

*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 AND CONNECTED TRANSACTION DISPOSAL OF 80% EQUITY INTEREST IN THE TARGET COMPANY**

## **INTRODUCTION**

The Board is pleased to announce that on 29 July 2022 (after trading hours), the Seller (a non-wholly owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase the Sale Interest at the Consideration.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is held by the Seller and Purchaser as to 80% and 20% respectively. The Purchaser is a substantial shareholder of the Target Company and therefore, it is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Purchaser is a connected person at the subsidiary level, (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the notification and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 29 July 2022 (after trading hours), the Seller (a non-wholly owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase the Sale Interest at the Consideration.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

<b>Date</b>	29 July 2022
<b>Parties</b>	(i) the Seller; and (ii) the Purchaser

As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company, and is held by the Seller and the Purchaser as to 80% and 20% respectively. The Purchaser is a substantial shareholder of the Target Company and therefore, it is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Except for the above relationship, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons and their respective associates.

### **Subject matter**

Pursuant to the Agreement, the Seller has agreed to sell, and the Purchaser has agreed to purchase, the Sale Interest, which shall represent 80% of the equity interest in the Target Company subject to the terms and conditions therein.

### **Consideration**

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser on normal commercial terms with reference to (i) the appraised market value of the Target Company of RMB117,174,700 valued by an independent and qualified valuer using asset-based approach as at 31 October 2021; (ii) the Sale Interest, being 80% of total equity interests of the Target Company; and (iii) the reason and benefits set out in paragraph headed "Reasons for and Benefits of the Disposal" below.

The Consideration shall be payable in cash in three instalments. The first instalment being RMB28,121,940 shall be payable within seven business days upon signing of the Agreement. Within one month upon the payment of the first instalment, the Seller and the Purchaser shall complete the handover of right of management of the Target Company. The second instalment being RMB28,121,940 shall be payable within seven business days upon completion of the aforesaid handover. Within one month upon the payment of second instalment, the Seller and Purchaser shall complete the registration for the transfer of Sale Interest. The third instalment being RMB37,495,920 shall be payable within seven business days upon the completion of the aforesaid registration.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

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.

The Target Company was jointly established by the Seller and the Purchaser in 2017 for the purpose of developing tourism and resort related business. However, due to the repeated outbreak of COVID-19 pandemic and the implementation of lock-down policy in the PRC, the business performance of the Target Company cannot meet the initial expectation of the Company. The Disposal offers an opportunity for the Group to realize its investments earlier, thereby improving the liquidity of the Group. The Company also expects that the Disposal will improve the Group's asset turnover rate and generate additional cash inflow for general working capital.

## **INFORMATION ABOUT THE PARTIES**

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 in the PRC.

The Seller is a company established in the PRC with limited liability which is principally engaged in the property development. As at the date of this announcement, the Seller is indirectly owned as to 55% by the Company, 37% by Jiangsu Yimu Industrial Investment Co., Ltd.\* (江蘇一木實業投資有限公司)(a company principally engaged in property development which is in turn owned as to 60% by Fei Guangcheng (費廣成) and 40% by Fei Weitao (費衛濤)) and 8% by Jiaxing Yurun Marketing Planning Co., Ltd.\* (嘉興隅潤營銷策劃有限公司)(a company principally engaged in provision of marketing planning service which is in turn owned as to 60% by Ma Jinmei (馬金梅) and 40% by Pan Dongyu (潘東隅)).

The Purchaser is a company established in the PRC with limited liability which is principally engaged in tourist and travel project development and management and is indirectly wholly owned by the local government of Yan Cheng city of the PRC.

The Target Company is a company established in the PRC with limited liability and is owned as to 80% by the Seller and 20% by the Purchaser. The Target Company was jointly established by the Seller and the Purchaser in 2017 thus the Seller has held the Sale Interest for more than 12 months. The Target Company is principally engaged in operation of water park with area of 148,232 square metres located in Tinghu District, Yancheng city, Jiangsu Province, the PRC. The principal assets of the Target Company are recreation and ancillary facilities, and a property used as its office building with a gross floor area of 5,732.46 square metres located in Tinghu District, Yancheng city, Jiangsu Province, the PRC.

## **FINANCIAL INFORMATION OF THE TARGET COMPANY**

Set out below is the financial information of the Target Company for the financial years ended 31 December 2020 and 2021 respectively:

	<b>For the year ended 31 December 2020 RMB'000 (unaudited)</b>	<b>For the year ended 31 December 2021 RMB'000 (unaudited)</b>
Revenue	23,685	14,857
Net (loss)/profit before taxation	(5,788)	(16,057)
Net (loss)/profit after taxation	(5,788)	(16,057)

Based on the financial information of the Target Company, the unaudited net assets of the Target Company was approximately RMB14,869,374 as at 31 December 2021.

## **FINANCIAL EFFECT OF THE DISPOSAL**

It is estimated that the Group will record a gain on the Disposal in the amount of approximately RMB46,807,000, which is calculated with reference to the net proceeds from the Disposal and the proportionate unaudited net asset value of the Target Company attributable to the Group as at 30 June 2022. The actual gain or loss arising from the Disposal will depend on the net asset value of the Target Company attributable to the Group as at the date of completion of the Disposal and may be different from the amount stated above.

Completion of the Disposal is expected to take place on 30 June 2022. Upon completion of the Disposal, the Company will cease to have any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated by the Group. The net proceeds from the Disposal will be used as general working capital of the Group.

## **BOARD APPROVAL**

The Directors (including the independent non-executive Directors) have reviewed the Disposal and are of the view that the Disposal is on normal commercial terms and not in the ordinary and usual course of business of the Group, but it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors is or is deemed to have a material interest in the transactions contemplated under the Agreement and is required to abstain from voting in the relevant Board resolution for approving the Agreement.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is held by the Seller and Purchaser as to 80% and 20% respectively. The Purchaser is a substantial shareholder of the Target Company and therefore, it is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Purchaser is a connected person at the subsidiary level, (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Disposal is subject to the notification and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the equity transfer agreement dated 29 July 2022 entered into between the Seller and the Purchaser relating to the sale and purchase of the Sale Interest
“associates”	has the meaning ascribed to it under the Listing Rules
“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
“Consideration”	the consideration for the Sale Interest, being RMB93,739,800
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Seller to the Purchaser pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchaser”	Yancheng Dayangwan Group Development Co., Ltd.* (鹽城大洋灣組團開發有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	80% of the equity interest in the Target Company held by the Seller
“Seller”	Jiangsu Kasen Property Development Co., Ltd.* (江蘇卡森置業有限公司), a company established in the PRC with limited liability and is a non-wholly owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yancheng Dayangwan Changle Health Development Co., Ltd.* (鹽城大洋灣長樂健康發展有限公司), a company established in the PRC with limited liability
“%”	per cent

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

29 July 2022

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

\* for identification purposes only