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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 49% OF THE EQUITY INTEREST OF
THE TARGET COMPANY INVOLVING ISSUE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

THE SALE AND PURCHASE AGREEMENT

On 29 September 2023 (after trading hours), Ms. Zhu (as seller), the Purchaser (as purchaser) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and Ms. Zhu has conditionally agreed to sell, the Target Shares, at the Consideration of HK\$338,000,000, which will be satisfied by cash and the issue of the Convertible Bonds.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed 25% but all of the applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Ms. Zhu is the daughter of Mr. Zhu, the controlling Shareholder. Ms. Zhu is therefore a connected person of the Company. The Acquisition (including the issue of the Conversion Shares) therefore constitutes a connected transaction of the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Conversion Shares.

A circular containing, among others, (i) details of the Acquisition and the Specific Mandate; (ii) a letter from the Independent Board Committee; (iii) a letter from the independent financial adviser; (iv) the accountants' report of the Target Company; (v) the unaudited pro forma financial information of the enlarged Group; (vi) an independent valuation report on the Land prepared by the Independent Valuer; (vii) a notice of the EGM; and (viii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 21 November 2023 as additional time is required for preparing the relevant information to be included in the circular.

The Acquisition is subject to the fulfilment or waiver (as applicable) of the conditions and may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

THE ACQUISITION

On 29 September 2023 (after trading hours), Ms. Zhu (as seller), the Purchaser (as purchaser) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and Ms. Zhu has conditionally agreed to sell, the Target Shares, at the Consideration of HK\$338,000,000, which will be satisfied by cash and the issue of the Convertible Bonds.

THE SALE AND PURCHASE AGREEMENT

Date

29 September 2023 (after trading hours)

Parties

- (a) Ms. Zhu (as seller);
- (b) the Purchaser (as purchaser); and
- (c) the Company.

Assets to be acquired

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and Ms. Zhu has conditionally agreed to sell, the Target Shares. The Target Shares represent 49% of the equity interest of the Target Company as at the date of this announcement.

Pursuant to the Land Agreement, the total acquisition cost/consideration of the Land paid/to be paid by Ms. Zhu to Mr. Suon and Mrs. Keo is approximately US\$88,424,000 (equivalent to approximately HK\$689,707,000).

Pursuant to the Land Agreement, the legal title of the First Batch of Land, the Second Batch of Land, the Third Batch of Land and the Fourth Batch of Land is expected to be transferred to Ms. Zhu (or her nominee(s)) on or before 30 September 2023 (the “**First Batch of Land Completion**”), 30 November 2023 (the “**Second Batch of Land Completion**”), 31 December 2023 (the “**Third Batch of Land Completion**”) and 31 January 2024 (the “**Fourth Batch of Land Completion**”), respectively.

Each of the First Batch of Land Completion, the Second Batch of Land Completion, the Third Batch of Land Completion and the Fourth Batch of Land Completion is not inter-conditional to each other.

As at the date of this announcement, the First Batch of Land Completion has taken place and the legal title of the First Batch of Land has been duly transferred to the Target Company.

Undertakings by Ms. Zhu

Pursuant to the Sale and Purchase Agreement, Ms. Zhu undertakes (i) to procure the duly transfer of the legal title of the Land to the Target Company upon the First Batch of Land Completion, the Second Batch of Land Completion, the Third Batch of Land Completion and the Fourth Batch of Land Completion, respectively; and (ii) that the Land shall be free from any encumbrances and there shall be no defect in the title to the Land.

Ms. Zhu further undertakes that following Completion, (i) all the voting rights in respect of the 51% equity interest of the Target Company held by Ms. Zhu will be assigned to the board of directors of the Company; and (ii) to procure the appointment of majority of the board of directors of the Target Company to be nominated by the Company.

Information on the Land

The Land is comprised of the First Batch of Land, the Second Batch of Land, the Third Batch of Land and the Fourth Batch of Land, located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia. The Land has a total site area of approximately 1,134 hectares. The Land is freehold, currently vacant and designated for industrial usage.

Consideration

The Consideration of HK\$338,000,000 shall be payable by the Purchaser to Ms. Zhu (or her nominee(s)) in the following manner:

Cash consideration:

HK\$152,000,000 (the “**Total Cash Consideration**”), being approximately 45% of the Consideration, shall be payable in four (4) batches to Ms. Zhu in the following manner:

Batch(es)		Cash consideration
First batch Cash Consideration	Within five (5) Business Days after (i) the First Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$40,800,000 (approx. 27% of the Total Cash Consideration)
Second batch Cash Consideration	Within five (5) Business Days after (i) the Second Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$27,600,000 (approx. 18% of the Total Cash Consideration)
Third batch Cash Consideration	Within five (5) Business Days after (i) the Third Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$47,500,000 (approx. 31% of the Total Cash Consideration)
Fourth batch Cash Consideration	Within five (5) Business Days after (i) the Fourth Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$36,100,000 (approx. 24% of the Total Cash Consideration)
Total		<hr/> HK\$152,000,000 (100% of the Total Cash Consideration) <hr/> <hr/>

Convertible Bonds:

HK\$186,000,000 (the “**Total Convertible Bonds**”), being approximately 55% of the Consideration, shall be satisfied by way of the creation and issue of the Convertible Bonds by the Company to Ms. Zhu (or her nominee(s)), in an equivalent principal amount entitling the holder(s) thereof to convert into a total of 516,666,665 Conversion Shares (the “**Total Conversion Shares**”) at the initial Conversion Price of HK\$0.36 per Conversion Share.

Batch(es)		Amount of Convertible Bonds	Number of Conversion Shares to be converted at the initial Conversion Price of HK\$0.36 per Conversion Share
First batch Convertible Bonds	Within five (5) Business Days after (i) the First Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$49,810,229 (approx. 27% of Total Convertible Bonds)	138,361,747 (approx. 27% of Total Conversion Shares)
Second batch Convertible Bonds	Within five (5) Business Days after (i) the Second Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$33,800,353 (approx. 18% of Total Convertible Bonds)	93,889,869 (approx. 18% of Total Conversion Shares)
Third batch Convertible Bonds	Within five (5) Business Days after (i) the Third Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$58,013,228 (approx. 31% of Total Convertible Bonds)	161,147,855 (approx. 31% of Total Conversion Shares)
Fourth batch Convertible Bonds	Within five (5) Business Days after (i) the Fourth Batch of Land Completion; or (ii) the Completion, whichever is later	HK\$44,376,190 (approx. 24% of Total Convertible Bonds)	123,267,194 (approx. 24% of Total Conversion Shares)
Total		HK\$186,000,000 (100% of the Total Convertible Bonds)	516,666,665 (100% of the Total Conversion Shares)

The principal terms of the Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal amount:	HK\$186,000,000
Maturity date:	18 months from the date of issue of the Convertible Bonds (the “ Maturity Date ”)
Interest rate:	5.0% per annum
Conversion period:	The period commencing from the date of issue of the Convertible Bonds up to seven days before (and excluding) the Maturity Date (the “ Conversion Period ”)
Conversion rights:	<p>Holder of the Convertible Bonds will have the right, during the Conversion Period, to convert the Convertible Bonds in whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Convertible Bonds into Conversion Shares, provided that:</p> <ul style="list-style-type: none">(i) the exercise of the conversion rights will not result in the Company being in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public; and(ii) upon exercise of the conversion rights, Ms. Zhu and her respective associates, together with any parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code, unless (a) such conversion is permissible under the Takeovers Code following the application by the holder of the Convertible Bonds and granting by the Executive of a whitewash waiver and the approval of the Shareholders in this regard; or (b) such holder of the Convertible Bonds has fulfilled sufficient financial resources to make a general offer pursuant to Rule 26 of the Takeovers Code.

Conversion Price:

The initial Conversion Price of the Convertible Bonds shall be HK\$0.36 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds, and represents:

- (i) a premium of approximately 20.0% to the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 32.8% to the average closing price of approximately HK\$0.271 per Share as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 35.8% to the average closing price of approximately HK\$0.265 per Share as quoted on the Stock Exchange in the ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The initial Conversion Price was determined after arm's length negotiation between the Company, the Purchaser and Ms. Zhu with reference to, among others, the prevailing trading prices of the Shares. The Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser) consider that the Conversion Price is fair and reasonable.

Adjustment to Conversion Price:

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of the following events:

- (i) an alteration of the nominal amount of the Shares by reason of consolidation, subdivision or otherwise;
- (ii) an issue of Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve), other than Shares issued in lieu of a cash dividend;
- (iii) a capital distribution (as such term is defined in the conditions of the Convertible Bonds) to Shareholders being made by the Company;

- (iv) a rights issue of Shares to all or substantially all Shareholders, or a grant to all or substantially all Shareholders any options or warrants to subscribe for Shares, in each case at less than 80% of the market price of the Shares;
- (v) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares;
- (vi) an issue wholly for cash by the Company of securities convertible into or exchangeable for or carrying rights of subscription for Shares, at a consideration per Share which is less than 80% of the market price of the Shares, or the conversion, exchange or subscription rights of any such securities (other than in accordance with the terms applicable thereto) are altered or modified so that the consideration per Share is less than 80% of the market price of the Shares; and
- (vii) a modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in the events (iv) to (vi) above so that the effective consideration per Share is less than 80% of the market price of the Shares.

Conversion Shares:

Based on the initial Conversion Price of HK\$0.36 per Conversion Share, a maximum of 516,666,665 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full.

The Conversion Shares represent (i) approximately 35.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 26.4% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The aggregate nominal value of the Conversion Shares (with a par value of US\$0.00015 each) will be US\$77,500.

The issue of the Convertible Bonds and allotment and issue of the Conversion Shares are subject to the Specific Mandate to be sought at the EGM.

- Redemption: The Convertible Bonds may be redeemed in whole or part by the Company at any time from the date of issue and from time to time prior to the Maturity Date at the redemption price equal to the outstanding principal amount and interest accrued thereon of the Convertible Bonds to be redeemed.
- The Company shall redeem any Convertible Bonds which remain outstanding on the Maturity Date by repaying the holder(s) of the Convertible Bonds all outstanding principal amount together with interest accrued thereon.
- Transferability: The Convertible Bonds are freely transferable by the holders in whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Convertible Bonds, provided that no Convertible Bonds may be transferred to any connected persons of the Company without the prior written consent of the Company.
- Voting rights: Holders of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the Convertible Bonds.
- Listing: No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
- The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.
- Ranking: The Conversion Shares will, when allotted and issued, rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue.
- Events of default: After the occurrence of an event of default as specified in the terms and conditions of the Convertible Bonds, a holder of the Convertible Bonds may give notice to the Company that the Convertible Bonds are immediately due and payable.

Basis for determination of the Consideration

The Consideration was determined after arm's length negotiation between the Purchaser and Ms. Zhu with reference to, among others, the preliminary valuation of the Land of approximately US\$98,900,000 (equivalent to approximately HK\$771,420,000) as at 31 August 2023 conducted by the Independent Valuer based on the market approach. The Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser) consider that the Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Total Cash Consideration will be funded by internal resources of the Group.

Conditions precedent

The Completion shall be conditional upon the followings:

- (a) the passing of ordinary resolutions by the Independent Shareholders (who are not required to abstain from voting in such respect under the Listing Rules or otherwise) at an extraordinary general meeting of the Company to be convened and held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to, the creation and issue of the Convertible Bonds, the allotment and issue of the Conversion Shares;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares;
- (c) the obtaining of a valuation report on the Land prepared by the Independent Valuer appointed by the Company of which the valuation of the Land shall be not less than US\$88,424,000 (equivalent to approximately HK\$689,707,000) and in the form and substance satisfactory to the Company;
- (d) the Group, in its absolute discretion, being satisfied with the results of the due diligence review on, the financial condition, commerce, trade, asset, corporation, taxation, operation and other conditions of the Target Company; and
- (e) Ms. Zhu having obtained such approval and completed such filings and registrations with the relevant governmental authorities as required in accordance with the relevant applicable laws in the relevant jurisdictions in which Ms. Zhu has operations for the execution, delivery and completion of the Sale and Purchase Agreement and the performance of her obligations thereunder.

The Company may, at its options, waive conditions (c) and (d) set out above at any time by notice in writing to Ms. Zhu. Conditions (a), (b) and (e) set out above cannot be waived in any event.

If the conditions are not fulfilled (or being waived) on or before Long Stop Date (or such other date as the parties agree in writing), the Sale and Purchase Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Sale and Purchase Agreement.

As at the date of this announcement, none of the above conditions has been fulfilled.

Completion

Completion of the Acquisition shall take place on the Completion Date.

Upon Completion, the Target Company will be owned by Ms. Zhu and Kasen International as to 51% and 49%, respectively. Since the Company will be in control of the board of directors of the Target Company, the Target Company will become a subsidiary of the Company. The financial results of the Target Company will be consolidated into the accounts of the Group.

INFORMATION ABOUT THE COMPANY AND THE PURCHASER

The Company is an investment holding company. The Group is principally engaged in (i) properties development; (ii) travel and tourism-related operations; and (iii) manufacturing and trading of upholstered furniture.

Kasen International, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the Cayman Islands and principally engaged in investment holding.

INFORMATION ABOUT MS. ZHU

Ms. Zhu is the daughter of Mr. Zhu, the controlling Shareholder of the Company.

INFORMATION ABOUT THE TARGET COMPANY

As at the date of this announcement, the Target Company is a limited liability company registered under the laws of Cambodia and principally engaged in industrial development project. The Target Company is wholly-owned by Ms. Zhu.

The Target Company is established in Cambodia on 11 July 2023. As at the date of this announcement, the Target Company has not commenced any operations.

Set out below are the unaudited financial information of the Target Company for the period from 11 July 2023 (i.e. date of incorporation) to 31 July 2023:

	For the period from 11 July 2023 (i.e. date of incorporation) to 31 July 2023 <i>US\$'000</i>
Revenue	–
Loss before taxation	(2)
Loss after taxation	(2)
	<hr/> <hr/>
	As at 31 July 2023 <i>US\$'000</i>
Total assets	20
Total liabilities	(22)
Net liabilities	(2)
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The principal asset of the Target Company will be the Land following the First Batch of Land Completion, the Second Batch of Land Completion, the Third Batch of Land Completion and the Fourth Batch of Land Completion. As at the date of this announcement, the First Batch of Land Completion has taken place and the legal title of the First Batch of Land has been duly transferred to the Target Company. Further details of the Land is set out under the paragraph headed “Information on the Land” above.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has continued to review the existing principal businesses strategies and look for potential business opportunities. Cambodia is a member of the Association of Southeast Asian Nations (“**ASEAN**”) and is one of the most promising developing countries in the ASEAN region. Cambodia is a member of the World Trade Organization (“**WTO**”) as a developing country, and investments in the country can enjoy the WTO preferential tariff for imports and exports from and to its membership countries, while other countries like the United States and Japan, also offer Cambodia preferential tariff and quota-free incentives. The stable political environment, dynamic labour force in Cambodia, together with the preferential tax policies and freedom of capital flows, have successfully attracted foreign investors.

In view of the promising long-term economic development of Cambodia, it is the Group's strategic plan to develop the Project, being a special economic zone with the Land (the "**Special Economic Zone**"), whereby the Target Company will be able to enjoy the right to establish and develop such Special Economic Zone with all the necessary land use rights, in particular focusing on industrial development purpose.

Reference is made to the annual report of the Company for the year ended 31 December 2022. Taking internationalization as the development strategy, the Group will consolidate existing furniture manufacturing business and expand production bases in Cambodia to meet the needs of major customers. It is the strategic development of the Group to further expand the scale of the production base of its upholstered furniture business in Cambodia and increase the volume of exports from Cambodia in response to requests from customers in Europe and the United States. Upstream supporting partners have been introduced to the production base in Cambodia to create a whole industry chain, thereby reducing costs, improving the competitiveness of the Group's products and striving for progress in orders while ensuring stability. It is the Group's strategic development to relocate its current production bases in Haining, the PRC to Cambodia over time, and the Special Economic Zone will be an ideal location for such purpose.

The Company is of the view that the Acquisition is in line with the business development strategy and planning of the Group and also will provide a good opportunity for the Company to further expand its upholstered furniture business in Cambodia which the Company considers to have continuous growth potential in the future in light of the continuous and rapid growth in the economy of Cambodia.

Having taken into account the above reasons and benefits, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the allotment and issue of the Conversion Shares (assuming there is no other change to the total number of issued Shares of the Company):

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Ms. Zhu	–	–	516,666,665	26.36
Joyview Enterprises Limited ^(Note 1)	555,645,113	38.50	555,645,113	28.35
Mr. Zhu ^(Note 1)	12,360,000	0.86	12,360,000	0.63
Team Ease Limited ^(Note 2)	235,043,057	16.29	235,043,057	11.99
Zhou Xiaohong	9,514,561	0.66	9,514,561	0.49
Public Shareholders	630,579,150	43.69	630,579,150	32.18
Total	1,443,141,881	100.00	1,959,808,546	100.00

Notes:

- Mr. Zhu, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu (excluding Mr. Zhu) in the Company), being the controlling Shareholders, are collectively holding 568,005,113 Shares or approximately 39.36% of the total number of issued Shares (including the 555,645,113 Shares or approximately 38.50% of the total number of issued Shares held by Joyview Enterprises Limited, which in turn is wholly owned by Prosperity and Wealth Limited, being the trustee of the aforesaid family trust).
- Team Ease Limited is a company beneficially owned by Xu Helin (許合林).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed 25% but all of the applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Ms. Zhu is the daughter of Mr. Zhu, the controlling Shareholder. Ms. Zhu is therefore a connected person of the Company. The Acquisition (including the issue of the Conversion Shares) therefore constitutes a connected transaction of the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Conversion Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhu and Joyview Enterprises Limited, no Shareholder has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. Zhu, Joyview Enterprises Limited and his/its associates will abstain from voting at the EGM. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Specific Mandate) at the EGM.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, none of the Directors, save for Mr. Zhu, has any material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. Zhu has abstained from voting on the relevant board resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) details of the Acquisition and the Specific Mandate; (ii) a letter from the Independent Board Committee; (iii) a letter from the independent financial adviser; (iv) the accountants' report of the Target Company; (v) the unaudited pro forma financial information of the enlarged Group; (vi) an independent valuation report on the Land prepared by the Independent Valuer; (vii) a notice of the EGM; and (viii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 21 November 2023 as additional time is required for preparing the relevant information to be included in the circular.

Warning

The Acquisition is subject to the fulfilment or waiver (as applicable) of the conditions and may or may not proceed to Completion. Shareholders and potential investors of the Company should 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:

“Acquisition”	the acquisition of the Target Shares by the Purchaser pursuant to the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above is issued or a “black” rainstorm warning is hoisted during the period from 9:00 a.m. to 5:00 p.m. on such day
“Cambodia”	the Kingdom of Cambodia
“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
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“Completion Date”	the tenth (10th) Business Days after the date of fulfilment (or waiver) of the conditions precedent under the Sale and Purchase Agreement (or such other date as the parties to the Sale and Purchase Agreement may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of up to HK\$338,000,000 for the sale and purchase of the Target Shares pursuant to the Sale and Purchase Agreement
“Conversion Price”	HK\$0.36 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds

“Conversion Shares”	516,666,665 Shares to be allotted and issued by the Company to settle part of the Consideration
“Convertible Bonds”	the convertible bonds to be created and issued by the Company to settle part of the Consideration, and convertible into Shares pursuant to the terms and conditions of the Convertible Bonds and the Sale and Purchase Agreement
“Directors(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approving the Acquisition and the Specific Mandate
“First Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of approximately 304 hectares, being part of the Land for the Project
“Fourth Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of up to approximately 270 hectares, being part of the Land for the Project
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, namely Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang, which was established to advise the Independent Shareholders on the terms of the Acquisition and the Specific Mandate
“Independent Shareholders”	Shareholders other than those who have material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and are required to abstain from voting on the resolution(s) regarding the Acquisition at the EGM
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected persons
“Independent Valuer”	CHFT Advisory and Appraisal Limited, an independent professional valuer

“Kasen International” or “Purchaser”	Kasen International Company Limited, a company incorporated in the Cayman Islands with limited liability and is wholly-owned by the Company
“Land”	collectively, the First Batch of Land, the Second Batch of Land, the Third Batch of Land and the Fourth Batch of Land for the Project
“Land Agreement”	the sale and purchase agreement dated 17 August 2023 entered into between Mr. Suon, Mrs. Keo and Ms. Zhu in relation to the acquisition of the Land by Ms. Zhu
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2024 (or such other date as may be agreed between the parties to the Sale and Purchase Agreement)
“Mr. Suon”	Mr. Suon Mean, a Cambodian individual, who is the Independent Third Party as at the date of this announcement
“Mr. Zhu”	Mr. Zhu Zhangjin, an executive Director and the controlling Shareholder
“Mrs. Keo”	Mrs. Keo Dary, a Cambodian individual and a spouse of Mr. Suon, who is the Independent Third Party as at the date of this announcement
“Ms. Zhu”	Ms. Zhu Jiayun, being the daughter of Mr. Zhu
“PRC”	the People’s Republic of China
“Project”	the plan of establishment by the Target Company of a special economic zone at Province of Koh Kong, Kingdom of Cambodia
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 September 2023 entered into between Ms. Zhu, the Purchaser and the Company in relation to the Acquisition
“Second Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of approximately 206 hectares, being part of the Land for the Project
“Shares”	ordinary shares of par value of US\$0.00015 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

“Specific Mandate”	the specific mandate proposed to be sought from the Independent Shareholders at the EGM to allot and issue the Conversion Shares at the Conversion Price
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Target Company”	Koh Kong Zhejiang Sez Co., Ltd., a company incorporated in Cambodia with limited liability and is wholly-owned by Ms. Zhu as at the date of this announcement
“Target Shares”	490 ordinary shares of the Target Company, representing 49% of equity interest of the Target Company as at the date of this announcement
“Third Batch of Land”	a batch of land located along National Road 4, within Communes of Boeng Preav & Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia with a site area of approximately 354 hectares, being part of the Land for the Project
“US\$”	United States dollars, the lawful currency in the United States of America
“%”	per cent.

For the purpose of this announcement, unless otherwise stated, the exchange rate used for conversion between US\$ and HK\$ is US\$1.00 = HK\$7.80.

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

29 September 2023

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin and Ms. Zhou Xiaohong and the independent non-executive Directors are Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

Website: <http://www.irasia.com/listco/hk/kasen/index.htm>