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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  
IN RELATION TO THE  
DISPOSAL OF 60% EQUITY INTEREST IN HANGZHOU  
ZOUTIANXIA INTERNATIONAL TRAVEL AGENCY CO., LTD.**

**THE DISPOSAL**

On 1 September 2017, the Vendor, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to transfer, and the Purchaser agreed to acquire, the Target Shares together with all rights, obligations and duties thereunder.

Upon completion of the Disposal, the Company will cease to hold any equity interest of the Target Company. The Target Company will cease to be a non-wholly owned subsidiary of the Company and its financial statements will no longer be consolidated in the consolidated financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% and all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Equity Transfer Agreement are set out below.

# PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

## Date

1 September 2017

## Parties

- (i) the Vendor, a wholly-owned subsidiary of the Company, as transferor; and
- (ii) the Purchaser, 杭州余悠電子商務有限公司 (Hangzhou Yuyou E-commerce Co., Ltd.\*), as transferee.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

## Disposal

Pursuant to the terms of the Equity Transfer Agreement, the Vendor agreed to transfer, and the Purchaser agreed to acquire, the Target Shares together with all rights, obligations and duties thereunder. The Target Shares represent approximately 60% of the equity interest in the Target Company as at the date of the Equity Transfer Agreement.

Within 30 business days upon receipt by the Vendor of the consideration for the Disposal, the parties to the Equity Transfer Agreement shall procure the Target Company to make and complete the registration of the transfer of the Target Shares pursuant to the Disposal. As at the date of this announcement, the registration of the transfer of the Target Shares pursuant to the Disposal has been completed.

## Consideration

The consideration for the Disposal is RMB4,086,000, and shall be payable by the Purchaser to the Vendor within 90 business days upon the entering of the Equity Transfer Agreement. As at the date of this announcement, all the consideration for the Disposal has been paid by the Purchaser in accordance with the Equity Transfer Agreement.

The consideration for the Disposal was determined based on arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to (i) the net asset value of the Target Company as at 1 September 2017; and (ii) the attributable interests pro rata to the Target Shares under the Disposal.

## Information on the Vendor, the Purchaser and the Target Company

The Vendor is a wholly-owned subsidiary of the Company and a company established in the PRC which is principally engaged in property investment holding in the PRC.

The Purchaser is a company established in the PRC which is principally engaged in E-commerce business in the PRC.

The Target Company was established in Hangzhou, the PRC in 2004 and is principally engaged in travel agency services in the PRC.

The financial information of the Target Company as extracted from the audited financial statements of the Target Company prepared in accordance with the International Accounting Standards, is summarised as follows:

	<b>For the year ended 31 December 2015 (audited) RMB'000</b>	<b>For the year ended 31 December 2016 (audited) RMB'000</b>	<b>For the eight months ended 31 August 2017 (unaudited) RMB'000</b>
Net profit/(loss) before taxation	(51)	408	17
Net profit/(loss) after taxation	(67)	407	11

The audited net asset value and total asset value of the Target Company as at 31 December 2016 were approximately RMB5,857,000 and RMB8,816,000, respectively.

The unaudited net asset value and total asset value of the Target Company as at 31 August 2017 as extracted from the unaudited financial statements of the Target Company as at 31 August 2017, were approximately RMB5,010,000 and RMB8,948,000, respectively.

## FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the carrying amount of the Company's interest in the Target Company as at 31 August 2017, the Group recorded a gain of approximately RMB1,080,000 (before tax) from the Disposal.

Upon completion of the Disposal, the Company will cease to hold any equity interest of the Target Company. The Target Company will cease to be a non-wholly owned subsidiary of the Company and its financial statements will no longer be consolidated in the consolidated financial statements of the Group.

Upon completion of the Disposal, the gross and net proceeds accrued from the consideration for the Disposal amounted to RMB4,086,000. The Board intends to apply the net proceeds from the Disposal as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of (a) manufacturing and trading of upholstered furniture, (b) property development, and (c) tourism resort-related business (comprising mainly tourism and/or resort related operation, operation of restaurant and hotel and provision of travel-related services) in the PRC.

The Company acquired the Target Shares in 2011 for the purpose to complement the development of its tourism business. However, the business effectiveness of the Target Company had never met the Company's initial expectation and it had not been enhancing the value of the Group's tourism business. Further, in mid-2017, the Company was informed by the minority shareholder of the Target Company that it would like to exit its investment in the Target Company. Accordingly, the Company entered into the Equity Transfer Agreement to dispose its 60% equity interest in the Target Company whilst at the same time the minority shareholder disposed its 40% equity interest in the Target Company.

Upon completion of the Disposal, the Group will be able to better re-allocate its resources to its overall business development to further enhance the value of the Company. Based on the above, the Directors consider that the terms of the Equity Transfer Agreement have been entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% and all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the reporting and announcement requirements in respect of the Disposal as required under Chapter 14 of the Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of the relevant Listing Rules. Accordingly, the Company mistakenly believed that the Disposal would not constitute notifiable transactions under the Listing Rules and hence had omitted to timely comply with the Listing Rules in respect of the Disposal as disclosed above.

## REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent. To prevent similar non-compliance from occurring in the future, the Company has taken the following measures and actions:

- (i) the company secretarial and legal department of the Company shall continue to oversee and monitor the Company's on-going compliance with the Listing Rules;
- (ii) the Company should conduct an internal training session to explain the relevant Listing Rules' requirements and the reporting procedures for notifiable transactions under the Listing Rules, and to emphasise the importance of identifying such transactions prior to execution; and
- (iii) the Company should, as and when appropriate and necessary, seek its external legal or other professional advice as to any action required to be taken in relation to any proposed transactions or events in the future.

Going forward, the Company will make such disclosure in a timely manner to ensure compliance with the Listing Rules.

## DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of the Directors
“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
“Director(s)”	director(s) of the Company
“Disposal”	the transfer by the Vendor, and the acquisition by the Purchaser, of the Target Shares together with all rights, obligations and duties thereunder, upon the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 1 September 2017 entered into by and between the Vendor and the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	杭州余悠電子商務有限公司 (Hangzhou Yuyou E-commerce Co., Ltd.*), a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	杭州走天下國際旅行社有限公司 (Hangzhou Zoutianxia International Travel Agency Co., Ltd.), a company established under the laws of the PRC
“Target Shares”	3,006,000 shares of the Target Company, representing approximately 60% equity interest in the Target Company as at the date of the Equity Transfer Agreement
“Vendor”	浙江卡森置業有限公司 (Zhejiang Kasen Property Development 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, 12 April 2018

*As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Ms. Zhou Xiaohong and Ms. Shen Jianhong 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>*

*\* for identification purposes only*