of year 2011:

	2012 *RMB'Million*	*%*	2011 *RMB'Million*	*%*	**Y-O-Y Change** *%*
Manufacturing	**1,715.9**	**55.4%**	1,637.2	73.0%	4.8%
Automotive Leather	***1,020.3***	***33.0%***	*837.0*	*37.3%*	*21.9%*
Upholstered Furniture	***495.6***	***16.0%***	*527.4*	*23.5%*	*-6.0%*
Furniture Leather	***200.0***	***6.4%***	*272.8*	*12.2%*	*-26.7%*
Property Development	**1,268.0**	**41.0%**	532.4	23.8%	138.2%
Retail business	**20.9**	**0.7%**	46.9	2.1%	-55.4%
Others	**89.8**	**2.9%**	25.0	1.1%	259.2%
Total	**3,094.6**	**100.0%**	2,241.5	100.0%	38.1%

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 RMB1,715.9 million, representing an increase of 4.8% as compared to RMB1,637.2 million in 2011.

During the year under review, this segment recorded an operating profit of RMB45.5 million, as compared to an operating profit of RMB232.2 million in 2011. A brief discussion of the performance of the three operating divisions is as follows:

Automotive Leather

The manufacturing of automotive leather is the fastest growing division in terms of revenue of the Group's manufacturing business. During the year under review, the turnover from automotive leather division contributed most of the revenue of the Group's manufacturing business which was RMB1,020.3 million (2011: RMB837.0 million). An operating profit generated from this division was RMB77.8 million, representing an increase of 422.1% compared to the year of 2011.

In the year 2012, more resources were put into the development of automotive leather business. The Group applied for the relevant patents of the production of chrome-free automotive seat leather, which will assist the Group in maintaining itself as the leader in the research and development of automotive leather technology. With the new factory in Jiangsu Province, PRC came into operation in the past year, the production capacity has been improved to meet the growing orders from customers.

Upholstered Furniture

Sales of upholstered furniture included finished sofa and sofa cut-and-sew. Turnover generated from this division was RMB495.6 million in the year 2012 as compared to RMB527.4 million in 2011, representing a decrease of 6.0%. The Group's major customers are in the United States and Euro zone countries which are still under unfavorable conditions. The Group continued to cooperate with major furniture retailers and tried to improve our service to keep the orders on a stable level. Moreover, there have been many challenges, especially the increase in the cost of raw materials and labor for the Group to achieve better profitability in this division.

Furniture Leather

The Group's priority in furniture leather production is to meet the internal leather requirement of its upholstered furniture division. The Group's sales of furniture leather recorded sales of RMB200.0 million in 2012, as compared to RMB272.8 million in 2011.

Property Development Business

As of December 31, 2012, the Group has six projects at various stages of development spread around the mainland of PRC. The turnover from the property development segment was RMB1,268.0 million in 2012 representing a substantial increase of 138.2%, as compared to RMB532.4 million in 2011. An operating profit generated from this segment in 2012 was RMB193.8 million in 2012, as compared to an operating profit of RMB33.2 million in 2011.

Group Property Project Portfolio as at December 31, 2012

No.	Project Name	Location	Interests Attributable to the Group	Total Site Area (sq.m)	Status
1	Asia Bay	Boao, Hainan	92%	590,165	Under development
2	Sanya Project	Sanya, Hainan	77%	1,424,692	Pre-development
3	Qianjiang Continent	Yancheng, Jiangsu	100%	331,040	Under development
4	Kingdom Garden	Haining, Zhejiang	100%	449,189	Under development
5	Changbai Paradise	Changbai Mountain, Jilin	89%	268,071	Under development
6	Qianjiang Oasis	Yancheng, Jiangsu	60%	107,902	Pre-development
Total				3,171,059	

Analysis of Properties Under Development

No.	Project Name	Total GFA (sq.m.)	GFA under development (sq.m.)	Total Saleable GFA (sq.m.)	GFA sold as at December 31, 2012 (sq.m.)	GFA delivered as at December 31, 2012 (sq.m.)	Average Selling Price (RMB/sq.m.)
1	Asia Bay	718,665	250,551	590,165	51,112	41,716	19,513
2	Qianjiang Continent	722,091	722,091	628,587	561,024	383,146	5,180
3	Kingdom Garden	1,041,493	531,531	689,476	44,469	–	–
4	Changbai Paradise	200,323	175,402	159,024	12,979	–	–
Total		2,682,572	1,679,575	2,067,252	669,584	424,862	

PROJECTS OVERVIEW

Asia Bay

As the Group's symbolic project in resort property development, Asia Bay achieved a steady sales performance despite of the overall downturn in Hainan property markets. During the year under review, a total of 430 units of semi-detached houses and apartments were successfully delivered and a revenue of RMB534.1 million was recognized, as compared to RMB279.8 million in the year 2011. The recognized gross floor area ("GFA") sold during the year 2012 was 31,439 square meters.

The contracted sales in GFA was 13,379 square meters with the amount of RMB290.7 million during the year 2012.

Qianjiang Continent in Yancheng of Jiangsu

During the year under review, the recognized GFA sold in this project was 106,065 square meters and the recognized sales amounted to RMB733.9 million. A total of 727 units, including both commercial and residential units were delivered and the average selling price was RMB6,919 per square meter.

The contracted sales in GFA was 105,619 square meters with the amount of RMB702.6 million during the year 2012.

Kingdom Garden in Haining of Zhejiang

During the year under review, two phases of this project, including townhouses and apartment are in pre-sale and the contracted sales in GFA was 41,046 square meters with the amount of RMB306.2 million during the year 2012.

Changbai Paradise in Changbai Mountain of Jilin

During the year under review, the five-star hotel and apartments are under construction and part of the apartments are in pre-sale. The contracted sales in GFA was 12,979 square meters with the amount of RMB35.0 million during the year 2012.

Other projects

In the second half of 2012, the Group acquired 60% equity interests of a property development company located in Yancheng of Jiangsu Province. This company owns a piece of land in Yancheng with a site area of 107,902 square meters for residential use.

The Group's property project in Sanya of Hainan Province was still pre-developed during the year under review. No contribution was made from this project with respect to turnover and profit of the Group in the year 2012.

Operating Expense, Taxation and Profit Attributable to Owners

The selling and distribution costs during the year under review decreased to approximately RMB126.9 million, as compared to approximately RMB149.5 million in 2011, mainly due to the reduction of selling and distribution cost of Sofas UK Ltd. as a result of the loss of control of Sofas UK Ltd. by the Group since March 2011. As a result, the Group's selling and distribution costs to turnover in 2012 decreased to 4.1% as compared to 6.7% in 2011.

The administrative costs in 2012 was approximately RMB142.3 million, representing an increase of approximately RMB17.7 million as compared to approximately RMB124.6 million in 2011, the increase was mainly due to the increase of administrative expenses of approximately RMB15.9 million incurred by the business segment of tourism-related property development and services.

The Group's finance cost in 2012 was approximately RMB38.2 million, representing a decrease of approximately RMB40.1 million, as compared to approximately RMB78.3 million in 2011, mainly due to the increase in capitalisation of interests charged in the bank loans used for financing the Group's property development projects during the year under review.

The Group's other gains and losses in 2012 recorded at a net gain of approximately RMB17.2 million, representing an increase of approximately RMB24.9 million, as compared to a net loss of approximately RMB7.7 million in 2011. For details, please refer to note 6 above.

The Group's income tax in 2012 was approximately RMB192.8 million, representing an increase of approximately RMB35.3 million, as compared to approximately RMB157.5 million in 2011. The increase resulted from (1) an increase in PRC land appreciation tax of approximately RMB35.3 million from the property development projects, (2) an increase in PRC income tax of approximately RMB96.0 million mainly due to an increase in taxable profits generated by the manufacturing business from the increased sales of manufacturing business as well as an increase in taxable profits generated from increased delivery of properties in Yancheng, Jiangsu Province and in Boao, Hainan Province at subsidiary level, offset by (3) a decrease of deferred taxation charge of RMB90.9 million mainly related to the decrease of compensation receivable from relocation of a PRC factory occurred in 2011.

A one-off gain on disposal of Shanghai La Kassa Furniture Co. Ltd. as the Group's PRC subsidiary amounting to RMB17.9 million was recorded in the year ended December 31, 2012 while a one-off gain on loss of control of Sofas UK Ltd. as the Group's subsidiary amounting to RMB72.3 million was recorded during the year ended December 31, 2011. Furthermore, there was a one-off gain arised from the relocation of a factory recognised for the year ended December 31, 2011 but not for the year ended December 31, 2012. As a result, there was a reduction of the one-off gain by approximately RMB415.4 million. For details, please refer to notes 14 and 15 above.

With the reasons mentioned above, profit attributable to owners of the Company for the year 2012 decreased by approximately 32.3% to RMB203.4 million (2011: RMB300.5 million).

CAPITAL EXPENDITURES

Capital expenditure (excluding assets acquired through acquisition of subsidiaries during the year) in 2012 increased to approximately RMB134.8 million from approximately RMB57.2 million in 2011. The capital expenditure mainly comprised the amount of approximately RMB134.5 million spent on the purchase of property, plant and equipment for operational purpose.

FINANCIAL RESOURCES AND LIQUIDITY

Bank and Other Borrowings

As at December 31, 2012, the Group's bank and other borrowings amounted to approximately RMB1,286.5 million, representing a 10.1% decrease from approximately RMB1,430.9 million as at December 31, 2011. Besides, a wholly-owned subsidiary issued the corporate bonds in the PRC on June 14, 2012 at the issue size of RMB150 million, with a term of three years. For details, please refer to the announcement of the Company dated June 14, 2012.

Turnover Period, Liquidity and Gearing

The Group's existing inventory primarily comprised leather crust used for production, accounted for approximately 44.2% of the total inventory of approximately RMB426.9 million in 2012 (2011: approximately RMB357.6 million). In 2012, the inventory turnover period increased to 100 days (2011: 85 days).

In 2012, the Group continued to maintain a strict credit policy. However, many of the Group's customers were also facing a difficult time and a general longer credit term (up to 90 days) was granted to customers in automotive leather division, and the account receivables turnover days of the Group's manufacturing and retail segments was 88 days in 2012 (2011: 89 days).

The accounts payable turnover days of the Group's manufacturing and retail segments increased to 71 days in 2012 (2011: 52 days).

As at December 31, 2012, the Group's current ratio increased to 1.30 (December 31, 2011: 1.28). The Group's cash and cash equivalent balance was approximately RMB560.9 million as at December 31, 2012 (December 31, 2011: approximately RMB370.7 million). This represents a gearing ratio of 45.5% as at December 31, 2012 (December 31, 2011: 56.5%) and a net debt-to-equity ratio of 25.6% as at December 31, 2012 (December 31, 2011: 41.8%). 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 2012, the Group's credit facilities were able to renew 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

During the year under review, the Group acquired two parcels of land located in Changbai Mountain of Jilin Province with a total site area of 111,067 square meters for the purpose of property development.

During the year under review, the Group disposed a wholly owned subsidiary, Shanghai La Kassa Furniture Co. Ltd. to an independent third party at the consideration of RMB41.0 million. The profit generated from the disposal is approximately RMB17.9 million. The disposal is part of the Group's reform measures in the consolidation of manufacturing business. For details, please refer to note 15 above.

Save as disclosed above, the Group did not have any material acquisitions or disposals during the year ended December 31, 2012.

FOREIGN EXCHANGE EXPOSURE

The Group is principally engaged in export-related business, and transactions (including sales and procurements) were mainly denominated in US dollars, and most of the trade receivables was exposed to exchange rate fluctuation. In 2012, the Group used forward contracts and some other financial instruments to hedge foreign exchange risk, and recorded a loss of approximately RMB338,000.

EMPLOYEES AND EMOLUMENTS POLICIES

As at December 31, 2012, the Group employed a total of approximately 4,000 full time employees (December 31, 2011: approximately 3,500), including management staff, technicians, salespersons and workers. In 2012, the Group's total expense on the remuneration of employees was approximately RMB150.6 million (2011: approximately RMB149.7 million), representing 4.9% (2011: 6.7%) 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 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) 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, who are authorized by the shareholders of the Company (the "Shareholders") in the annual general meeting, with regard to the Group's operating results, individual performance and comparable market statistics.

FUTURE PLANS AND PROSPECTS

Manufacturing Business

As it is expected that the automotive leather business will continue to be the most profitable division in the Group's manufacturing business and more resources will be allocated to this division. The Jiangsu plant has completed its first phase of construction and is put for production. The production capacity in automotive leather will be improved in the coming 2013. Moreover, by acquiring the 100% equity interests of Melx Co., Ltd, a Japanese leather-making company with a long history of more than 100 years, the Group is confident to expand the market and build business relationships with Japanese automobile manufacturers in the future. For further details, please refer to the announcement of the Company dated January 28, 2013.

With no clear sign of economic recovery in the overseas market, the Group expects the operation environment for the OEM upholstered furniture would remain tough. However, the Group still has the advantages, such as integrated vertical platform, large-scale production and skilled craftsman, when comparing to our competitors. In the future, the Group will put efforts into the research and development of new products, cost control and set-up of brand value to meet the diversified requirements of customers. The Group will also take steps to expand new customers by further exploring the European and Asian markets.

Tourism Property Development and Services

It is expected that the tightening measures introduced by the central government over the real estate market will be continued in the coming year of 2013. Therefore, the Group will remain cautious in the expansion of its residential property development business and will maintain a sound financial position and cash flows. In the year of 2013, the projects in Yancheng and Haining will bring substantial return to the Group due to the delivery of more premises than ever.

The Group has set up the goal to become a leading developer in tourism property. After several years' effort, the Group has land bank spread out in China's top tourism areas such as Hainan, Changbai Mountain, Gansu and Zhejiang. As compared to its competitors, the Group will provide our property owners not only the best-quality vacation premises, but also the customized services through the "Allblue Vacation Club" operated by the Group.

In the year of 2013, the resort hotels in Asia Bay of Boao, Changbai Paradise of Changbai Mountain, Shan Dan Imperial Horse Farm of Gansu and Xin'anjiang Jade Hotspring Resort of Hangzhou will go into operation and the "Sanya Phoenix Dream Water World Resort" in Sanya is also expected to open in the second half of 2013. The Group is optimistic that these facilities will attract more potential customers and stimulate the sales of its tourism premises in the above area.

DIVIDENDS

The Directors did not recommend the payment of any final dividend for the year ended December 31, 2012 and proposed that profit for the year to be retained.

Further, there is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 29, 2013 to May 31, 2013 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on May 28, 2013.

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, 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions ("CG Code Provisions") set out in the Code on Corporate Governance Practices (effective until March 31, 2012) and Corporate Governance Code (effective from April 1, 2012) 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, 2012, 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, 2012, 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. Sun Steve Xiaodi, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang, 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 and internal control principles 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, 2012.

The annual results of the Company for the year ended December 31, 2012 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

A remuneration committee was established by the Company to establish policies in respect of remuneration structure for all Directors and senior management of the Company, review and determine the remuneration of the directors and the senior management of the Company. The remuneration committee comprises two independent non-executive Directors namely, Mr. Zhou Lingqiang and Mr. Zhang Yuchuan and an executive Director namely, Mr. Zhou Xiaosong. Mr. Zhou Lingqiang is the chairman of the remuneration committee.

NOMINATION COMMITTEE

To comply with the CG Code Provisions, the Company has established a separate nomination committee (the "Nomination Committee") on March 1, 2012. The Nomination Committee comprises two independent non-executive Directors namely Mr. Sun Steve Xiaodi and Mr. Zhou Lingqiang and an executive Director namely, Mr. Zhang Mingfa, Michael. Mr. Sun Steve Xiaodi is the chairman of the Nomination Committee. The Nomination Committee is responsible for nominating Directors, reviewing the structure and the composition of the Board regularly, then identifying and nominating qualified individuals to be appointed as new Directors of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended December 31, 2012.

PUBLICATION OF INFORMATION ON THE EXCHANGE'S WEBSITE

The annual report of the Company for the year ended December 31, 2012 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.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on May 31, 2013. Notice of the annual general meeting 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 10, 2013.

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

PRC, March 27, 2013

As at the date of this announcement, the executive directors of the Company are Mr. Zhu Zhangjin, Mr. Zhou Xiaosong and Mr. Zhang Mingfa, Michael; the non-executive director of the Company is Mr. Qiu Jian Ping; and the independent non-executive directors of the Company are Mr. Sun Steve Xiaodi, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

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