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KASEN INTERNATIONAL HOLDINGS LIMITED

卡森國際控股有限公司

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

(Stock Code: 496)

**VOLUNTARY ANNOUNCEMENT
FRAMEWORK AGREEMENT IN RELATION TO
POTENTIAL FORMATION OF JOINT VENTURE
AND POTENTIAL ACQUISITION OF LAND**

The Board announces that on 3 November 2017, the Company and the Potential JV Partner entered into the Framework Agreement pursuant to which the Company and the Potential JV Partner intend to cooperate in the development and operation of the Water Park in Cambodia.

Pursuant to the Framework Agreement, (1) the Company and the Potential JV Partner intend to establish the Potential JV Company with an initial capital commitment of approximately US\$27.4 million, which will be ultimately owned as to 70% by the Company and/or its nominees and as to 30% by the Potential JV Partner; and (2) upon the establishment of the Potential JV Company, the parties intend that the Potential JV Company will acquire the Land from the Potential Vendor, a company which is wholly owned by the Potential JV Partner, at a proposed consideration of approximately US\$16.4 million.

The potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, if materialised, may constitute notifiable transactions of the Company under the Listing Rules. In addition, upon the establishment of the Potential JV Company, as the Potential Vendor is wholly-owned by the Potential JV Partner, who will be interested in 30% of the equity interest in the Potential JV Company, the Potential Land Acquisition, if materialised, may constitute connected transaction of the Company under the Listing Rules. The Company will make further announcement in relation to the development of the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, as and when appropriate pursuant to the Listing Rules.

The Board wishes to emphasize that the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, may or may not proceed and that the Company has not entered into any binding agreement in relation to the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board announces that on 3 November 2017, the Company and the Potential JV Partner entered into the Framework Agreement pursuant to which the Company and the Potential JV Partner intend to cooperate in the development and operation of the Water Park in Cambodia.

Pursuant to the Framework Agreement, (1) the Company and the Potential JV Partner intend to establish the Potential JV Company with an initial capital commitment of approximately US\$27.4 million, which will be ultimately owned as to 70% by the Company and/or its nominees and as to 30% by the Potential JV Partner; and (2) upon the establishment of the Potential JV Company, the parties intend that the Potential JV Company will acquire the Land from the Potential Vendor, a company which is wholly owned by the Potential JV Partner, at a proposed consideration of approximately US\$16.4 million.

THE FRAMEWORK AGREEMENT

Date: 3 November 2017

Parties: (1) the Company; and
(2) the Potential JV Partner

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Potential JV Partner is a third party independent of the Company and its connected persons.

Potential JV Formation

Pursuant to the Framework Agreement, the Company and the Potential JV Partner intend to establish the Potential JV Company, which will be ultimately owned as to 70% by the Company and/or its nominees and as to 30% by the Potential JV Partner. The Potential JV Company will have a registered capital of US\$500,000. It is contemplated that the initial capital commitment towards the Potential JV Company will be approximately US\$27.4 million, which will be contributed by cash as to approximately US\$19.2 million by the Company and approximately US\$8.2 million by the Potential JV Partner, and was determined after arm's length negotiations between the Company and the Potential JV Partner with reference to the estimated initial capital requirement of the Potential JV Company for the Potential Land Acquisition and the development of the Water Park.

The initial capital contribution of approximately US\$27.4 million will be used to satisfy the consideration of the Potential Land Acquisition, as well as the construction costs and other investment costs for the development of the Water Park. Future capital needs of the Potential JV Company may be financed by the Company by way of shareholder's loan and will be subject to the approval by all shareholders of the Potential JV Company. It is contemplated that the investment of the Company in the Potential JV Company will be funded by internal resources and/or external borrowings of the Company.

Operation and management of the Potential JV Company

It is contemplated that the Potential JV Company will be principally engaged in the construction and operation of the Water Park and its affiliated resort facilities in Cambodia.

Upon establishment of the Potential JV Company, the Company and the Potential JV Partner will cooperate with each other in the development and construction of the Water Park. The Company will be responsible for the overall operations of the Water Park, while the Potential JV Partner will be responsible for attending the required filings and procedures with the relevant local governmental and regulatory authorities in relation to the development of the Water Park in Cambodia.

The board of directors of the Potential JV Company will comprise three directors, two of whom will be appointed by the Company and the remaining one will be appointed by the Potential JV Partner.

Potential Land Acquisition

Pursuant to the Framework Agreement, within 10 business days upon the establishment of the Potential JV Company, the parties intend that the Potential JV Company will acquire the Land from the Potential Vendor, a company which is wholly owned by the Potential JV Partner, at a proposed consideration of approximately US\$16.4 million. The proposed consideration was determined after arm's length negotiations between the Company and the Potential JV Partner with reference to market prices of land proximate to the Land.

The Land is located at Toulkey Village, Phnom Penh, Cambodia with a total site area of 154,886 square metres and is held by the Potential Vendor as at the date of this announcement. The Land is currently vacant. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as certain mortgages provided in favour of a commercial bank in Cambodia which will be released before the completion of the Potential Land Acquisition, the Land is free from all leases, encumbrances or third party rights.

The proposed consideration will be payable in three instalments as follows:

1. the initial instalment, being approximately US\$3.3 million, which will represent 20% of the consideration, will be paid by cash to the Potential Vendor within 5 business days after the signing of the sale and purchase agreement of the Land;
2. the second instalment, being approximately US\$4.9 million, which will represent 30% of the consideration, will be paid by cash into a bank account jointly operated by the Potential JV Company and the Potential Vendor within 5 business days after the receipt of the certified copies of the relevant land certificates of the Land showing the aforesaid mortgages on the Land have been released and the Land is free from all leases, encumbrances or third party rights, and will be transferred to the Potential Vendor's sole account upon the completion of the transfer of the title of the Land to the Potential JV Company; and
3. the third instalment, being approximately US\$8.2 million, which will represent the remaining balance of the consideration, will be settled by the Potential JV Company by way of setting off an equivalent amount of the initial capital contribution to be provided by the Potential JV Partner under the Potential JV Formation, upon the completion of the transfer of the title of the Land to the Potential JV Company.

Payment of deposit

The Company shall pay to the Potential JV Partner a sum of US\$200,000 as a deposit within three business days after the signing of the Framework Agreement in order to facilitate the potential transactions contemplated under the Framework Agreement. The deposit shall be refunded to the Company upon any capital contribution exceeding US\$200,000 to the Potential JV Company by the Company under the Potential JV Formation, or in the event that the Potential JV Formation or the Potential Land Acquisition fails to materialise due to the part of the Potential JV Partner or the Potential Vendor.

Binding effect

Save for certain provisions such as the provisions on payment of deposit, confidentiality and governing law, the other terms of the Framework Agreement are not intended to be legally binding. If the Company proceeds with the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, it will enter into legally binding agreement(s) with the Potential JV Partner and the Potential Vendor accordingly.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Group currently operates a water park in Hainan, PRC and has been well perceived by the market and has cultivated a solid management team and developed operational experience in this area. The Group has always been seeking investment opportunities from time to time with growth potential. The Directors have identified the development of a water park in Cambodia, taking into account of the climate of Cambodia and the ability to operate the water park all year round in Cambodia, as an opportunity to enable the Group to extend its business footprint in Cambodia which is in line with the Group's long term business objective. The Group has been actively seeking a local business partner to cooperate with in the development and operation of a water park at a suitable location in Cambodia. By entering into the Framework Agreement, the Directors consider that the Group can leverage on the local knowledge and expertise of the Potential JV Partner into the development of the Water Park and utilise the Land currently owned by the Potential Vendor as a potential site of the Water Park. The Directors regard the development of the Water Park, if materialised, as a strategic development milestone of the Group to further enhance the Group's tourism business and is in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, THE POTENTIAL JV PARTNER AND THE POTENTIAL VENDOR

The Company, through its subsidiaries, 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 Potential JV Partner is an entrepreneur in Cambodia with investment in infrastructure development, property development, trading of consumer goods, leisure and hospitality industry in Cambodia for more than 30 years. The Potential Vendor, a company wholly-owned by the Potential JV Partner, is currently engaged in property holding in Cambodia.

GENERAL

The potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, if materialised, may constitute notifiable transactions of the Company under the Listing Rules. In addition, upon the establishment of the Potential JV Company, as the Potential Vendor is wholly-owned by the Potential JV Partner, who will be interested in 30% of the equity interest in the Potential JV Company, the Potential Land Acquisition, if materialised, may constitute connected transaction of the Company under the Listing Rules. The Company will make further announcement in relation to the development of the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, as and when appropriate pursuant to the Listing Rules.

The Board wishes to emphasize that the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, may or may not proceed and that the Company has not entered into any binding agreement in relation to the potential transactions contemplated under the Framework Agreement, including the Potential JV Formation and the Potential Land Acquisition, as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	Kasen International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Framework Agreement”	the framework agreement dated 3 November 2017 entered into between the Company and the Potential JV Partner for the development and operation of the Water Park in Cambodia
“Group”	the Company and its subsidiaries
“Land”	the parcel of land located at Toulkey Village, Phnom Penh, Cambodia with a total site area of 154,886 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential JV Company”	a joint venture company (tentatively to be named Phnom Penh Wankelong Water Park Company Limited (金邊萬客隆水上樂園有限公司)) proposed to be established in Cambodia and owned as to 70% by the Company and/or its nominees and as to 30% by the Potential JV Partner
“Potential JV Formation”	the potential establishment of the Potential JV Company by the Company and the Potential JV Partner pursuant to the Framework Agreement
“Potential JV Partner”	Madam Oknha Lim Chhiv Ho

“Potential Land Acquisition”	the potential acquisition of the Land by the Potential JV Company from the Potential Vendor upon the establishment of the Potential JV Company pursuant to the Framework Agreement
“Potential Vendor”	Phnom Penh Silver Sand Co., Ltd., a company established in Cambodia with limited liability and wholly-owned by the Potential JV Partner, being the owner of the Land
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Water Park”	the water park located in Phnom Penh, Cambodia proposed to be constructed on the Land and developed by the Potential JV Company pursuant to the Framework Agreement
“%”	per cent.

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

PRC, 3 November 2017

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>