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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 PURCHASE OF EQUIPMENT

The Board is pleased to announce that on 24 April 2018, Zhejiang Kasen, a wholly-owned subsidiary of the Company, entered into the Equipment Purchase Agreement with the Vendor, pursuant to which Zhejiang Kasen agreed to purchase and the Vendor agreed to sell the Equipment at the Consideration of RMB218,000,000 (equivalent to HK\$272,125,827).

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the transaction contemplated under the Equipment Purchase Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 24 April 2018, Zhejiang Kasen, a wholly-owned subsidiary of the Company, entered into the Equipment Purchase Agreement with the Vendor, pursuant to which Zhejiang Kasen agreed to purchase and the Vendor agreed to sell the Equipment at the Consideration of RMB218,000,000 (equivalent to HK\$272,125,827).

THE EQUIPMENT PURCHASE AGREEMENT

Date

24 April 2018

Parties involved

- (1) Zhejiang Kasen, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and
- (2) the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

Subject matter

Pursuant to the Equipment Purchase Agreement, Zhejiang Kasen shall purchase the Equipment, which consists of two sets of 300 mega-watts coal-fired generators together with certain ancillary components, from the Vendor.

Consideration and payment terms

The total consideration (the "**Consideration**") under the Equipment Purchase Agreement is RMB218,000,000 (equivalent to HK\$272,125,827) which is payable by Zhejiang Kasen to the Vendor in the following manner:

- (i) RMB90,000,000, being the first payment of the Consideration, shall be payable before 25 April 2018;
- (ii) RMB68,000,000, being the second payment of the Consideration, shall be payable before 25 May 2018; and
- (iii) RMB60,000,000, being the remaining balance of the Consideration, shall be payable before 30 June 2018.

The Consideration was determined after arm's length negotiations between the parties based on normal commercial terms, taking into account the prevailing market price of similar equipment and the Directors consider that the Consideration is fair and reasonable. The Consideration will be satisfied by the internal resources of the Group.

Demolition of the Equipment

Pursuant to the Equipment Purchase Agreement, Zhejiang Kasen shall arrange the demolition of the Equipment at the Vendor's facility at its own costs before 30 July 2019. Prior to the actual demolition, Zhejiang Kasen shall submit to the Vendor of the demolition plan for its approval and the actual demolition shall not commence until the demolition plan is being approved by the Vendor. Further, any damage or accidents caused to the Vendor's facilities as a result of the demolition shall be borne by Zhejiang Kasen, who will also be responsible for all applicable restoration work (if necessary).

Guarantee Payment

Pursuant to the Equipment Purchase Agreement, it is agreed that a sum of RMB5,000,000 (the “**Guarantee**”) will be payable by Zhejiang Kasen to the Vendor as guarantee within three (3) business days upon the entering of the Equipment Purchase Agreement. The Guarantee will be refunded to Zhejiang Kasen in full upon completion of the demolition of the Equipment and provided that no breach of any terms of the Equipment Purchase Agreement has occurred during the course of the demolition.

REASONS FOR THE ENTERING OF THE EQUIPMENT PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 12 April 2018 in relation to, among others, the entering of the cooperation agreements with Attwood Investment Group Co., Ltd. in relation to the potential investment by the Company in developing a thermal power plant within the Steung Hav International Port and Special Economic Zone in Cambodia. The Equipment to be procured pursuant to the Equipment Purchase Agreement will be used in such power plant. While the development of the power plant by the Group is still subject to the obtaining of the necessary government approval, the Equipment that is available for procurement from the Vendor is not something commonly found within the market. After assessing the Consideration with reference to the prevailing market price of similar equipment, the Company takes the view that it would be best to seize the opportunity to procure the Equipment from the Vendor pursuant to the Equipment Purchase Agreement. Upon the necessary government approval being obtained for the development of the thermal power plant by the Group, the Group will then be able to proceed with minimal delay. Accordingly, the Directors consider that the transaction contemplated under the Equipment Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

GENERAL

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.

Zhejiang Kasen is a company established in the PRC and principally engaged in research, development, production and sales of furniture leather.

The Vendor is a company established in the PRC and principally engaged in recycling and sales of waste materials and sales of machinery and equipment.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the transaction contemplated under the Equipment Purchase Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of 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
“Directors”	the director(s) of the Company
“Equipment”	the equipment to be purchased under the Equipment Purchase Agreement which consists of two sets of 300 mega-watts coal-fired generators together with certain ancillary components
“Equipment Purchase Agreement”	the agreement dated 24 April 2018 entered into between Zhejiang Kasen and the Vendor in relation to the purchase of the Equipment
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary shares of the Company with a par value of US\$0.00015 each
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Fujian Guo Ming Materials Recycling Co., Ltd. (福建國銘物資回收有限公司), a company established in the PRC
“Zhejiang Kasen”	Zhejiang Kasen Industrial Group Co., Ltd. (浙江卡森實業集團有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company

For illustration purpose, amounts in RMB have been translated into HK\$ at RMB1.00 = HK\$0.8011.

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

PRC, 24 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 illustration purpose only*