



Kasen International Holdings Limited

Announces 2013 Interim Results – Net Profit Climbs 112.2%

Financial Highlights

- Total turnover in the first half of 2013 increased to RMB1,871.4 million, representing an increase of 53.9%
- Gross profit recorded a significant increase of 123.5% to RMB408.1 million; average gross profit margin of 21.8%
- Net profit attributable to owners of the Company increased by 116.2% to RMB90.6 million
- Basic earnings per share was RMB8 cents
- Manufacturing business performance remained stable and recorded a total turnover of RMB841.9 million
- Property development business recorded a substantial increase of 205.9%, amounted to RMB972.0 million

【Aug 19, 2013】Kasen International Holdings Limited ("Kasen" or the "Company", together with its subsidiaries, the "Group"; Stock Code: 0496.HK), announces the consolidated results of the Group for the six months ended 30 June 2013 (the "Reviewing Period").

During the Reviewing Period, the Group achieved total turnover of RMB1,871.4 million in the first half of 2013, representing an increase of 53.9% compared with the same period last year. This increase was primarily attributable to the more premises of property projects delivered and profit generated from property development segment. Gross profit increased by 123.5% to RMB408.1 million and the net profit attributable to owners of the company increased to RMB90.6 million, up 116.2% compared to the same period of 2012. The basic earnings per share was RMB8 cents.

The liquidity and financial position of the Group remained to be solid during the reviewing period. The Group's cash and bank balances amounted to RMB255.4 million as of 30 June 2013, and the Group's total borrowings were RMB1,563.8 million during the period under review.

Operational Review

Manufacturing Business

The Group's manufacturing business mainly consists of automotive leather, upholstered furniture and furniture leather. Despite the stable performance maintained, the manufacturing business recorded a lower underlying profit due to the significant appreciation of RMB, unfavorable business environments in USA and Europe, and importantly, the rising labor cost in Yangtze River Delta Region where most of the Group's plants are located. As a leading automotive leather seat supplier in China, the automotive leather contributed the biggest part of the Group's revenue of manufacturing business with total turnover amounted to RMB502.4 million in the first half of 2013. The acquisition of Japanese leather company MELX will further help create new platforms, improve the relationship with Japanese automakers, and reinforce the leading position in automotive leather industry.

Despite the improved performances from manufacturing productivity and technics, the upholstered furniture recorded a decrease of 20.1%. As the residential furniture market of USA is expected to experience a rebound in the second half of 2013, the Group continues to enhance the profitability by putting more efforts and resources into the production of medium-high end upholstered furniture.

Property Development Business

Currently, the Group operates and manages a total of 9 property projects with a total site area of approximately 3,194,711 square meters, including 5 tourism property projects located in Hainan, Jilin, Zhejiang, and Gansu provinces, and 4 residential projects located in Zhejiang and Jiangsu provinces.

The Asia Bay is the Group's first flagship in tourism property development located in Boao Hainan. 130 units of semi-detached houses and apartments were successfully delivered and revenue of RMB192.9 million was recognized in the first half of 2013. Changbai Paradise, with its prime location in Changbai Mountain Protection and Development zone in Jilin province, is designed to be an icy town with Scandinavian style buildings and a five-star hotel. The hotel is expected to open in the second half of 2013 and the apartments are in pre-sale. The contract sales amounted to RMB5.1 million. The water park of Sanya project in Hainan is the biggest water park in Sanya and expected to open in the second half of 2013.

Qianjiang Continent in Yancheng, Jiangsu is another significant residential project of Kasen. During the period under review, a total of 797 units, including both commercial and residential units were delivered with generated revenue of RMB779.1 million. As for the Kingdom Garden in Haining, Zhejiang, townhouses and apartments were in pre-sale and the contract sales in GFA amounted to RMB92.7 million during the period under review.

Allblue Vacation Club

Allblue vacation club is established in 2010 to provide clients with more vacation destination choices and customized services. The primary function of the club is to offer the opportunity to exchange vacations but with the building ownership. When purchasing a property under Kasen, customers enjoys two distinct benefits. The first is that customers can choose to lease Allblue and allow the club to manage and operate the property. Apart from the rental benefit, customers can further enjoy other resorts operated by Kasen in other destinations. This business platform enables us to provide comprehensive residential and vacation services on a national scale.

Development Strategies & Outlook

Given the increasing trends of urbanization and rising purchasing power in China, the outlook for the automotive industry and property remains sanguine despite temporary macro-economic challenges. Even though China is going through a serious liquidity squeeze, and investors' concerns over the downside risks of the economy, the Chinese leaders are determined to the economic reform as demonstrated with the recent moves to boost growth including reducing taxes on small firms, encouraging railway construction, and providing foreign trade incentives to boost the economy. While the government's measures might have limited impact and the manufacturing output remain stagnant in the near term, they would surely boost the aggregate demand and confidence. Despite the ongoing concerns with the slowdown of the Chinese economy, the Group is fully prepared to overcome the challenges and capture the opportunities, through continuous improvement in its operating efficiency and well-orchestrated strategic expansion.

Looking ahead, Mr. Zhu Zhangjin, Chairman of the Group said, "In line with our development roadmap, the Group continued to execute its prudent expansion strategy and achieved a steady growth in operating results. The Group will focus on delivering automotive leather with bigger market share while also actively developing tourism property on a both national and international scale. The Group is committed to providing upholstered furniture that is relevant and rewarding for in store and online customers. With its pool of talented management staff and its thoroughly defined business plan, the Group is confident for a year of promising development in 2013."

~ End ~

About Kasen International Holdings Limited

Kasen International Holdings Ltd is a leading upholstered furniture and leather products manufacturer in China. It was listed on the main board of the Hong Kong Stock Exchange on October 20, 2005. By capitalizing on its competitive cost structure, integrated vertical platform, as well as other competitive advantages, Kasen has further strengthened its leading position in the field of leather manufacturing. Adhering to its diversified development strategy, Kasen successfully expanded its business into property development. There are 9 presently undergoing projects including 5 resort property projects and 4 residential projects spread out in China.

For more information, please contact:

Peggy Ma

Tel: (852) 2563 1700

Fax: (852) 2359 9321

Email: peggymayiwei@kasen.imsbiz.com.hk