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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 PROPERTY TRANSFER AGREEMENT

THE DISPOSAL

On 6 September 2022, Haining Kareno entered into the Property Transfer Agreement, pursuant to which Haining Kareno agreed to dispose, and Huafeng agreed to purchase, the Land (including the buildings erected thereon) for a total amount of RMB88,310,000 and equipment and fixture affiliated to the Land for a total amount of RMB10,510,000.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% and all applicable percentage ratios are below 25%, the Disposal 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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Property Transfer Agreement

6 September 2022

Parties to the Property Transfer Agreement

- (i) Haining Kareno, a wholly-owned subsidiary of the Company; and
- (ii) Huafeng.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huafeng is a collective-owned business of Huafeng village, and together with its ultimate beneficial owners are Independent Third Parties to the Company.

Pursuant to the Property Transfer Agreement, Haining Kareno shall dispose, and Huafeng shall purchase, (i) the Land (including the buildings erected thereon) for a total amount of RMB88,310,000; and (ii) the equipment and fixture affiliated to the Land for a total amount of RMB10,510,000.

The Land

The Land comprises a parcel of land with an aggregate site area of 11,485 sq.m., located at No. 2 Luotang Road, Xieqiao Town, Haining City, Zhejiang Province, the PRC (with the buildings erected thereon with an aggregate GFA of approximately 37,000 sq.m). The Land together with the buildings erected thereon have been approved for industrial use. As at the date of this announcement, the Land was held by Haining Kareno and is being utilized by the Group as furniture factory.

There are certain equipment and fixture affiliated to the Land mainly comprising electrical equipment, firefighting equipment and fence, which are owned by Haining Kareno as at the date of this announcement.

Consideration and the payment term

Pursuant to the Property Transfer Agreement, Haining Kareno agreed to dispose, and Huafeng agreed to purchase, the Land (including the buildings erected thereon) for a total amount of RMB88,310,000 and the equipment and fixture affiliated to the Land for a total amount of RMB10,510,000.

The total consideration being RMB98,820,000 for the Land (including the buildings erected thereon) and the equipment and fixture affiliated to the Land was arrived at after arm's length negotiations between Haining Kareno and Huafeng with reference to, among other things, (i) valuation amount of the Land (including the buildings erected thereon) as at 30 June 2022 being RMB89,201,916 as valued by an independent valuer, among which, RMB9,360,275 for the land use right valued by market approach and RMB79,841,641 for the buildings erected thereon valued by asset-based approach; (ii) valuation of the equipment and fixture affiliated to the Land as at 30 June 2022 being RMB10,608,527 as valued by an independent valuer using asset-based approach; and (iii) the reasons and benefits as set out in the paragraph headed "Reasons and Benefits for the Property Transfer Agreement" below.

The consideration shall be paid by 21 September 2022. Within seven days upon receiving the consideration, Haining Kareno shall complete the transfer of registration of the Land (including the buildings erected thereon) under the name of Huafeng.

REASONS AND BENEFITS FOR THE PROPERTY TRANSFER AGREEMENT

The Company, through its subsidiaries, is principally engaged in the businesses of (a) property development; (b) operation of resort owned by the Group, provision of travel and related services, catering and entertainment services and provision of property management services; and (c) manufacture and trade of upholstered furniture.

In order to optimize the resource allocation of the Group's furniture production plant facilities, reduce expenses and production costs, and to achieve a more effective use of resources, the Company through Haining Kareno enters into the Property Transfer Agreement to dispose the Land (including the buildings erected thereon) and the equipment and fixture affiliated to the Land. It is expected that the Disposal will not affect the Group's existing production capacity as a whole, whilst it will reduce costs for the Group in a long run, and is therefore considered to be fair and reasonable. Furthermore, the proceeds and the estimated gain from the Disposal could provide additional cash flow and enhance the working capital situation of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Transfer 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.

FINANCIAL EFFECTS OF THE DISPOSAL

Base on the latest unaudited financial statement as at 31 August 2022, the net book value of the Land (including the buildings erected thereon) and the equipment and fixture affiliated to the Land is approximately RMB72.7 million, on account of the aggregate total consideration of RMB98,820,000, the Company is expected to record an estimated net gain before tax from the Disposal of approximately RMB17.9 million. The actual amount of gain from the Disposal to be recorded by the Group is subject to audit and will take into account any costs and expenses incurred relating to the Disposal, and accordingly it may be different from the amount stated above.

PROPOSED USE OF PROCEEDS

The Company currently intends that, subject to actual circumstances and decision of the Board when concrete details of proposed uses are put forward for consideration, all of the net proceeds from the Disposal will be used for the Group's general working capital.

INFORMATION OF THE PARTIES TO THE PROPERTY TRANSFER AGREEMENT

Haining Kareno is a wholly-owned subsidiary of the Company and is principally engaged in production and sale of upholstered furniture.

Huafeng is a collective-owned business of Huafeng village and is principally engaged in the agriculture, forestry, animal husbandry, fishery and other ancillary business of Huafeng village.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% and all applicable percentage ratios are below 25%, the Disposal 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
“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
“Disposal”	the disposal contemplated under the Property Transfer Agreement
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Huafeng”	Huafeng Economic Cooperative of Xieqiao Town, Haining City* (海寧市斜橋鎮華豐股份經濟合作社)
“Haining Kareno”	Haining Kareno Furniture Co., Ltd.* (海寧卡雷諾家私有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“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
“Property Transfer Agreement”	the agreement date 6 September 2022 entered into between Haining Kareno and Huafeng in relation to the disposal of the Land and the equipment and fixture affiliated to the Land
“Land”	the land with an aggregate site area of 11,485 sq.m., located at No. 2 Luotang Road, Xieqiao Town, Haining City, Zhejiang Province, 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
“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
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

6 September 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, 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 purpose only*