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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)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

COOPERATIVE AGREEMENT

The Board announces that on 26 January 2016, Zhejiang Kasen, a wholly owned subsidiary of the Company, and Cambo Guilincity entered into the Cooperative Agreement pursuant to which Zhejiang Kasen has agreed with Cambo Guilincity to establish the JV Company on a 70:30 basis for the development and operation of the Water Park in Cambodia.

Upon establishment of the JV Company, Zhejiang Kasen will be interested in 70% of the equity interest in the JV Company and the JV Company will be accounted for as a non wholly-owned subsidiary of the Company and accordingly the financial results of the JV Company will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATION

As the applicable percentage ratios as set out in the Listing Rules in respect of the capital committed to the establishment of the JV Company are more than 5% but is less than 25%, the joint venture arrangement under the Cooperative Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 26 January 2016, Zhejiang Kasen, a wholly owned subsidiary of the Company, and Cambo Guilincity entered into the Cooperative Agreement pursuant to which Zhejiang Kasen has agreed with Cambo Guilincity to establish the JV Company on a 70:30 basis for the development and operation of the Water Park in Cambodia.

THE COOPERATIVE AGREEMENT

Date: 26 January 2016

Parties: (1) Zhejiang Kasen; and
(2) Cambo Guilincity.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Cambo Guilincity and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Formation of the JV Company

Pursuant to the terms of the Cooperative Agreement, Zhejiang Kasen, a wholly owned subsidiary of the Company, has agreed to establish the JV Company in Cambodia with Cambo Guilincity. The JV Company will be a company with a total capital commitment of US\$20,000,000 and will be held as to 70% by Zhejiang Kasen and as to 30% by Cambo Guilincity, and will be contributed as to US\$14,000,000 by Zhejiang Kasen and US\$6,000,000 by Cambo Guilincity in cash. Such capital contribution was determined after arm's length negotiations between Zhejiang Kasen and Cambo Guilincity with reference to the initial capital requirement of the JV Company for the development of the Water Park. The total capital contribution of US\$20,000,000 will be used to satisfy part of the land acquisition costs, construction costs and other investment costs for the development of the Water Park.

Upon establishment of the JV Company, Zhejiang Kasen will be interested in 70% of the equity interest in the JV Company and the JV Company will be accounted for as a non wholly-owned subsidiary of the Company and accordingly the financial results of the JV Company will be consolidated into the financial statements of the Group. The investment of the Company in the JV Company will be funded by internal resources of the Group.

Business scope and operation of the JV Company

The scope of business of the JV Company will include the construction and operation of a water park and affiliated resort facilities in Cambodia. Upon establishment of the JV Company, the Company and Cambo Guilincity will cooperate with each other in the development and construction of the Water Park.

Pursuant to the Cooperative Agreement, Zhejiang Kasen shall be responsible for the project planning, development, operation and management of the Water Park. Whilst, in light of the local knowledge and expertise that Cambo Guilincity would be able to bring into the JV Company, the parties have agreed under the Cooperative Agreement that upon the establishment of the JV Company, Cambo Guilincity shall be responsible for the liaison work with local government and relevant regulatory authorities in relation to local filings and procedure in Cambodia and to coordinate with Zhejiang Kasen to facilitate the development of the Water Park.

Board composition of the JV Company

The board of directors of the JV Company will comprise of five (5) directors, three (3) of whom will be appointed by Zhejiang Kasen and the remaining two (2) will be appointed by Cambo Guilincity.

Further, the JV Company will have one chairman, one general manager and one chief financial officer, all of which shall be appointed by Zhejiang Kasen.

Profit/Liabilities of the JV Company

Upon establishment of the JV Company, the JV Company will be held as to 70% by Zhejiang Kasen, a wholly owned subsidiary of the Company, and as to 30% by Cambo Guilincity, and the parties will enjoy all the profit and bear all the liabilities of the JV Company pro rata to their equity interests in the JV Company.

INFORMATION ABOUT THE WATER PARK

It is currently expected that the Water Park will be developed on a land located in Phnom Penh, Cambodia with a total site area of 272,000 square meters, with various different kind of interactive aqua activities.

The development of the Water Park is expected to be in three different stages and the total investment cost for the development of the Water Park is to be paid in stages with the first investment sum to be US\$12,000,000, whilst the investment amount for the remaining two stages will be apportioned depending on the actual development schedule in due course. The Board considers that the total investment costs for the Water Park is fair and reasonable having taking into account of the location, development costs and growth potential of the Water Park.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATIVE AGREEMENT

The Group currently operates a water park in Hainan, PRC and has been well perceived by the market and has cultivated a solid management team and developed operational experience in this area. The Group has always been seeking investment opportunities with growth potential. The Water Park is expected to be one of a kind in Cambodia. Taking into account of the climate of Cambodia, upon the development of the Water Park, it can be operated all year round in Cambodia and therefore enable the Group to extend its business footprint in Cambodia which is in line with the Group's long term business objective. The establishment of the JV Company and the development of the Water Park is also regarded as a strategic development milestone of the Group to further enhance the Group's tourism business. Accordingly, the Directors (including the independent non-executive Directors) consider that the investment in the JV Company by the Company and the transactions contemplated under the Cooperative Agreement have been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Cooperative Agreement and the investment in the JV Company are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios as set out in the Listing Rules in respect of the capital committed to the establishment of the JV Company are more than 5% but is less than 25%, the joint venture arrangement under the Cooperative Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Group is principally engaged in the manufacturing of upholstered furniture, furniture leather and automotive leather, property development and tourism business.

Cambo Guilincity is principally engaged in construction business in Cambodia.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Cambo Guilincity”	Cambo Guilincity Construction Engineering Corporation Co., Ltd., a company incorporated in Cambodia
“Company”	Kasen International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperative Agreement”	the cooperative agreement dated 26 January 2016 entered into between Zhejiang Kasen and Cambo Guilincity in relation to the formation of the JV Company by and between Zhejiang Kasen and Cambo Guilincity
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Company”	a joint venture company (tentatively to be named 金邊卡森水上樂園有限公司) to be established in Cambodia by Zhejiang Kasen and Cambo Guilincity in the shareholding of 70% and 30%, respectively for the purpose of the development of the Water Park
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency in the United States of America

“Water Park”	the water park located in Phnom Penh, Cambodia to be developed by the JV Company pursuant to the Cooperative Agreement
“Zhejiang Kasen”	浙江卡森實業集團有限公司(Zhejiang Kasen Industrial Group Co., Limited), a domestic company incorporated in the PRC and an indirect wholly owned subsidiary of the Company
“%”	per cent.

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

PRC, 26 January 2016

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Mr. Sun Hongyang and Mr. Zhang Mingfa, Michael; the non-executive Director is Mr. Qiu Jian Ping 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>