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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)

CONNECTED TRANSACTION

DISPOSAL OF PROPERTY

THE DISPOSAL

The Board announces that on 17 March 2017, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to dispose, and the Purchaser agreed to purchase, the Property at an aggregate consideration of RMB8,709,946.81.

LISTING RULES IMPLICATIONS

The Purchaser is a company owned as to 30% and 70% by Ms. Zhu Jiayun and Ms. Zhu Lingren, daughters of Mr. Zhu, the chairman, an executive Director and the controlling shareholder of the Company. Accordingly, the Purchaser is considered to be a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the entering into of the Sale and Purchase Agreement between the Vendor and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the Disposal contemplated under the Sale and Purchase Agreement is subject to the reporting and announcement requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Principal terms of the Sale and Purchase Agreement are set forth below:

The Sale and Purchase Agreement

Date: 17 March 2017

Parties: (a) the Vendor: Haining Hengsen Furniture Co., Ltd. (海寧恒森傢俱有限公司), a wholly-owned subsidiary of the Company

(b) the Purchaser: Haining Kasen Home Furniture Materials Technology Co., Ltd.* (海寧卡森家居材料科技有限公司)

Subject matter:

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to dispose, and the Purchaser agreed to purchase, the Property at an aggregate consideration of RMB8,709,946.81.

The Property

The Property comprises of a parcel of land with a total floor area of 10,094.9 square meters situated at No. 5, Jianshe Road, Xieqiao Town, Haining Province, PRC (海寧市斜橋鎮建設路5號) and together with the immovable properties thereon with a total site area of 6,314.26 square meters.

The Property used to be occupied by the Group as a factory base for furniture manufacturing and is currently a piece of idle land.

The Consideration

The aggregate consideration payable by the Purchaser for the purchase of the Property shall be RMB8,709,946.81, comprising of (i) RMB3,916,200 being the consideration payable for the land use right; and (ii) RMB4,793,746.81 for the immovable properties thereon. The consideration was determined between the Purchaser and the Vendor after arm's length negotiations according to the valuation of the Property as assessed by an independent professional valuer in the amount of RMB8,709,946.81.

The consideration payable by the Purchaser pursuant to the Sale and Purchase Agreement shall be payable by the Purchaser in cash within 30 business days upon completion of the title transfer of the Property from the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.

Further, if the Purchaser fails to make payment of the consideration to the Vendor pursuant to the Sale and Purchase Agreement or if the Vendor fails to deliver land title of the Property to the Purchaser pursuant to the Sale and Purchase Agreement, the defaulting party shall pay a default fee, representing 1% of the consideration payable for the Disposal, to the non-defaulting party.

REASON FOR THE DISPOSAL

The Group has held the Property since year 2004 and the Property had since then been used by the Group as a factory base for furniture manufacturing. To lower costs and improve operating efficiency, the Group moved its factory base for furniture manufacturing to another factory base located in an industrial park owned by the Group in 2014. The Property has since then become a piece of idle land. As the Disposal gives a good opportunity for the Group to realise assets which the Group may no longer require for its ordinary course of business with considerable gain, the Directors, including the independent non-executive Directors, are of the view that the Disposal is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

As at the date of this announcement, the book value of the Property is approximately RMB5,597,600. Upon completion of the Disposal, it is expected that the Group will record an estimated gain before tax of approximately RMB2,633,400. The expected gain is calculated based on the consideration under the Sale and Purchase Agreement after deduction of the associated estimated direct cost of the Disposal and other relevant expenses in the amount of approximately RMB478,900. The sale proceeds will be applied as general working capital of the Group.

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in the businesses of (a) provisions of property management service business, tourism resort operations, restaurant, hotel operations and provisions of travel related services; (b) property development; and (c) manufacture of upholstered furniture in the PRC.

The Vendor is a wholly-owned subsidiary of the Company and is principally engaged in production of furniture and glass fiber reinforced plastic products and wood processing.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the PRC and principally engaged in production of home furniture materials.

LISTING RULES IMPLICATIONS

The Purchaser is a company owned as to 30% and 70% by Ms. Zhu Jiayun and Ms. Zhu Lingren, daughters of Mr. Zhu, the chairman, an executive Director and the controlling shareholder of the Company. Accordingly, the Purchaser is considered to be a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the entering into of the Sale and Purchase Agreement between the Vendor and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the Disposal contemplated under the Sale and Purchase Agreement is subject to the reporting and announcement requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhu, being the father of Ms. Zhu Jiayun and Ms. Zhu Lingren, is considered to be interested in the Disposal as contemplated under the Sale and Purchase Agreement. Accordingly, Mr. Zhu is considered as materially interested in the Disposal contemplated under the Sale and Purchase Agreement and has abstained from voting on the Board resolutions to approve the entering into of the Sale and Purchase Agreement in accordance with the articles of association of the Company. Save as disclosed, none of the other Directors has a material interest in the subject transaction or is required to abstain from voting on the relevant resolutions of the Board.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company;
“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”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property by the Vendor;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Zhu”	Mr. Zhu Zhangjin, being the chairman, an executive Director and the controlling shareholder of the Company;
“Property”	the land use right situated at No. 5, Jianshe Road, Xieqiao Town, Haining Province, PRC (海寧市斜橋鎮建設路5號) and the immovable properties attached thereto;
“Purchaser”	Haining Kasen Home Furniture Technology Co., Ltd.* (海寧卡森家居材料科技有限公司), formerly known as 海寧卡森汽車內飾材料有限公司(Haining Kasen Automotive Interior Materials Company Limited*), a company established under the laws of the PRC with limited liability;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 March 2017 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property;
“Shares”	ordinary share(s) of USD0.00015 each in the share capital of the Company;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Haining Hengsen Furniture Co., Ltd. (海寧恒森傢俱有限公司), a wholly-owned subsidiary of the Company.

* *The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

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

Hong Kong, 17 March 2017

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Mr. Sun Hongyang 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>