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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)

INSIDE INFORMATION

POTENTIAL INVESTMENT AND POTENTIAL LAND ACQUISITION IN THE STEUNG HAV INTERNATIONAL PORT AND SPECIAL ECONOMIC ZONE IN CAMBODIA

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that, on 12 April 2018, the Group entered into the Cooperation Agreements in relation to the Potential Investment and the Letter of Intent in relation to the Potential Land Acquisition.

The Cooperation Agreements is intended to set out the plan of cooperation between the parties to facilitate further and more detailed negotiations in relation to the Potential Investment. The detailed terms and conditions for the actual cooperation will be subject to further negotiation and to be agreed and confirmed in the definitive agreement(s) to be entered into by the parties. Further, the Potential Land Acquisition, may or may not proceed and that the Group has not entered into any binding agreement in relation to the Potential Land Acquisition as at the date of this announcement. Further announcement will be made by the Company as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Kasen International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

COOPERATION AGREEMENTS

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 12 April 2018, the Company entered into (i) a cooperation framework agreement (the “**Cooperation Framework Agreement**”); and (ii) a thermal power generation cooperation agreement (the “**Cooperation Agreement**”, and together with the Cooperation Framework Agreement, the “**Cooperation Agreements**”) with Attwood Investment Group Co., Ltd. (“**Attwood Investment**”) in relation to certain business cooperative opportunities.

Pursuant to the Cooperation Framework Agreement, the parties agreed to jointly cooperate for further investment within the Steung Hav International Port and Special Economic Zone (the “**Special Economic Zone**”), which has obtained an approval to develop a 50,000-ton deep-water terminal located in the Sihanoukville Province, Cambodia and owned, developed and operated by Attwood Investment and approved for heavy industrial development and power generation. In particular, Attwood Investment agreed to:

- (i) provide necessary assistance, including but not limited to the obtaining of the necessary governmental approvals, to the Company for its potential investment in the construction and operation of a heavy industrial park within the Special Economic Zone;
- (ii) provide necessary assistance to the Company for the Company to acquire the land required for the potential investment under the precondition of meeting local regulations within the Special Economic Zone; and
- (iii) provide necessary support to the Company in relation to the building of industrial facilities such as power plants within the Special Economic Zone.

Pursuant to the Cooperation Agreement, the parties further agreed to invest in thermal power generation within the Special Economic Zone and that:

- (i) the Company to explore for potential investment in thermal power plant through self-operated or cooperative operations within the Special Economic Zone, to provide electricity needs for the enterprises within the Special Economic Zone, with any excess to be sold to the local state, and at a price not lower than the general electricity supply price nearby the Special Economic Zone;
- (ii) Attwood Investment to provide assistance to the Company to apply for the necessary permit for it to supply electricity within the Special Economic Zone; and
- (iii) provided that the power supply capacity of the Company would meet the demand of the Special Economic Zone, Attwood Investment shall ensure that no other third parties will provide power supply services within the Special Economic Zone.

LETTER OF INTENT IN RELATION TO THE POTENTIAL LAND ACQUISITION

The Board is pleased to further announce that, on the same date as the entering of the Cooperation Agreements and on 12 April 2018, Zhejiang Kasen Industrial Group Co., Ltd. (“**Zhejiang Kasen**”), a wholly-owned subsidiary of the Company also entered into a letter of intent (the “**Letter of Intent**”) with Madam Oknha Lim Chhiv Ho (“**Ms. Lim**”), pursuant to which Ms. Lim agreed to sell, and Zhejiang Kasen agreed to purchase, a plot of land with a total site area of 800,000 square meters located in the Special Economic Zone (the “**Land**”) and wholly-owned by Ms. Lim as at the date of this announcement (the “**Potential Land Acquisition**”). Pursuant to the Letter of Intent, the parties agreed that the purchase price for the Potential Land Acquisition will be US\$30 per square meter, subject to the entering of the final definitive sale and purchase agreement. Upon the entering of the Letter of Intent, Zhejiang Kasen will pay an amount of US\$1,000,000 to Ms. Lim, the amount of which will be refunded in full to Zhejiang Kasen if the Potential Land Acquisition does not materialize on or before 1 October 2018.

The entering of the final definitive sale and purchase agreement in relation to the Potential Land Acquisition is conditional upon Zhejiang Kasen having obtained the necessary permit from the relevant local authority for it to conduct power generation, metal smelting and paper-making businesses, etc. within the Special Economic Zone. Upon the entering of the final definitive sale and purchase agreement, Ms. Lim shall cause to vacant the Land and deliver vacant possession to Zhejiang Kasen upon completion.

BINDING EFFECT

Save for provisions such as the provisions on payment of deposit, confidentiality and governing law, the other terms of the Cooperation Agreements and the Letter of Intent are not intended to be legally binding.

If the Company proceeds with the Potential Investment and the Potential Land Acquisition as contemplated under the Cooperation Agreements and the Letter of Intent, it will enter into legally binding agreement(s) with the respective counterparties accordingly.

INFORMATION OF ATTWOOD INVESTMENT AND MS. LIM

Attwood Investment is a company incorporated in Cambodia, principally engaged in the development and operation of the Special Economic Zone, and has absolute rights to provide all public and commercial services within the Special Economic Zone.

As at the date of this announcement, Attwood Investment is wholly-owned by Ms. Lim. Ms. Lim is an entrepreneur in Cambodia with investment in infrastructure development, property development, trading of consumer goods, leisure and hospitality industry in Cambodia for more than 30 years. Further, as at the date of this announcement, Ms. Lim is also indirectly interested in 15% of a non-wholly owned subsidiary of the Company. Accordingly, each of Attwood Investment and Ms. Lim is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE COOPERATION AGREEMENTS AND THE LETTER OF INTENT

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 People's Republic of China.

The Special Economic Zone is a 1,000 hectare special economic zone located on the coast of Chhak Kanmpong Som in the Sihanoukville Province, Cambodia, and perfectly positioned for agriculture processing, heavy industry and as an on-shore oil and gas supply base which allows for a low cost operations combined with port access. Taking into consideration of the anticipated evolution of the agriculture, heavy industry, mineral and the oil and gas sectors in Cambodia, the Company is of the view that the future development of the Special Economic Zone will be promising with great growth potential. Accordingly, the Board believes that with the implementation of the "One Belt and One Road" initiative of the People's Republic of China, operation of heavy industry in the Special Economic Zone with related supporting facilities and industrial entities through the entering of the Cooperation Agreements and the Letter of Intent will play a positive role in broadening the income stream for the Group in the long run, and is in the interests of the Company and its shareholders as a whole.

LISTING RULES' IMPLICATIONS

The Potential Land Acquisition, if materialised, will constitute a notifiable transaction of the Company under the Listing Rules. In addition, as at the date of this announcement, Ms. Lim is also indirectly interested in 15% of a non-wholly owned subsidiary of the Company. Accordingly, the Potential Land Acquisition, if materialised, will also constitute a connected transaction for the Company under the Listing Rules. The Company will make further announcement in relation to the development of the Potential Land Acquisition, as and when appropriate pursuant to the Listing Rules.

The Cooperation Agreements is intended to set out the plan of cooperation between the parties to facilitate further and more detailed negotiations in relation to the Potential Investment. The detailed terms and conditions for the actual cooperation will be subject to further negotiation and to be agreed and confirmed in the definitive agreement(s) to be entered into by the parties. Further, the Potential Land Acquisition, may or may not proceed and that the Group has not entered into any binding agreement in relation to the Potential Land Acquisition as at the date of this announcement. Further announcement will be made by the Company as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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*