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## **KASEN INTERNATIONAL HOLDINGS LIMITED**

**卡森國際控股有限公司**

*(An exempted company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 496)**

### **DISCLOSEABLE TRANSACTION FORMATION OF THE PARTNERSHIP**

#### **FORMATION OF PARTNERSHIP**

On 18 November 2021, Zhejiang Kasen, a wholly-owned subsidiary of the Company (as a limited partner) and Beijing Gongjiao Junding (as the general partner) entered into the Partnership Agreement for the formation of the Partnership. The total capital contribution to be paid by all partners of the Partnership shall be RMB100,000,000, of which RMB99,000,000 shall be contributed by Zhejiang Kasen and RMB1,000,000 shall be contributed by Beijing Gongjiao Junding. The formation of the Partnership shall subject to the final approval of relevant PRC authority.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the Partnership are more than 5% but all applicable percentage ratios are less than 25%, it 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.

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#### **Partnership Agreement**

18 November 2021

## Parties

- (1) Beijing Gongjiao Junding (as the general partner)
- (2) Zhejiang Kasen (as the limited partner)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Gongjiao Junding and its ultimate beneficial owners are Independent Third Parties.

## Purpose and Duration of the Partnership

The purpose of the Partnership is to maximize mutual benefits from the joint operation. The scope of business of the Partnership is equity investments and related consultancy service (subject to the final approval of relevant authority). The term of the Partnership is 10 years but may be dissolved earlier if all investment projects of the Partnership have been exited within 10 years and the term could be extended to 12 years as agreed by all partners if there are investment projects have yet been exited.

## Capital Contribution

The total capital commitment by all partners of the Partnership shall be RMB100,000,000, which shall be payable in cash. The capital contribution to be made by each of the partners is set out as follows:

Partner	Type	Capital Contribution (RMB)	Percentage (%)
Beijing Gongjiao Junding	General partner	1,000,000	1%
Zhejiang Kasen	Limited partner	99,000,000	99%

Beijing Gongjiao Junding shall make the capital contribution by 31 December 2023 and Zhejiang Kasen shall make the capital contribution of RMB50 million by 31 December 2021 and the remaining RMB49 million by 31 December 2023. The capital contribution made by parties will be co-managed by Beijing Gongjiao Junding and Zhejiang Kasen.

The size of the Partnership and the capital contribution commitment of each partner were determined after arm's length negotiations among the partners with reference to the general market practice, expected funding requirements of the Partnership and the reasons and benefits described in the paragraph headed "Reasons and Benefits of Forming the Partnership" below. Zhejiang Kasen will satisfy such capital contribution in cash by using the Group's internal resources.

## **Distribution of Income and Loss Sharing Arrangement**

Partners shall be entitled to the interest of Partnership according to their respectively paid capital contribution. The distributable cash from revenue of the Partnership shall be firstly distributed to return the principals paid by partners. When exits the investment projects, the Partnership shall distribute revenue according to the paid-up capital contribution of the partners.

Beijing Gongjiao Junding shall receive an annual management fee of 1% of the total actual paid-up capital contribution of the Partnership and may receive a performance bonus amount to 10% of the total revenue of the Partnership (after deducting the principal). The remaining 90% of the total revenue of the Partnership shall be distributed to Zhejiang Kasen according to the proportion of its actual paid-up capital contribution. If Beijing Gongjiao Junding has paid its committed capital contribution, it shall be entitled to share the remaining 90% of the total profit of the Partnership according to the proportion of its actual paid-up capital contribution.

Loss incurred during the existence of the Partnership shall be shared in proportion to the actual paid-up capital contribution made by the partners.

## **Management of the Partnership**

Beijing Gongjiao Junding, the general partner, shall be the executive partner (the “**Executive Partner**”) and is responsible for the management of the Partnership’s operations and daily affairs, for and on behalf of the Partnership. The Executive Partner shall regularly report to other partner in respect of the operation and financial status of the Partnership.

An investment committee (the “**Investment Committee**”) shall be established for the decision of investment of the Partnership. The Investment Committee shall be comprised of two members among which one shall be designated by Beijing Gongjiao Junding and one shall be designated by Zhejiang Kasen. Investment decisions shall be approved by all members of the Investment Committee.

## **REASONS AND BENEFITS OF FORMING THE PARTNERSHIP**

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.

As the Chinese government puts forward the goal of “carbon peak and carbon neutrality”, China will establish a green and low-carbon circular economic system and a clean, low-carbon, safe and efficient smart energy system. The Partnership will rely on Beijing Gongjiao Junding’s state-owned background and its rich resources and experience in the field of carbon sink business and smart energy to establish a fund focusing on carbon sink business investment and smart energy to invest in ecological forestry carbon sink, smart energy, carbon emission reduction, and carbon trading-related businesses in China, opening up China’s carbon sink market which has huge development potential and broad prospects.

The Directors (including the independent non-executive Directors) consider that the terms of the Partnership Agreement and the transaction 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.

## INFORMATION OF THE PARTIES TO THE PARTNERSHIP AGREEMENT

Zhejiang Kasen is a wholly-owned subsidiary of the Company and is principally engaged in investment holding and import and export trading.

Beijing Gongjiao Junding is a company established in the PRC with limited liability and is principally engaged in equity investment management. As at the date of this announcement, Beijing Gongjiao Junding is held as to 70% by Junding (Beijing) Investment Management Co., Ltd.\* (君鼎(北京)投資管理有限公司) (“**Junding Investment**”) and 30% by Beijing Gongjiao Group Asset Management Laishui Co., Ltd.\* (北京公交集團資產管理涑水有限公司) (“**Laishui Company**”).

Junding Investment is held as to 36.32% by Zhang Weidong (張衛東), 35% by Gaotong Shiji (Beijing) Capital Management Co., Ltd.\* (高通世紀(北京)資本管理有限公司) (“**Gaotong Shiji**”), 20% by Zhoushan Guangchuan Venture Capital Partnership (Limited Partnership)\* (舟山廣川創業投資合夥企業(有限合夥)) (“**Zhoushan Guangchuan**”), and 8.68% by Wu Hongwei (吳宏偉).

Gaotong Shiji is held as to 60% by Zhongxin Chengda Investment Co., Ltd.\* (中鑫成達投資有限公司) (“**Zhongxin Chengda**”) and 40% by Jiangsu Xiongben Construction Engineering Co., Ltd.\* (江蘇熊本建設工程有限公司) (“**Jiangsu Xiongben**”). Zhongxin Chengda is held as to 75% by Xu Jin (徐進), 15% by Min Jianbin (閔建兵), and 10% by Fang Guangyun (方光雲). Jiangsu Xiongben is held as to 75% by Xu Jin (徐進) and 25% by Zhang Yunping (張雲萍).

Zhoushan Guangchuan is held as to 99% by Zhang Tieshuang (張鐵雙) and 1% by Ju Qian (鞠錢).

Laishui Company is indirect wholly-owned by Beijing Municipal People’s Government, a government authority in the PRC.

## LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the Partnership are more than 5% but all applicable percentage ratios are less than 25%, it 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”	board of Directors
“Beijing Gongjiao Junding”	Beijing Gongjiao Junding Fund Management Co., Ltd.* (北京公交君鼎基金管理有限公司), a company established in the PRC with limited liability

“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 ascribed under the Listing Rules
“Directors(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership”	Smart Carbon (Chongqing) Private Equity Investment Fund Partnership (Limited Partnership)* (智碳(重慶)私募股權投資基金合夥企業(有限合夥)), a limited partnership to be established under the law of the PRC
“Partnership Agreement”	the partnership agreement dated 18 November 2021 entered into between Zhejiang Kasen as the limited partner and Beijing Gongjiao Junding as the general partner with respect to the formation of the Partnership
“PRC”	the People’s Republic of China
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhejiang Kasen”

Zhejiang Kasen Industrial Group Co., Limited\* (浙江卡森實業集團有限公司), a company established in the PRC with limited liability, and is a wholly-owned subsidiary of the Company

“%”

percent

\* *For identification purpose only*

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

18 November 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Zhu Zhangjin, Ms. Zhou Xiaohong and Mr. Zhu Ruijun, the independent non-executive directors of the Company are Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.*

Website: <http://www.irasia.com/listco/hk/kasen/index.htm>