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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)**

**(1) DISCLOSEABLE TRANSACTION IN RELATION TO  
THE 2018 HHD MASTER AGREEMENT;  
(2) DISCLOSEABLE TRANSACTION AND CONTINUING  
CONNECTED TRANSACTION IN RELATION TO  
THE 2018 CCT MASTER AGREEMENT;  
AND  
(3) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE 2018 HAINING RENEWAL AGREEMENT  
AND THE 2018 LINGJIA AGREEMENT**

References are made to the announcement of the Company dated 12 September 2016 in relation to, among other things, the 2016 HHD Master Agreement and the 2016 CCT Master Agreement; and the announcement of the Company dated 28 November 2016 in relation to, among other things, the 2016 Haining Renewal Agreement and the 2016 Lingjia Agreement.

**THE 2018 HHD MASTER AGREEMENT**

As the 2016 HHD Master Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company, Hero Time and Haining Home Direct entered into the 2018 HHD Master Agreement, pursuant to which, among others, the Group agreed to provide the HHD Master Guarantee, and Hero Time agreed to provide the HHD Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to Haining Home Direct in the HHD Guarantee Amount of up to RMB374.1 million for the period from 1 January 2019 to 31 December 2021 (both days inclusive), subject to the terms and conditions of the 2018 HHD Master Agreement.

## **THE 2018 CCT MASTER AGREEMENT**

As the 2016 CCT Master Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company, the CCT Counter Guarantors and the CCT Group entered into the 2018 CCT Master Agreement, pursuant to which, among others, the Group agreed to provide the CCT Master Guarantee, and each of the CCT Counter Guarantors agreed to jointly and severally provide the CCT Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to the CCT Group in respect of the annual caps of up to RMB394.8 million for each of the three financial years ending 31 December 2021, subject to the terms and conditions of the 2018 CCT Master Agreement.

## **THE 2018 HAINING RENEWAL AGREEMENT**

As the 2016 Haining Renewal Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company and Haining Yujie entered into the 2018 Haining Renewal Agreement for the sale of certain production wastes by the Group to Haining Yujie for a fixed term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

## **THE 2018 LINGJIA AGREEMENT**

As the 2016 Lingjia Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company and Lingjia New Material entered into the 2018 Lingjia Agreement for the purchase of certain raw materials for production of upholstered furniture by the Group from Lingjia New Material and its subsidiaries for a fixed term of three years commencing from 1 January 2019 and ending on 31 December 2021 (both days inclusive).

## **LISTING RULES IMPLICATIONS**

### **The 2018 HHD Master Agreement**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the provision of the HHD Guarantee Amount under the 2018 HHD Master Agreement are more than 5% but all are less than 25%, the transactions under the 2018 HHD Master Agreement constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **The 2018 CCT Master Agreement**

As at the date of this announcement, each of Haining Kasen Leather, Haining Schinder and Dafeng Huasheng are non-wholly owned subsidiaries of Lingjia New Material and Lingjia New Material is wholly owned by Ms. Zhu Jiayun and Ms. Zhu Lingren. Mr. Zhu is a Director and the controlling shareholder of the Company, and Ms. Zhu Jiayun and Ms. Zhu Lingren are the daughters of Mr. Zhu. Therefore, each of Lingjia New Material, Haining Kasen Leather, Haining Schinder and Dafeng Huasheng is an associate of Mr. Zhu, and is a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps under the 2018 CCT Master Agreement, on an annual basis, are higher than 5%, the transactions under the 2018 CCT Master Agreement constitute a non-exempt continuing connected transaction for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the annual caps under the 2018 CCT Master Agreement, on an annual basis, exceed 5% but all are less than 25%, the transactions under the 2018 CCT Master Agreement also constitute a discloseable transaction for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhu, no Shareholder has any material interest in the 2018 CCT Master Agreement and the transactions contemplated thereunder. Mr. Zhu and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the 2018 CCT Master Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the 2018 CCT Master Agreement and the transactions contemplated thereunder, including the annual caps, at the EGM.

## **The 2018 Haining Renewal Agreement**

As at the date of this announcement, Haining Yujie is a subsidiary of Sunbridge, and Sunbridge is a company in which Mr. Zhu, an executive Director and the controlling Shareholder of the Company, directly and indirectly holds approximately 30% of the voting power in its general meeting. Haining Yujie is therefore an associate of Mr. Zhu, and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2018 Haining Renewal Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the annual caps under the 2018 Haining Renewal Agreement are more than 0.1% but all are less than 5%, the transactions under the 2018 Haining Renewal Agreement are only subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **The 2018 Lingjia Agreement**

As at the date of this announcement, Lingjia New Material is wholly-owned by Ms. Zhu Jiayun and Ms. Zhu Lingren, the daughters of Mr. Zhu, who is an executive Director and the controlling Shareholder of the Company. Ms. Zhu Jiayun and Ms. Zhu Lingren are therefore associates of Mr. Zhu, and hence Ms. Zhu Jiayun, Ms. Zhu Lingren and Lingjia New Material are connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2018 Lingjia Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the annual caps under the 2018 Lingjia Agreement are more than 0.1% but all are less than 5%, the transactions under the 2018 Lingjia Agreement are only subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the 2018 CCT Master Agreement and the transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) details of the 2018 CCT Master Agreement; (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 10 December 2018.

## **INTRODUCTION**

References are made to the announcement of the Company dated 12 September 2016 in relation to, among other things, the 2016 HHD Master Agreement and the 2016 CCT Master Agreement; and the announcement of the Company dated 28 November 2016 in relation to, among other things, the 2016 Haining Renewal Agreement and the 2016 Lingjia Agreement.

Reference is made to the announcements of the Company dated 1 February 2016 and 25 November 2016 and the circular of the Company dated 29 April 2016 in relation to the Disposal. On 1 February 2016, the Company, the Vendors, the Purchasers and Mr. Zhu entered into a disposal agreement, pursuant to which, among others, the Vendors agreed to sell and the Purchasers agreed to acquire the entire equity interest of the Disposal Group (the “**Disposal Agreement**”). Completion of the Disposal took place on 25 November 2016. Haining Home Direct and the CCT Group formed part of the Disposal Group under the Disposal Agreement.

With regard to the Group's general business operation and practice, on one hand, the Group, as guarantor, provided guarantee for the performance and repayment obligations of bank facilities to Haining Home Direct and the CCT Group which were pledged by the assets of the Group. On the other hand, Haining Home Direct and the CCT Group, as guarantors, provided guarantee for the performance and repayment obligations of bank facilities to the Group. Details of the said guaranteed bank facilities and loans drawdown up to 31 October 2018 are summarized as follows:–

	Facility Amount		Guarantee with Asset Pledge		Guarantee	
	Total Amount <i>(Approximate RMB'million)</i>	Actual Drawdown <i>(Approximate RMB'million)</i>	Total Amount <i>(Approximate RMB'million)</i>	Actual Drawdown <i>(Approximate RMB'million)</i>	Total Amount <i>(Approximate RMB'million)</i>	Actual Drawdown <i>(Approximate RMB'million)</i>
<b>Haining Home Direct</b>						
Bank facilities to Haining Home Direct	355.5	294.3	305.5	244.3	50.0	50.0
<b>The CCT Group</b>						
Bank facilities to the CCT Group	375.2	258.5	285.2	168.5	90.0	90.0
<b>The Group</b>						
Bank facilities to the Group by Haining Home Direct and the CCT Group	729.8	639.8	–	–	729.8	639.8
Bank facilities to the Group by a subsidiary of the Company and the CCT Group	45.0	45.0	–	–	45.0	45.0

The assets provided by the Group for the above guarantee included land use rights, properties and equity investment.

Save for the above, the Group neither provided any guarantee to the remaining companies under the Disposal Group or vice versa.

On 23 May 2016, the Vendors, the Company and Hero Time (being a nominee of the Purchasers to the Disposal Agreement) entered into a share transfer agreement, pursuant to which, among others, the Vendors agreed to sell and Hero Time agreed to acquire the entire equity interest of Haining Home Direct (the “**Share Transfer**”), major terms of which were determined in line with that under the Disposal Agreement. On the same date, the Vendors, Haining Home Direct and Hero Time entered into a transfer of control agreement, pursuant to which the Vendors agreed to transfer the controlling rights of Haining Home Direct to Hero Time (the “**Transfer of Controlling Rights**”). As at 23 May 2016, the Transfer of Controlling Rights was completed and the financial results of Haining Home Direct was de-consolidated from the Group's financial statements. The provision of guarantee and asset pledge by the Group in favour of Haining Home Direct constitutes a notifiable transaction for the Company while the provision of guarantee by Haining Home Direct in favor of the Group does not constitute a transaction for the Company under the Listing Rules.

In view of the above, the Company had on 12 September 2016 entered into the 2016 HHD Master Agreement and the 2016 CCT Master Agreement to govern the said provision of guarantees and asset pledge after completion of the Disposal.

## **THE 2018 HHD MASTER AGREEMENT**

As the 2016 HHD Master Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company, Hero Time and Haining Home Direct entered into the 2018 HHD Master Agreement pursuant to which, among others, the Group agreed to provide the HHD Master Guarantee, and Hero Time agreed to provide the HHD Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to Haining Home Direct in the HHD Guarantee Amount of up to RMB374.1 million, subject to the terms and conditions of the 2018 HHD Master Agreement.

### **Principal terms of the 2018 HHD Master Agreement**

- Date: 20 November 2018
- Parties: (1) the Company;
- (2) Hero Time; and
- (3) Haining Home Direct.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hero Time and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

### ***Subject matter***

Pursuant to the 2018 HHD Master Agreement, the Group agreed to provide the HHD Master Guarantee, and Hero Time agreed to provide the HHD Counter Guarantee in respect of the HHD Guarantee Amount of up to RMB374.1 million.

The HHD Guarantee Amount was determined after arm's length negotiations between the Company and Hero Time with reference to, among others, the existing bank facilities of RMB355.5 million guaranteed by the Group to Haining Home Direct and the associated costs, without limitation to interest payment.

### ***Consideration***

Neither the Company nor Hero Time will receive any fee or commission from providing the HHD Master Guarantee and the HHD Counter Guarantee respectively.

### ***Guarantee period***

The HHD Master Guarantee and the HHD Counter Guarantee shall become effective from 1 January 2019 and expire on 31 December 2021 (the “**HHD Guarantee Period**”).

### ***Collateral***

The Company agreed to continue to provide guarantee and pledge the Group’s assets for the HHD Guarantee Amount.

The HHD Counter Guarantee shall be secured by the assets of Hero Time, without limitation to the transfer of entire interest of Haining Home Direct upon completion of the Share Transfer.

### ***Effectiveness conditions***

No condition.

### ***Major representations and warranties of Hero Time***

The major representations and warranties of Hero Time are summarized as follows:–

- (i) Haining Home Direct together with the CCT Group shall continue to provide the guarantee for the bank facilities to the Group in an aggregate amount of RMB729.8 million during the HHD Guarantee Period and release of which shall be subject to the Company’s approval;
- (ii) without the written consent of the Group, Hero Time shall not create any mortgage, charge, pledge, lien, hypothecation or other arrangement whatsoever over or affecting any of the entire equity interest of Haining Home Direct during the HHD Guarantee Period;
- (iii) without the written consent of the Group, Hero Time shall ensure that Haining Home Direct will not increase its total bank loans to the extent that exceed the guaranteed bank facilities of RMB355.5 million provided by the Group to Haining Home Direct during the HHD Guarantee Period;



- (iv) without the written consent of the Group, Haining Home Direct shall be conducted in the ordinary course of business consistent with the past practice and there shall have no material adverse change on the assets, liabilities, financial condition and operating condition of Haining Home Direct, without limitation to material acquisition and disposal and dividend distribution during the HHD Guarantee Period; and
- (v) Hero Time agrees to, at the request of the Company, provide any information of Haining Home Direct (including its financial statements) from time to time to the Company.

### **Information on parties to the 2018 HHD Master Agreement**

Hero Time is a company incorporated in the Republic of Seychelles with limited liability. Its principal business is investment holding.

Haining Home Direct is a company established in the PRC with limited liability and is principally engaged in the manufacturing of furniture leather in the PRC.

### **Reasons for and Benefits of the 2018 HHD Master Agreement**

Since the completion of the Disposal Agreement, the parties to the Disposal Agreement had exerted efforts to arrange for the discharge and release of all the guarantee obligations and liabilities of the Group in respect of the bank facilities to Haining Home Direct. However, despite various rounds of negotiation between the Group and the relevant banks in the PRC for the said discharge and release, the Group has yet to reach a consensus with the said banks to discharge and release all guarantee obligations and liabilities. The Directors consider that the continued provision of such guarantee by Haining Home Direct will enable the Group to operate stably in the short run without any material impact on the financial position of the Group.

The Directors believe that the Group is further protected and compensated by the HHD Counter Guarantee provided.

The Directors are also of the view that the provision of the HHD Master Guarantee under the 2018 HHD Master Agreement will not have any material adverse effect on the financial performance, assets and liabilities of the Group.

Having considered the above, the Company has decided to continue to provide the HHD Master Guarantee by entering into the 2018 HHD Master Agreement.

In view of the above, the Directors are of the view that the terms of the 2018 HHD Master Agreement are on normal commercial terms, fair and reasonable and the entering into the 2018 HHD Master Agreement is in the interests of the Company and its Shareholders as a whole.



## **THE 2018 CCT MASTER AGREEMENT**

As the 2016 CCT Master Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company, the CCT Counter Guarantors and the CCT Group entered into the 2018 CCT Master Agreement pursuant to which, among others, the Group agreed to provide the CCT Master Guarantee, and each of the CCT Counter Guarantors agreed to jointly and severally provide the CCT Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to the CCT Group up to the amount of the annual caps, subject to the terms and conditions of the 2018 CCT Master Agreement.

### **Principal terms of the 2018 CCT Master Agreement**

- Date: 20 November 2018
- Parties:
- (1) the Company;
  - (2) Mr. Zhu;
  - (3) Ms. Zhu Jiayun;
  - (4) Ms. Zhu Lingren;
  - (5) Lingjia New Material;
  - (6) Haining Kasen Leather;
  - (7) Haining Schinder; and
  - (8) Dafeng Huasheng.

As at the date of this announcement, each of Haining Kasen Leather, Haining Schinder and Dafeng Huasheng are non-wholly owned subsidiaries of Lingjia New Material and Lingjia New Material is wholly owned by Ms. Zhu Jiayun and Ms. Zhu Lingren. Mr. Zhu is a Director and the controlling shareholder of the Company, and Ms. Zhu Jiayun and Ms. Zhu Lingren are the daughters of Mr. Zhu. Therefore, each of Lingjia New Material, Haining Kasen Leather, Haining Schinder and Dafeng Huasheng is an associate of Mr. Zhu, and is a connected person of the Company under the Listing Rules.

### ***Subject matter***

Pursuant to the 2018 CCT Master Agreement, the Group agreed to provide the CCT Master Guarantee, and each of the CCT Counter Guarantors agreed to jointly and severally provide the CCT Counter Guarantee up to the amount of the annual caps as set out below, subject to the terms and conditions of the 2018 CCT Master Agreement.

### ***Annual caps***

The proposed annual caps for the three financial years ending 31 December 2021 (the “**CCT Guarantee Period**”) under the 2018 CCT Master Agreement are as follows:–

	<b>For the financial year ending 31 December 2019 RMB'million</b>	<b>For the financial year ending 31 December 2020 RMB'million</b>	<b>For the financial year ending 31 December 2021 RMB'million</b>
Maximum amount	394.8	394.8	394.8

The annual caps was determined after arm’s length negotiations between the Company and the CCT Counter Guarantors with reference to, among others, the existing bank facilities of RMB375.2 million guaranteed by the Group to the CCT Group and the associated costs, without limitation to interest payment.

### ***Consideration***

Neither the Company nor the CCT Counter Guarantors will receive any fee or commission from providing the CCT Master Guarantee and the CCT Counter Guarantee respectively.

### ***Effectiveness conditions***

The CCT Master Guarantee and the CCT Counter Guarantee shall become effective upon fulfillment of the following conditions:

- (i) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the 2018 CCT Master Agreement and the transactions contemplated thereunder having been obtained; and
- (ii) the obtaining of the Independent Shareholders’ approval for the 2018 CCT Master Agreement and the transactions contemplated thereunder in compliance with the Listing Rules.

None of the above conditions can be waived.

## ***Collateral***

The Company agreed to continue to provide guarantee and pledge the Group's assets for the CCT Master Guarantee.

## ***Major representations and warranties of the CCT Counter Guarantors***

The major representations and warranties of the CCT Counter Guarantors are summarized as follows:—

- (i) the CCT Group together with Haining Home Direct and a subsidiary of the Company shall continue to provide the guarantee for the bank facilities to the Group in an aggregate amount of RMB774.8 million during the CCT Guarantee Period and release of which shall be subject to the Company's approval;
- (ii) without the written consent of the Group, the CCT Counter Guarantors shall not create any mortgage, charge, pledge, lien, hypothecation or other arrangement whatsoever over or affecting any of the entire equity interest of the Disposal Group (other than Haining Home Direct) during the CCT Guarantee Period;
- (iii) without the written consent of the Group, the CCT Counter Guarantors shall ensure that the CCT Group will not increase their total bank loans to the extent that exceed the guaranteed bank facilities of RMB375.2 million provided by the Group to the CCT Group during the CCT Guarantee Period;
- (iv) without the written consent of the Group, the Disposal Group (other than Haining Home Direct) shall be conducted in the ordinary course of business consistent with the past practice and there shall have no material adverse change on the assets, liabilities, financial condition and operating condition of the Disposal Group (other than Haining Home Direct), without limitation to material acquisition and disposal and dividend distribution during the CCT Guarantee Period; and
- (v) the CCT Counter Guarantors agree to, at the request of the Company, provide any information of the CCT Group (including their financial statements) from time to time to the Company.

## **Information on parties to the 2018 CCT Master Agreement**

As at the date of this announcement, Mr. Zhu is a Director and the controlling shareholder of the Company; Ms. Zhu Jiayun and Ms. Zhu Lingren are the daughters of Mr. Zhu; and the CCT Group are non-wholly owned subsidiaries of Lingjia New Material, which is in turn wholly-owned by Ms. Zhu Jiayun and Ms. Zhu Lingren.

Lingjia New Material is a company established under the laws of the PRC with limited liability. Its principal business is research and development of new material.

Haining Kasen Leather is a company established in the PRC with limited liability and is principally engaged in the manufacturing of upholstered furniture and furniture leather in the PRC.

Haining Schinder is a company established in the PRC with limited liability and is principally engaged in the manufacturing of automotive leather.

Dafeng Huasheng is a company established in the PRC with limited liability and is principally engaged in the manufacturing of furniture leather in the PRC.

### **Reasons for and Benefits of the 2018 CCT Master Agreement**

Since the completion of the Disposal Agreement, the parties to the Disposal Agreement had exerted efforts to arrange for the discharge and release all the guarantee obligations and liabilities of the Group in respect of the bank facilities to the CCT Group. However, despite various rounds of negotiation between the Group and the relevant banks in the PRC for the said discharge and release, the Group has yet to reach a consensus with the said banks to discharge and release all guarantee obligations and liabilities. As at the date of this announcement, the CCT Group together with Haining Home Direct and a subsidiary of the Company provided guarantees in respect of bank facilities to the Group in an aggregate amount of RMB774.8 million. The Directors consider that the continued provision of such guarantee by the CCT Group will enable the Group to operate stably in the short run without any material impact on the financial position of the Group.

The Directors believe that the Group is further protected and compensated by the CCT Counter Guarantee provided.

The Directors are also of the view that the provision of the CCT Master Guarantee under the 2018 CCT Master Agreement will not have any material adverse effect on the financial performance, assets and liabilities of the Group.

Having considered the above, the Company has decided to continue to provide the CCT Master Guarantee by entering into the 2018 CCT Master Agreement.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2018 CCT Master Agreement are on normal commercial terms, fair and reasonable and the entering into the 2018 CCT Master Agreement is in the interests of the Company and its Shareholders as a whole.

## **THE 2018 HAINING RENEWAL AGREEMENT**

As the 2016 Haining Renewal Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company and Haining Yujie entered into the 2018 Haining Renewal Agreement for the sale of certain production wastes by the Group to Haining Yujie for a fixed term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

Details of the 2018 Haining Renewal Agreement are set out as follows:

### **Date**

20 November 2018

### **Parties**

- (i) the Company; and
- (ii) Haining Yujie

### **Subject Matter**

Pursuant to the 2018 Haining Renewal Agreement, the Company agreed that it will, and will procure its subsidiaries, to sell certain production wastes (including materials such as residue leather, used tubs, hair and fat) to Haining Yujie (the “**Haining Yujie Transactions**”) up to the amount of the annual caps and subject to the terms and conditions of the 2018 Haining Renewal Agreement.

The Company and Haining Yujie will enter into individual orders setting out specific terms of the Haining Yujie Transactions. The terms of the individual orders will be consistent with the principles and terms of the 2018 Haining Renewal Agreement. If there is any conflict between the terms of an individual order and the 2018 Haining Renewal Agreement, the latter shall prevail.

### **Term**

The 2018 Haining Renewal Agreement has a fixed term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

### **Pricing Policy**

As a general principle, the price and terms of the individual orders in respect of the Haining Yujie Transactions will be on normal commercial terms, negotiated on an arm’s length basis, on similar basis as the Group transacts business with other independent third party customers and shall be on terms which are no less favourable to the Group than those provided to independent third party customers.

Given that no direct comparable price from the market is available, subject to the general principle disclosed above, the Group's relevant personnel responsible for sales of production wastes will also take into account the following factors when determining the prices for the Haining Yujie Transactions: (i) the comparable market prices of the materials required for the Haining Yujie Transactions with reference to the type and weight of waste involved, in the case of cowhide, whether the cowhide are processed or not; and (ii) the expected costs to be incurred by the Group in providing such products.

The Group will evaluate and assess the scope of the relevant order and prepare a detailed cost calculation with reference to the cost of materials, products and labors. The evaluation and assessment of orders received and the preparation of costs calculations are mainly prepared by the Group's relevant team of personnel responsible for sales of production wastes and subject to final approval by the head of the sales department. Upon the finalization of the costs calculations, the price for the Haining Yujie Transactions specified under individual purchase order will be determined with reference to the type and quantity of materials required by Haining Yujie. Further, given that the Group has entered into the Haining Yujie Transactions with Haining Yujie for many years, price movement will also be regularly monitored by the Group.

The above factors will be considered by the Group's relevant team of personnel responsible for sales of production wastes in determining the selling prices for all products under the Haining Yujie Transactions and will be subject to the final approval of the head of the sales department of the Group. The senior manager of the Group's internal audit department will also supervise and monitor to ensure that the Haining Yujie Transactions are conducted in accordance with such pricing policy.

## **Payment**

Payment for the Haining Yujie Transactions will be settled by way of bank transfer at credit terms to be agreed by the parties in accordance with their respective normal terms of supplies to third parties.

## **Proposed Annual Caps and Historical Transaction Amounts**

It is proposed that the annual caps of the Haining Yujie Transactions for each of the three financial years ending 31 December 2021 will not exceed the following:

	<b>For the financial year ending 31 December 2019 RMB' million</b>	<b>For the financial year ending 31 December 2020 RMB' million</b>	<b>For the financial year ending 31 December 2021 RMB' million</b>
Maximum amount of the sale of production wastes	5	5	5

The proposed annual caps of the Haining Yujie Transactions are determined with reference to (i) the historical transaction amounts between Haining Yujie and the Group for the two years ended 31 December 2017 and the nine months ended 30 September 2018; (ii) the anticipated business volume of the Group taking into account the anticipated demand for production wastes; (iii) discussions between the management of the Company and Haining Yujie; and (iv) the anticipated demand of production wastes to be used by Haining Yujie taking into account the production plan of Haining Yujie for the next three financial years ending 31 December 2021, with reference to the annual consumption of production wastes in the previous years. The Company does not expect that there will be a significant increase in unit price of the production wastes to be sold to Haining Yujie in the three financial years ending 31 December 2021.

The historical transaction amounts between Haining Yujie and the Group for the two financial years ended 31 December 2017 and the nine months ended 30 September 2018 were as follows:

	<b>For the financial year ended 31 December 2016 RMB' million</b>	<b>For the financial year ended 31 December 2017 RMB' million</b>	<b>For the nine months ended 30 September 2018* RMB' million</b>
Sale of production wastes	2.59	1.80	1.44

\* *unaudited figures*

### **Information on Haining Yujie**

Haining Yujie is a company established under the laws of the PRC with limited liability. It is a recycling company which is principally engaged in dealing with different kind of wastes.

### **Reasons for and benefits of the 2018 Haining Renewal Agreement**

Haining Yujie is one of the largest recycling companies in Haining and is located near many of the Group's production facilities. By continuing to sell the Group's wastes to Haining Yujie, the Group is able to maintain an efficient management of its disposal logistics, and an effective supervision of its employees in the sale of production wastes.

The Directors (including the independent non-executive Directors) consider that the terms of the 2018 Haining Renewal Agreement (including the proposed annual caps) are entered into on normal commercial terms negotiated on an arm's length basis, and such terms are fair and reasonable and in the interest of the Group and the Shareholders as a whole.



## **THE 2018 LINGJIA AGREEMENT**

As the 2016 Lingjia Agreement will expire on 31 December 2018, on 20 November 2018 (after trading hours), the Company and Lingjia New Material entered into the 2018 Lingjia Agreement for the purchase of certain raw materials for production of upholstered furniture by the Group from Lingjia New Material and its subsidiaries for a fixed term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

Details of the 2018 Lingjia Agreement are set out as follows:

### **Date**

20 November 2018

### **Parties**

- (i) the Company; and
- (ii) Lingjia New Material

### **Subject Matter**

Pursuant to the 2018 Lingjia Agreement, the Company agreed that it will, and will procure its subsidiaries to purchase from Lingjia New Material and its subsidiaries certain raw materials for production of upholstered furniture (including materials such as sofa leather, faux leather and decorative fabrics) (the “**Lingjia Transactions**”) up to the amount of the annual caps and subject to the terms and conditions of the 2018 Lingjia Agreement.

The Company and Lingjia New Material will enter into individual orders setting out specific terms of the Lingjia Transactions. The terms of the individual orders will be consistent with the principles and terms of the 2018 Lingjia Agreement. If there is any conflict between the terms of an individual order and the 2018 Lingjia Agreement, the latter shall prevail.

### **Term**

The 2018 Lingjia Agreement has a fixed term commencing from 1 January 2019 and ending on 31 December 2021 (both days inclusive).

## **Pricing Policy**

As a general principle, the price and terms of the individual orders in respect of the Lingjia Transactions will be on normal commercial terms, negotiated on an arm's length basis, on similar basis as the Group transacts business with other independent third party suppliers and shall be on terms which are no less favourable to the Group than those provided by independent third party suppliers.

Subject to the general principle disclosed above, the Group will also take into account the following factors when determining the prices payable by the Group for the Lingjia Transactions: (i) the comparable market prices of similar products based on the raw materials or types of leather involved as well as information obtained through internal checks and research conducted by the Company; (ii) the quality and prices of the products offered by independent third party suppliers; and (iii) the expected costs to be incurred by Lingjia New Material in providing such products. In addition, the Group will also obtain market prices of the products through publicly available sources on an annual basis.

Given that none of the products under the 2018 Lingjia Agreement has a fixed unit price, in determining the purchase price for an individual order, the Group will invite quotations from at least one to two independent suppliers to get a reference on the prevailing market prices for the relevant products to be procured. Such quotations will be (i) reviewed and evaluated from both the technical and commercial perspectives by the Group's production and procurement departments and subject to the final approval by the Group's general manager of the production department; and (ii) compared against the quotation from Lingjia New Material to ensure that the products to be procured from Lingjia New Material are comparable to the prices for such products being offered by independent third parties. Upon receipt of the initial quotations from Lingjia New Material and the independent suppliers, the Group will then invite each of the suppliers to submit a revised offer based on preliminary feedback provided by the Group. The revised offers will then again be reviewed and evaluated from both the technical and commercial perspectives by the Group's production and procurement departments and compared with the offer of Lingjia New Material and purchases will only be made from Lingjia New Material if the price and terms offered are competitive and comparable and no less favourable to the Group than those offered by independent third party suppliers.

## **Payment**

Payment for the Lingjia Transactions will be settled in such manner as reasonably agreed between the parties.

## Proposed Annual Caps and Historical Transaction Amounts

It is proposed that the annual caps of the Lingjia Transactions for each of the three financial years ending on 31 December 2021 will not exceed the following:

	<b>For the financial year ending 31 December 2019 <i>RMB' million</i></b>	<b>For the financial year ending 31 December 2020 <i>RMB' million</i></b>	<b>For the financial year ending 31 December 2021 <i>RMB' million</i></b>
Maximum amount of raw materials to be purchased	70	70	70

The proposed annual caps of the Lingjia Transactions are determined with reference to (i) the original acquisition costs of such raw materials for Lingjia New Material and its subsidiaries; (ii) the anticipated business volume of the Group and the corresponding anticipated increases in demand for raw materials to carry out its businesses; and (iii) the discussions between the management of the Company and Lingjia New Material and its subsidiaries. The Company does not expect that there will be a significant increase in acquisition costs of the raw materials to be sold to the Company by Lingjia New Material and its subsidiaries for each of the three financial years ending on 31 December 2021.

The historical transaction amounts between Lingjia New Material and the Group for the two financial years ended 31 December 2017 and the nine months ended 30 September 2018 were as follows:

	<b>For the financial year ended 31 December 2016 <i>RMB' million</i></b>	<b>For the financial year ended 31 December 2017 <i>RMB' million</i></b>	<b>For the nine months ended 30 September 2018* <i>RMB' million</i></b>
Purchase of raw materials for production of upholstered furniture	12.74	39.40	40.58

\* *unaudited figures*

## **Reasons for and benefits of the 2018 Lingjia Agreement**

Lingjia New Material is a company established under the laws of the PRC with limited liability. Its principal business is research and development of new material. Owing to the nature of business of the Group, the Group requires a reliable supply of raw materials in order to meet the Group's operation needs for production of upholstered furniture. In view of the above, the Directors are of the view that the 2018 Lingjia Agreement will help the Group secure a stable supply of raw materials, thereby maintaining stability of its operations. It is also anticipated that the 2018 Lingjia Agreement will help the Group save time and costs incurred to identify other suitable suppliers.

The Directors (including the independent non-executive Directors) consider that the terms of the 2018 Lingjia Agreement (including the proposed annual caps) are entered into on normal commercial terms negotiated on an arm's length basis, and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

### **2018 HHD Master Agreement**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the provision of the HHD Guarantee Amount under the 2018 HHD Master Agreement are more than 5% but all are less than 25%, the transactions under the 2018 HHD Master Agreement constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **2018 CCT Master Agreement**

As at the date of this announcement, each of Haining Kasen Leather, Haining Schinder and Dafeng Huasheng are non-wholly owned subsidiaries of Lingjia New Material and Lingjia New Material is wholly owned by Ms. Zhu Jiayun and Ms. Zhu Lingren. Mr. Zhu is a Director and the controlling shareholder of the Company, and Ms. Zhu Jiayun and Ms. Zhu Lingren are the daughters of Mr. Zhu. Therefore, each of Lingjia New Material, Haining Kasen Leather, Haining Schinder and Dafeng Huasheng is an associate of Mr. Zhu, and is a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps under the 2018 CCT Master Agreement, on an annual basis, are higher than 5%, the transactions under the 2018 CCT Master Agreement constitute a non-exempt continuing connected transaction for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the annual caps under the 2018 CCT Master Agreement, on an annual basis, exceed 5% but all are less than 25%, the transactions under the 2018 CCT Master Agreement also constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhu, no Shareholder has any material interest in the 2018 CCT Master Agreement and the transactions contemplated thereunder. Mr. Zhu and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the 2018 CCT Master Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the 2018 CCT Master Agreement and the transactions contemplated thereunder, including the annual caps, at the EGM.

### **2018 Haining Renewal Agreement**

As at the date of this announcement, Haining Yujie is a subsidiary of Sunbridge, and Sunbridge is a company in which Mr. Zhu, an executive Director and the controlling Shareholder of the Company, directly and indirectly holds approximately 30% of the voting power in its general meeting. Haining Yujie is therefore an associate of Mr. Zhu, and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2018 Haining Renewal Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the annual caps under the 2018 Haining Renewal Agreement are more than 0.1% but all are less than 5%, the transactions under the 2018 Haining Renewal Agreement are only subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, as at the date of this announcement, none of the Directors, save for Mr. Zhu, has any material interests in the 2018 Haining Renewal Agreement and the transactions contemplated thereunder. As such, no Director, save for Mr. Zhu, is required to abstain from voting on the relevant board resolutions to approve the 2018 Haining Renewal Agreement.

### **2018 Lingjia Agreement**

As at the date of this announcement, Lingjia New Material is wholly-owned by Ms. Zhu Jiayun and Ms. Zhu Lingren, the daughters of Mr. Zhu, who is an executive Director and the controlling Shareholder of the Company. Ms. Zhu Jiayun and Ms. Zhu Lingren are therefore associates of Mr. Zhu, and hence Ms. Zhu Jiayun, Ms. Zhu Lingren and Lingjia New Material are connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the 2018 Lingjia Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the annual caps under the 2018 Lingjia Agreement are more than 0.1% but all are less than 5%, the transactions under the 2018 Lingjia Agreement are only subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, as at the date of this announcement, none of the Directors, save for Mr. Zhu and his associates, has any material interests in the 2018 Lingjia Agreement and the transactions contemplated thereunder. As such, no Director, save for Mr. Zhu, is required to abstain from voting on the relevant board resolutions to approve the 2018 Lingjia Agreement.

## **INFORMATION ON THE GROUP**

The Company, through its subsidiaries, is principally engaged in the businesses of (a) provisions of tourism 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.

## **INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS**

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by senior manager of the Group's internal audit department and the management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms, in accordance with the pricing policy of the Group for the relevant continuing connected transaction and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The senior manager of the Group's internal audit department and the management of the Group will conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable. The independent non-executive Directors would continue to review the transactions contemplated under the relevant continuing connected transaction and its auditors would also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the relevant continuing connected transaction have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the 2018 CCT Master Agreement and the transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) details of the 2018 CCT Master Agreement; (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 10 December 2018.

## DEFINITIONS

Unless otherwise stated, the capitalised terms used in this announcement have the following meanings:

“2016 CCT Master Agreement”	the master agreement dated 12 September 2016 entered into between the Company, the CCT Counter Guarantors and the CCT Group in relation to the provision of guarantee by the Group to the CCT Group and counter guarantee by the CCT Counter Guarantors to the Company
“2016 Haining Renewal Agreement”	the agreement dated 28 November 2016 entered into between the Company and Haining Yujie in relation to the sale of production wastes by the Group to Haining Yujie
“2016 HHD Master Agreement”	the master agreement dated 12 September 2016 entered into among the Company, Hero Time and Haining Home Direct in relation to the provision of certain guarantee by the Group to Haining Home Direct, and counter guarantee by Hero Time to the Company
“2016 Lingjia Agreement”	the agreement dated 28 November 2016 entered into between the Company and Lingjia New Material in relation to the purchase of certain raw materials for production of upholstered furniture by the Group from Lingjia New Material and its subsidiaries
“2018 CCT Master Agreement”	the master agreement dated 20 November 2018 entered into among the Company, the CCT Counter Guarantors and the CCT Group in relation to the CCT Master Guarantee and the CCT Counter Guarantee
“2018 Haining Renewal Agreement”	the agreement dated 20 November 2018 entered into between the Company and Haining Yujie in relation to the sale of production wastes by the Group to Haining Yujie
“2018 HHD Master Agreement”	the master agreement dated 20 November 2018 entered into among the Company, Hero Time and Haining Home Direct in relation to the HHD Master Guarantee and HHD Counter Guarantee
“2018 Lingjia Agreement”	the agreement dated 20 November 2018 entered into between the Company and Lingjia New Material in relation to the purchase of certain raw materials for production of upholstered furniture by the Group from Lingjia New Material and its subsidiaries



“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCT Counter Guarantee”	the counter guarantee provided by the CCT Counter Guarantors to fully indemnify the Company up to the amount of the annual caps under the 2018 CCT Master Agreement
“CCT Counter Guarantors”	collectively, Mr. Zhu, Ms. Zhu Jiayun, Ms. Zhu Lingren and Lingjia New Material
“CCT Group”	collectively, Haining Kasen Leather, Haining Schinder and Dafeng Huasheng, which formed part of the Disposal Group
“CCT Master Guarantee”	the guarantee provided by the Group to the CCT Group up to the amount of the annual caps under the 2018 CCT Master Agreement
“Company”	Kasen International Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Dafeng Huasheng”	鹽城市大豐華盛皮革有限公司 (Yancheng Dafeng Huasheng Leather Company Limited*), a company established under the laws of the PRC with limited liability and being part of the Disposal Group
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire interest of the Disposal Group by the Group to the Purchasers
“Disposal Group”	collectively, Haining Kasen Leather, Haining Schinder, Haining Home Direct, 海寧森美貿易有限公司 (Haining Senmei Trading Company Limited*), Dafeng Huasheng, 無極卡森實業有限公司 (Wuji Kasen Industrial Company Limited*) and 海寧卡森汽車內飾材料有限公司 (Haining Kasen Automotive Interior Materials Company Limited*)

“EGM”	the extraordinary general meeting to be held and convened by the Company to, amongst others, consider and, if thought fit, approve the 2018 CCT Master Agreement and the transaction contemplated thereunder, including the annual caps
“Group”	the Company and its subsidiaries
“Haining Home Direct”	海寧家值傢俬有限公司 (Haining Home Direct Furniture Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Haining Kasen Leather”	海寧卡森皮革有限公司 (Haining Kasen Leather Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Haining Schinder”	海寧森德皮革有限公司 (Haining Schinder Leather Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Haining Yujie”	海寧宇潔物資回收有限公司 (Haining Yujie Material Recycling Company Limited*), a company established in the PRC
“Hero Time”	Hero Time Ventures Limited, a company incorporated in the Republic of Seychelles with limited liability
“HHD Counter Guarantee”	the counter guarantee provided by Hero Time to fully indemnify the Company for the HHD Guarantee Amount
“HHD Guarantee Amount”	up to RMB374.1 million
“HHD Master Guarantee”	the guarantee provided by the Group to Haining Home Direct for the HHD Guarantee Amount
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, which has been formed for the purpose of advising the Independent Shareholders in respect of the 2018 CCT Master Agreement and the transactions contemplated thereunder

“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licenced to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2018 CCT Master Agreement and the transactions contemplated thereunder, including the annual caps thereunder
“Independent Shareholders”	Shareholders other than those who have material interest in the 2018 CCT Master Agreement and the transactions contemplated thereunder and are required to abstain from voting at the EGM
“Lingjia New Material”	海寧靈嘉新材料科技有限公司 (Haining Lingjia New Material Technology Company Limited*), a company established under the laws of the PRC with limited liability and is wholly-owned by Ms. Zhu Jiayun and Ms. Zhu Lingren as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Mr. Zhu Zhangjin, being a Director and a controlling shareholder of the Company
“Ms. Zhu Jiayun”	Ms. Zhu Jiayun, being the elder daughter of Mr. Zhu
“Ms. Zhu Lingren”	Ms. Zhu Lingren, being the younger daughter of Mr. Zhu
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region of the People’s Republic of China and Taiwan
“Purchasers”	Ms. Zhu Jiayun and Ms. Zhu Lingren
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of USD0.00015 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunbridge”	浙江聖邦實業集團有限公司 (Zhejiang Sunbridge Industrial (Group) Co., Ltd.*), a company incorporated in the PRC

“Vendor A”	Cardina International Company Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Vendor B”	浙江卡森實業集團有限公司 (Zhejiang Kasen Industrial Group Company Limited*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Vendors”	Vendor A and Vendor B
“%”	per cent.

By order of the Board  
**Kasen International Holdings Limited**  
**Zhu Zhangjin**  
*Chairman*

PRC, 20 November 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*