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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 AND CONNECTED TRANSACTION

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

Reference is made to the announcements of the Company dated 12 April 2018, 24 April 2018, 18 May 2018 and 23 May 2018 in relation to the Company's potential investment in the Special Economic Zone, the Equipment Purchase and the Previous Land Acquisition.

AGENCY AGREEMENT

The Board announces that on 5 July 2018, Kasen Cambodia (a wholly-owned subsidiary of the Company) and Ms. Lim entered into the Agency Agreement pursuant to which Kasen Cambodia has agreed to entrust Ms. Lim to procure the acquisition of the Land for and on its behalf at a consideration of US\$3,000,000. The Land to be acquired pursuant to the Agency Agreement will be used for development of approved industrial project in the Special Economic Zone by the holding company of Kasen Cambodia.

LISTING RULES IMPLICATIONS

Discloseable transaction

As one of the applicable percentage ratios as set out in the Listing Rules in respect of the Land Acquisition (when aggregated with the Equipment Purchase and the Previous Land Acquisition) is more than 5% but less than 25%, the Land Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of the Agency Agreement, Ms. Lim is indirectly interested in 15% of a non-wholly owned subsidiary of the Company, and thus a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. The entering into of the Agency Agreement and the Land Acquisition contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) Ms. Lim is only a connected person at the subsidiary level; (ii) the Land Acquisition is on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Land Acquisition; and (iv) the independent non-executive Directors have confirmed that the terms of the Land Acquisition are fair and reasonable, the Land Acquisition is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the Land Acquisition is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the proposed Land Acquisition is subject to the successful acquisition of the Land by Ms. Lim, the proposed Land Acquisition may or may not materialize, Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcements of the Company dated 12 April 2018, 24 April 2018, 18 May 2018 and 23 May 2018 in relation to the Company's potential investment in the Special Economic Zone, the Equipment Purchase and the Previous Land Acquisition.

The Board announces that on 5 July 2018, Kasen Cambodia (a wholly-owned subsidiary of the Company) and Ms. Lim entered into the Agency Agreement pursuant to which Kasen Cambodia has agreed to entrust Ms. Lim to procure the acquisition of the Land for and on its behalf at a consideration of US\$3,000,000.

AGENCY AGREEMENT

Date: 5 July 2018

Parties: 1. Kasen Cambodia, as purchaser; and
2. Ms. Lim, as agent.

As at the date of the Agency Agreement, Ms. Lim is indirectly interested in 15% of a non-wholly owned subsidiary of the Company, and thus a connected person at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

Land to be acquired

Pursuant to the Agency Agreement, Kasen Cambodia has agreed to entrust Ms. Lim to procure the acquisition of the Land for and on its behalf, and Ms. Lim has agreed to acquire for and on the behalf of Kasen Cambodia of all rights, title and interest in the Land, at a consideration of US\$3,000,000, representing US\$30 per square meter.

As at the date of the Agency Agreement, the Land is owned by one Cambodian individual (the “**Land Owner**”). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Land Owner is a third party independent of the Company and its connected persons.

Pursuant to the Agency Agreement, Ms. Lim agreed that:

- (i) it will acquire, or procure to acquire, all interest of the Land from the Land Owner and to transfer the legal title together with all rights, title and interest of the Land to Kasen Cambodia within two (2) months upon the entering of the Agency Agreement (i.e. 4 September 2018);
- (ii) if the Land Acquisition cannot be completed within two (2) months upon the entering of the Agency Agreement (i.e. 4 September 2018), the Agency Agreement and the Land Acquisition as contemplated thereunder will be terminated and pursuant to which Ms. Lim shall refund all amount paid by Kasen Cambodia pursuant to Agency Agreement to Kasen Cambodia; and
- (iii) if any portion of the Land acquired by Ms. Lim on behalf of Kasen Cambodia pursuant to the Agency Agreement is found to bear encumbrance, Ms. Lim shall refund the respective proportion of the consideration paid by Kasen Cambodia for such portion of the Land to Kasen Cambodia.

Consideration

The consideration for the Land Acquisition is US\$3,000,000, which shall be payable in the following manner:

- (a) US\$1,000,000 shall be payable in cash by Kasen Cambodia to Ms. Lim before 23 July 2018; and
- (b) US\$2,000,000 representing the remaining portion of the consideration for the Land Acquisition shall be payable in cash by Kasen Cambodia to Ms. Lim within 15 business days upon the completion of the transfer the legal title of the Land to Kasen Cambodia or the company as designated by Kasen Cambodia.

The consideration for the Land Acquisition was determined after arm's length negotiations between the parties with reference to the market prices of other land proximate to the Land, and will be funded by internal resources of the Group.

In the event that Kasen Cambodia (or its designated company) fails to fulfil its payment obligations according to the payment deadline as stipulated under the Agency Agreement, a daily default payment of 0.0003% of the outstanding consideration will be charged and payable by Kasen Cambodia to Ms. Lim.

Completion

Completion of the Land Acquisition shall take place within two (2) months upon the entering of the Agency Agreement. On completion, vacant possession of the Land shall be deemed to have been handed over by Ms. Lim to Kasen Cambodia or the company as designated by Kasen Cambodia.

INFORMATION ABOUT THE LAND

The Land, which consists of around one plot of land located at Kom Penh sub-district, Steung Hav district, which is connected to the Special Economic Zone, Cambodia with a total site area of approximately 100,000 square meters and is held by the Land Owner as at the date of this announcement. The Land is linked to the land as referred in the Potential Land Acquisition announced by the Company on 12 April 2018, The Land is currently vacant and is permitted for agricultural use. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Land is free from all leases, encumbrances or third party rights.

Upon completion of the transfer of the titles of the Land to Kasen Cambodia, Kasen Cambodia will apply for a change of the permitted use of the Land at a cost of approximately US\$5,000. It is currently anticipated that the Land will be utilised as land reserve and will be used for development of approved industrial project to accompany the Company's potential investment at the Special Economic Zone.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

Reference is made to the announcements of the Company dated 12 April 2018, 18 May 2018 and 23 May 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 Special Economic Zone and the potential equity investment by the Company in Attwood Investment Group Co., Ltd. It is currently contemplated that the Land to be acquired pursuant to the Agency Agreement will be used for development of approved industrial project in the Special Economic Zone. The Land is located at an advantageous location between the Special Economic Zone and seashore. After assessing the consideration with reference to the market prices of other land proximate to the Land, the Directors consider that the terms and conditions under the Agency Agreement is fair and reasonable.

Further, taking into consideration of the familiarity of the Cambodia market possessed by Ms. Lim, the Directors (including the independent non-executive Directors) consider that the Land Acquisition have been made on normal commercial terms and in the ordinary and usual course of business of the Group and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Land Acquisition are in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, KASEN CAMBODIA AND MS. LIM

The Company, through its subsidiaries, is principally engaged in the businesses of (a) provisions of tourism and/or resort related business, restaurant, hotel operations and provisions of travel related services; (b) property development; and (c) manufacture and trade of upholstered furniture in the PRC.

Kasen Cambodia, a wholly-owned subsidiary of the Company incorporated in Cambodia principally engaged in investment holding.

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.

LISTING RULES IMPLICATIONS

Discloseable transaction

As one of the applicable percentage ratios as set out in the Listing Rules in respect of the Land Acquisition (when aggregated with the Equipment Purchase and the Previous Land Acquisition) is more than 5% but less than 25%, the Land Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of the Agency Agreement, Ms. Lim is indirectly interested in 15% of a non-wholly owned subsidiary of the Company, and thus a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. The entering into of the Agency Agreement and the Land Acquisition contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) Ms. Lim is only a connected person at the subsidiary level; (ii) the Land Acquisition is on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Land Acquisition; and (iv) the independent non-executive Directors have confirmed that the terms of the Land Acquisition are fair and reasonable, the Land Acquisition is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the Land Acquisition is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors have further confirmed that none of them has a material interest in the Land Acquisition.

As completion of the proposed Land Acquisition is subject to the successful acquisition of the Land by Ms. Lim, the proposed Land Acquisition may or may not materialize, Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

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| “Agency Agreement” | the agreement dated 5 July 2018 entered into by and between Kasen Cambodia and Ms. Lim in relation to the Land Acquisition |
| “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 |
| “Director(s)” | director(s) of the Company |
| “Equipment Purchase” | the purchase of two sets of 300 mega-watts coalfired generators together with certain ancillary components pursuant to an agreement dated 24 April 2018. For further details, please refer to the announcement of the Company dated 24 April 2018 |
| “Group” | the Company and its subsidiaries |
| “Kasen Cambodia” | Kasen International Eco-Manufacture Co., Ltd., a company incorporated in Cambodia and a wholly-owned subsidiary of the Company |
| “Land” | one plot of land located at Kom Penh subdistrict, Steung Hav district, Cambodia with a total site area of approximately 100,000 square meters |
| “Land Acquisition” | the acquisition of the Land by Kasen Cambodia pursuant to the Agency Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Ms. Lim” | Madam Oknha Lim Chhiv Ho |
| “PRC” | People’s Republic of China |
| “Previous Land Acquisition” | the purchase of land located at Kom Penh subdistrict, Steung Hav district, Cambodia pursuant to an agreement dated 23 May 2018 entered into by Fun Waterpark Co., Ltd., a company established in Cambodia and an indirect non-wholly owned subsidiary of the Company together with Ms. Lim |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Special Economic Zone” | the Steung Hav International Port and Special Economic Zone, being a 1,000 hectare special economic zone located on the coast of Chhak Kanmpong Som in the Sihanoukville Province, Cambodia |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “US\$” | United States dollars, the lawful currency in the United States of America |
| “%” | per cent. |

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

PRC, 5 July 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>