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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 AND CONNECTED TRANSACTION FURTHER LAND ACQUISITION IN CAMBODIA

Reference is made to the announcements of the Company dated 2 January 2018 and 3 January 2018 in relation to the Formation of Joint Venture and the announcement of the Company dated 12 January 2018 in relation to the Previous Land Acquisition.

AGENCY AGREEMENT

The Board announces that on 8 May 2018, Fun Waterpark, Ms. He and Ms. Lim entered into the Agency Agreement pursuant to which Fun Waterpark has agreed to entrust Ms. He to procure the acquisition of the Land for and on its behalf at a consideration of US\$13.08 million.

LISTING RULES IMPLICATIONS

Discloseable transaction

As one of the applicable percentage ratios as set out in the Listing Rules in respect of the Land Acquisition (when aggregated with the Previous Land Acquisition and the Formation of Joint Venture) is more than 5% but less than 25%, the Land Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of the Agency Agreement, Ms. Lim is interested in 15% of the interest in Fun Waterpark, and thus a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. The entering into of the Agency Agreement and the Land Acquisition contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) Ms. Lim is only a connected person at the subsidiary level; (ii) the Land Acquisition is on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Land Acquisition; and (iv) the independent non-executive Directors have confirmed that the terms of the Land Acquisition are fair and reasonable, the Land Acquisition is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the Land Acquisition is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the proposed Land Acquisition is subject to the successful acquisition of the Land by Ms. He, the proposed Land Acquisition may or may not materialize, Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcements of the Company dated 2 January 2018 and 3 January 2018 in relation to the Formation of Joint Venture and the announcement of the Company dated 12 January 2018 in relation to the Previous Land Acquisition.

The Board announces that on 8 May 2018, Fun Waterpark, Ms. He and Ms. Lim entered into the Agency Agreement pursuant to which Fun Waterpark has agreed to entrust Ms. He to procure the acquisition of the Land for and on its behalf at a consideration of US\$13.08 million.

AGENCY AGREEMENT

Date: 8 May 2018

Parties:

1. Fun Waterpark, as purchaser;
2. Ms. He, as agent; and
3. Ms. Lim, as guarantor.

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

As at the date of the Agency Agreement, Ms. Lim is interested in 15% of the interest in Fun Waterpark, and thus a connected person at the subsidiary level.

Land to be acquired

Pursuant to the Agency Agreement, Fun Waterpark has agreed to entrust Ms. He to procure the acquisition of the Land for and on its behalf, and Ms. He has agreed to acquire for and on the behalf of Fun Waterpark of all rights, title and interest in the Land, at a consideration of US\$13.08 million.

As at the date of the Agency Agreement, the Land is owned by twenty or more individual owners (the “**Land Owners**”). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Land Owners is a third party independent of the Company and its connected persons.

Pursuant to the Agency Agreement, Ms. He agreed that it will acquire, or procure to acquire, all interest of the Land from the Land Owners and to transfer the legal title together with all rights, title and interest of the Land to Fun Waterpark on or before 7 September 2018.

Further, pursuant to the Agency Agreement, Ms. He guarantees that the Land to be acquired by Fun Waterpark is connecting to the Prior Land, otherwise Fun Waterpark may rescind to acquire the Land and Ms. He shall have no claim against Fun Waterpark as a result thereof.

Consideration

The consideration for the Land Acquisition is US\$13.08 million, which shall be payable in the following manner:

- (a) US\$2,616,000 (the “**First Payment**”), representing 20% of the consideration for the Land Acquisition and for the purpose of satisfying the consideration payable for the acquisition of two-third of the Land, shall be payable in cash by Fun Waterpark to Ms. He on 8 May 2018, and upon which Ms. He shall cause to deliver all details and information of the land being acquired by Ms. He and commence to transfer the legal title of such land to Fun Waterpark;
- (b) US\$3,924,000 (the “**Second Payment**”), representing 30% of the consideration for the Land Acquisition and for the purpose of satisfying the consideration payable for the acquisition of the remaining one-third of the Land, shall be payable in cash by Fun Waterpark to Ms. He on or before 8 June 2018, and upon which Ms. He shall cause to deliver all details and information of the land being acquired by Ms. He and commence to transfer the legal title of such land to Fun Waterpark; and
- (c) US\$6,540,000 (the “**Final Payment**”), representing the remaining 50% of the consideration for the Land Acquisition, shall be payable in cash by Fun Waterpark on or before 8 September 2018 to an escrowed account to be jointly established and maintained by Fun Waterpark and Ms. He (the “**Escrowed Account**”), which shall be released to Ms. He within five (5) business days after the completion of the transfer of the titles of the Land to Fun Waterpark.

In the event that:

- (a) Ms. He fails to transfer the titles of the Land to Fun Waterpark as a result of defecting title of the Land, Ms. He shall unconditionally refund all the actual amount paid by Fun Waterpark to Ms. He;
- (b) any of the conditions fails to be completed on or before the payment deadline as stipulated under the Agency Agreement, all the actual amount paid by Fun Waterpark to the Escrowed Account will be automatically transmitted to the designated bank account of Fun Waterpark, and Ms. He has no right to request for a refund from Fun Waterpark; and
- (c) Fun Waterpark fails to fulfil its payment obligations according to the payment deadline as stipulated under the Agency Agreement, a daily default payment of 0.0003% of the outstanding consideration will be charged and payable by Fun Waterpark to Ms. He.

The consideration for the Land Acquisition was determined after arm's length negotiations between the parties with reference to the market prices of other land proximate to the Land, and will be funded by way of shareholders' loan to be provided by Ms. Lim and Cardina in the proportion of 15% and 85%, respectively.

Guarantee

Pursuant to the Agency Agreement, Ms. Lim as guarantor agreed to provide guarantee in favour of Fun Waterpark in respect of Ms. He's obligations under the Agency Agreement.

Completion

Completion of the Land Acquisition shall take place within four (4) months upon the entering of the Agency Agreement. In the event of any delay for completion of the transfer of the titles of the Land, the parties agreed that the deadline can be further extended by two (2) months thereafter.

On completion, vacant possession of the Land shall be deemed to have been handed over by Ms. He to Fun Waterpark.

SHAREHOLDERS' AGREEMENT

On 8 May 2018, Cardina, Mr. Fan and Ms. Lim entered into the Shareholders' Agreement, pursuant to which the parties agreed that Fun Waterpark shall enter into the Land Acquisition and that the Land Acquisition shall be funded by shareholders' loan to be provided by Cardina and Ms. Lim in the proportion of 85% and 15%, respectively, as follows:

- (a) US\$2,616,000, representing the First Payment for the Land Acquisition, shall be contributed by Cardina and Ms. Lim on 8 May 2018 as below:

Shareholder	Contribution	Method
Cardina	US\$2,223,600	In cash and by way of shareholder's loan
Ms. Lim	US\$392,400	In cash and by way of shareholder's loan

- (b) US\$3,924,000, representing the Second Payment for the Land Acquisition, shall be contributed by Cardina and Ms. Lim within 5 business days prior to the agreed payment date for the Second Payment pursuant to the Agency Agreement as below:

Shareholder	Contribution	Method
Cardina	US\$3,335,400	In cash and by way of shareholder's loan
Ms. Lim	US\$588,600	In cash and by way of shareholder's loan

- (c) US\$6,540,000, representing the Final Payment for the Land Acquisition, shall be contributed by Cardina and Ms. Lim within 5 business days prior to the agreed payment date for the Final Payment pursuant to the Agency Agreement as below:

Shareholder	Contribution	Method
Cardina	US\$5,559,000	In cash and by way of shareholder's loan
Ms. Lim	US\$981,000	In cash and by way of shareholder's loan

INFORMATION ABOUT THE LAND

The Land, which consists of around 20 plots of lands adjoining to the Prior Land located at Toulkey Village, Phnom Penh, Cambodia with a total site area of approximately 120,000 square metres and is held by the Land Owners as at the date of this announcement. The Land is located right next to the Prior Land and is currently vacant and is permitted for agricultural use. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Land is free from all leases, encumbrances or third party rights.

Upon completion of the transfer of the titles of the Land to Fun Waterpark, Fun Waterpark will apply for a change of the permitted use of the Land at a cost of approximately US\$120,000. It is currently anticipated that the Land will be utilised as land reserve and will be developed as real estate projects to accompany the Water Park that Fun Waterpark will develop on the Prior Land.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

As stated in the announcements of the Company dated 2 January 2018, 3 January 2018 and 12 January 2018, the Directors have identified the development of the Water Park on the Prior Land 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, and consider that the Group can leverage on the local knowledge and expertise of Mr. Fan and Ms. Lim into the development of such Water Park. The Land Acquisition will further complement the development of the Water Park by Fun Waterpark by allowing Fun Waterpark the opportunity to develop some ancillary real estate projects as well as the property development projects for sale, by utilizing the Group's real estate development experience, which will further enhance the marketability and profitability of the water park as a one-stop tourism point.

Further, taking into consideration of the familiarity of the Cambodia market possessed by Ms. He and the guarantee provided by Ms. Lim, the Directors (including the independent non-executive Directors) consider that the Land Acquisition have been made on normal commercial terms and in the ordinary and usual course of business of the Group and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Land Acquisition are in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, FUN WATERPARK, MS. HE AND MS. LIM

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.

Fun Waterpark, an indirect non-wholly owned subsidiary of the Company, is a joint venture company established in Cambodia on 9 January 2018 for the purpose of the development and operation of the Water Park, and subsequently property development business is also operated.

Ms. He is an entrepreneur in Cambodia with experience in land investment industry in Cambodia for more than 15 years.

Ms. Lim 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.

LISTING RULES IMPLICATIONS

Discloseable transaction

As one of the applicable percentage ratios as set out in the Listing Rules in respect of the Land Acquisition (when aggregated with the Previous Land Acquisition and the Formation of Joint Venture) is more than 5% but less than 25%, the Land Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of the Agency Agreement, Ms. Lim is interested in 15% of the interest in Fun Waterpark, and thus a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. The entering into of the Agency Agreement and the Land Acquisition contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) Ms. Lim is only a connected person at the subsidiary level; (ii) the Land Acquisition is on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Land Acquisition; and (iv) the independent non-executive Directors have confirmed that the terms of the Land Acquisition are fair and reasonable, the Land Acquisition is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the Land Acquisition is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors have further confirmed that none of them has a material interest in the Land Acquisition.

As completion of the proposed Land Acquisition is subject to the successful acquisition of the Land by Ms. He, the proposed Land Acquisition may or may not materialize, Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	the agreement dated 8 May 2018 entered into by and among Fun Waterpark, Ms. He and Ms. Lim in relation to the Land Acquisition
“Board”	the board of Directors
“Cardina”	Cardina International Company Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Director(s)”	director(s) of the Company
“Formation of Joint Venture”	the establishment of Fun Waterpark by Cardina, Mr. Fan and Ms. Lim, as more particularly disclosed in the announcements of the Company dated 2 January 2018 and 3 January 2018
“Fun Waterpark”	Fun Waterpark Co., Ltd., a company established in Cambodia with limited liability which is held as to 49% by Cardina, as to 36% by Mr. Fan and as to 15% by Ms. Lim for the purpose of the development and operation of the Water Park, and an indirect non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Land”	around 20 plots of lands adjoining to the Prior Land located at Toulkey Village, Phnom Penh, Cambodia with a total site area of approximately 120,000 square metres
“Land Acquisition”	the acquisition of the Land by Fun Waterpark pursuant to the Agency Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Fan”	Mr. Fan Dehua
“Ms. He”	Ms. He Xipa
“Ms. Lim”	Madam Oknha Lim Chhiv Ho
“PRC”	People’s Republic of China
“Previous Land Acquisition”	the acquisition of the land by Fun Waterpark from the vendor pursuant to the sale and purchase agreement dated 12 January 2018 entered into between Fun Waterpark and Phnom Penh Silver Sand Co., Ltd., a company established in Cambodia with limited liability and wholly-owned by Ms. Lim
“Prior Land”	eight plots of adjoining lands located at Toulkey Village, Phnom Penh, Cambodia with a total site area of 154,886 square metres
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the supplemental agreement dated 8 May 2018 entered into by and among by Cardina, Mr. Fan and Ms. Lim to supplement the original shareholders’ agreement dated 2 January 2018 in relation to the funding arrangement of the Land Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency in the United States of America
“Water Park”	the water park located in Phnom Penh, Cambodia proposed to be constructed on the Prior Land and developed by Fun Waterpark
“%”	per cent.

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

PRC, 8 May 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>