

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 LAND RESUMPTION**

#### **LAND RESUMPTION**

8 July 2020, Haining Hainix entered into the Land Resumption Agreement, pursuant to which Haining Hainix agreed to surrender, and Haining Jianshan Administrative Committee agreed to resume, the Resumed Land for a total amount of RMB167,972,395.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceed 5% and all applicable percentage ratios are below 25%, the Land Resumption constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **LAND RESUMPTION AGREEMENTS**

8 July 2020, Haining Hainix entered into the Land Resumption Agreement, pursuant to which Haining Hainix agreed to surrender, and Haining Jianshan Administrative Committee agreed to resume, the Resumed Land for a total amount of RMB167,972,395.

##### **Land Resumption Agreement**

8 July 2020 (after trading hours)

##### **Parties to the Land Resumption Agreement**

- (i) Haining Hainix, a wholly-owned subsidiary of the Company; and
- (ii) Haining Jianshan Administrative Committee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Haining Jianshan Administrative Committee is a government authority in Haining, the PRC and together with its ultimate beneficial owner are Independent Third Parties to the Company.

Pursuant to the Land Resumption Agreement, Haining Hainix shall surrender, and Haining Jianshan Administrative Committee shall resume, the Resumed Land.

### **Land to be resumed under the Land Resumption Agreement**

The Resumed Land comprise of one parcel of land with an aggregate site area of approximately 144,786 sq.m, located at No. 6 Jisheng Road, Jianshan New District, Haining City, Zhejiang Province, the PRC together with the buildings erected on the Resumed Land. The Resumed Land together with the buildings erected on the Resumed Land has been approved for industrial use. Pursuant to the Land Resumption Agreement, Haining Hainix agreed to surrender the Resumed Land to the Haining Jianshan Administrative Committee. As at the date of this announcement, the Resumed Land was held by Haining Hainix and is being utilized by the Group as production plant for producing upholstered furniture.

Pursuant to the Land Resumption Agreement, Haining Hainix shall surrender the land use rights of the Resumed Land to Haining Jianshan Administrative Committee and arrange for the de-registration of the land title under its name upon the entering of the Land Resumption Agreement.

### **Compensation and Payment Terms under the Land Resumption Agreement**

Pursuant to the Land Resumption Agreement, the total amount payable to Haining Hainix for the Land Resumption will be RMB167,972,395, comprises of a compensation in the amount of RMB134,718,572 (the "**Compensation**") and a bonus payment of RMB33,253,823 (the "**Bonus**"), which shall be payable in cash by Haining Jianshan Administrative Committee to Haining Hainix.

Pursuant to the Land Resumption Agreement, the Compensation and Bonus shall be payable as follows:

- (i) a payment of RMB81,500,000 (the "**First Payment**"), representing first payment of the total amount payable for the Land Resumption, shall be payable by Haining Jianshan Administrative Committee to Haining Hainix within fifteen (15) business days after 8 July 2020 (i.e. on or before 29 July 2020); and
- (ii) a payment of RMB86,472,395, representing the remaining portion of the total amount payable for the Land Resumption, shall be payable by Haining Jianshan Administrative Committee to Haining Hainix within five (5) business days upon Haining Jianshan Administrative Committee having confirmed satisfaction of the delivery of vacant possession of the Resumed Land by Haining Hainix to Haining Jianshan Administrative Committee and provided that such payment shall not be later than one (1) month after the de-registration of the relevant land certificates in the name of Haining Hainix.

The total amount payable to Haining Hainix for the Land Resumption was determined after arm's length negotiations between Haining Hainix and Haining Jianshan Administrative Committee with the reference to (i) laws, regulations, and procedures applicable to resumption of state-owned land in Haining, Zhejiang Province, the PRC; (ii) the valuations of the Resumed Land assessed by 浙江眾誠房地產評估事務所有限公司 (in relation to the Resumed Land) and 浙江正泰聯合資產評估有限公司 (in relation to assets under the Resumed Land and the relocation expenses), each being an independent professional surveyor engaged by Haining Jianshan Administrative Committee, with an aggregated amount of RMB144,156,154 as at 18 June 2019; (iii) the amount of compensation to be retained by Haining Jianshan Administrative Committee in relation to the release of the tenancy of the rooftop of the Resumed Land as further detailed in the paragraph headed "Release of Existing Tenancy" below; and (iv) the Bonus in the amount of RMB33,253,823 agreed to be payable by the local government for the Land Resumption. The Directors consider the terms of the Land Resumption Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Release of Existing Tenancy**

Pursuant to the Land Resumption Agreement, Haining Hainix shall procure that the existing tenant(s) of the Resumed Land (other than the rooftop with the photovoltaics facilities (the "**PV Facilities**")) confirms and agrees that it will release and terminate the existing tenancy agreement(s) in relation to the Resumed Land, such confirmations of which shall be delivered by Haining Hainix to Haining Jianshan Administrative Committee within five (5) business days upon the entering of the Land Resumption Agreement. In relation to the tenancy for the PV Facilities on the rooftop of the Resumed Land, Haining Jianshan Administrative Committee shall coordinate the release of the relevant tenancy upon the entering of the Land Resumption Agreement and Haining Hainix shall cooperate as and when necessary. The compensation fee payable for the relocation of the PV Facilities is estimated to be RMB9,437,582, the amount of which has been reserved by Haining Jianshan Administrative Committee and has been deducted from the total amount of compensation payable by Haining Jianshan Administrative Committee under the Land Resumption Agreement.

### **Release of Existing Pledge**

Pursuant to the Land Resumption Agreement, upon receipt of the First Payment from Haining Jianshan Administrative Committee, Haining Hainix shall cause the existing pledge that the Resumed Land is subject to in security for certain existing liability due by the Group be released. In the event that Haining Hainix fails to release such existing pledge resulting in Haining Jianshan Administrative Committee's inability to proceed with the Land Resumption, Haining Jianshan Administrative Committee has the right to rescind the Land Resumption Agreement pursuant to which, the rights and obligations of the parties thereunder the Land Resumption Agreement shall cease and terminate.

## **Completion of the Land Resumption**

Pursuant to the Land Resumption Agreement, Haining Hainix shall deliver vacant possession of the Resumed Land and deliver all land title certificates of the Resumed Land to Haining Jianshan Administrative Committee within three (3) months upon receipt of the First Payment from Haining Jianshan Administrative Committee. In the event the delivery of vacant possession of the Resumed Land is being delayed due to default on the part by Haining Hainix, Haining Hainix will be liable to pay to Haining Jianshan Administrative Committee a daily default payment of 0.03% of the relevant amount received by it under the Land Resumption Agreement. In the event that the delay as caused by Haining Hainix is delayed by more than six (6) calendar months, Haining Jianshan Administrative Committee has the right to rescind the Land Resumption Agreement which, the rights and obligations of the parties thereunder the Land Resumption Agreement shall cease and terminate, pursuant to which all amount that Haining Jianshan Administrative Committee has already paid to Haining Hainix shall be returned to Haining Jianshan Administrative Committee.

## **REASONS AND BENEFITS FOR THE LAND RESUMPTION**

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.

The Resumed Land was acquired by the Group in 2003. In order to improve production efficiency, reduce costs, and to achieve a more effective use of resources, the Group entered into the Land Resumption Agreement to surrender the Resumed Land to the Haining Jianshan Administrative Committee. Upon completion of the Land Resumption, the original production plant on the Resumed Land will be re-located for a more centralized production. Accordingly, it is expected that the Land Resumption will not affect the Group's existing production capacity as a whole, whilst it will reduce costs for the Group in a long run, and is therefore considered to be fair and reasonable. Furthermore, the proceeds and the estimated gain from the Land Resumption could provide additional cash flow and enhance the working capital situation of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreement contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE LAND RESUMPTION**

Base on the latest unaudited financial statement as at 31 May 2020, the net book value of the Resumed Land is approximately RMB31.7 million, on account of the aggregate compensation of approximately RMB167,972,395, the Company is expected to record an estimated net gain before tax from the Land Resumption of approximately RMB136.3 million. The actual amount of gain from the Land Resumption to be recorded by the Group is subject to audit and will take into account any costs and expenses incurred relating to the Land Resumption, and accordingly it may be different from the amount stated above.

## **PROPOSED USE OF PROCEEDS**

The Company currently intends that, subject to actual circumstances and decision of the Board when concrete details of proposed uses are put forward for consideration, all of the net proceeds from the Land Resumption will be used for the Group's general working capital.

## **INFORMATION OF THE PARTIES TO THE LAND RESUMPTION AGREEMENT**

Haining Hainix is a wholly-owned subsidiary of the Company and is principally engaged in production and sale of upholstered furniture.

Haining Jianshan Administrative Committee is a government authority in Haining, PRC and, for the purpose of the Land Resumption, is the local authority responsible for the Land Resumption.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceed 5% and all applicable percentage ratios are below 25%, the Land Resumption constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“Board”	the board of Directors
“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 same meaning ascribe under the Listing Rules
“Directors(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Haining Hainix”	Haining Hainix Sofa Co., Ltd (海寧漢林沙發有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“Haining Jianshan Administrative Committee”	(海寧市尖山新區管理委員會) Haining Jianshan New Area Administrative Committee*, a PRC government authority under the Haining Municipal People's Government

“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and its connected persons
“Land Resumption”	the resumption of the Resumed Land by Haining Jianshan Administrative Committee pursuant to the terms and conditions of the Land Resumption Agreement
“Land Resumption Agreement”	an agreement dated 8 July 2020 entered into by and among Haining Hainix and Haining Jianshan Administrative Committee in relation to the Land Resumption
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Resumed Land”	the land located at No. 6, Jisheng Road, Jianshan New District, Haining City, Zhejiang Province, the PRC with an aggregate site area of approximately 144,786 sq.m., which is intended to be resumed by Haining Jianshan Administrative Committee pursuant to the Land Resumption Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of USD0.00015 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holders of the Shares
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

8 July 2020

*As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Ms. Zhou Xiaohong and Mr. Zhu Ruijun, 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>*