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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)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

This announcement is made by Kasen International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis for the purpose of keeping the shareholders and potential investors of the Company informed of the latest business development of the Group.

STRATEGIC COOPERATION AGREEMENT

The board of directors (the “**Board**”) of the Company is pleased to announce that on 13 July 2018, Zhejiang Kasen Industrial Group Company Limited (浙江卡森實業集團有限公司) (“**Zhejiang Kasen**”), a wholly-owned subsidiary of the Company, entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with Power China International Group Limited (中國電建集團國際工程有限公司) (“**Power China**”) to create a strategic cooperation relationship between the parties.

Pursuant to the Strategic Cooperation Agreement, the parties have agreed, among other things, the following:

- (1) Zhejiang Kasen will leverage on its investment advantages in overseas industrial areas, energy sector, heavy industries and infrastructural facilities while Power China will leverage on its market advantage in planning, design, construction, operations and management to deepen their international businesses cooperation in relation to potential infrastructural projects;
- (2) Power China will make use of its extensive overseas experience and network to provide Zhejiang Kasen priority with information about overseas projects opportunity so that Zhejiang Kasen could invest in them as it thinks fit. Power China shall be the main EPC (Engineering Procurement Construction) contractor and be responsible for any construction and financing work arising out of the project subject to relevant laws and regulations;
- (3) both parties will maintain close communication to select projects suitable for joint development within the Asia region, being their primary key cooperation area;

- (4) Zhejiang Kasen will give Power China priority to act as the main contractor for projects developed on its own or obtained through bidding subject to relevant requirements imposed by the country where the project is located; and
- (5) Power China will provide planning, design, construction, financing and operations services for Zhejiang Kasen's projects in the parties' key cooperation areas.

The Strategic Cooperation Agreement sets out the framework for the cooperation between the parties. Upon the relevant cooperative projects being identified, the parties will further negotiate on the detailed terms for cooperation and separate definitive agreement will be entered into by the parties thereon.

INFORMATION OF THE PARTIES

Zhejiang Kasen is a company established in the People's Republic of China (the "PRC") with limited liability and a wholly-owned subsidiary of the Company. Zhejiang Kasen is principally engaged in the manufacturing of upholstered furniture and the provision of resources and services for tourism.

Power China is the headquarters and core enterprise of the group construction of the international business of Power Construction Corporation of China, which is a central enterprise directly under the State Council of China. In 2017, it ranked 190th in Fortune Global 500 and was listed 6th and 11th in Top 250 Global Engineering Contractors and Top 250 International Engineering Contractors, respectively, by Engineering News Record (ENR). It ranks the first in the world in power construction and is the world's largest power engineering contractor. It is also one of the leading enterprises participating the construction of "One Belt, One Road" initiatives. Power China is principally engaged in providing a range of services including consulting, design, procurement, financing, construction, operations and management for infrastructural development mainly in Asia and Africa.

REASONS AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

Zhejiang Kasen is committed to building its brand as the PRC's top provider of resources and services for tourism and is currently operating multiple hotels and resorts. The Group is also recently actively exploring for other opportunities in Asia (e.g. Cambodia) to further enhance its revenue stream. Zhejiang Kasen has also established a wholly-owned subsidiary, Kasen International Eco-manufacture Co. Ltd. ("**Kasen Cambodia**"), in Cambodia. Kasen Cambodia will act as the principal investment channel for the Group's investment and development in the Steung Hav International Port and Special Economic Zone in Cambodia, and has entered into an agreement on 10 July 2018 to establish a joint venture for the development of a thermal power project within the zone.

The entering into the Strategic Cooperation Agreement between Zhejiang Kasen and Power China will bring in tremendous mutual benefits to both parties and will leverage their respective advantages and core competencies in the Cambodian infrastructural sector, which is in line with the PRC's "One Belt, One Road" initiative and its "Going Out" strategy.

The Strategic Cooperation Agreement enables both parties to jointly invest and develop projects where their relative strengths and advantages could come into use and complement each other. Zhejiang Kasen and Power China will also actively explore potential projects in the Asian market, which could facilitate Zhejiang Kasen to develop new businesses, like the power project, etc. and to further enhance the Group's revenue stream and broaden return to its shareholders. The Company is of the view that the entering of the Strategic Cooperation Agreement is fair and reasonable and in the interest of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

The entering into of the Strategic Cooperation Agreement by Zhejiang Kasen does not constitute any notifiable transaction of the Company under Chapter 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") or a connected transaction of the Company under Chapter 14A of the Listing Rules.

Should Zhejiang Kasen enter into a separate definitive agreement with Power China, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

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

PRC, 13 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>