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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
THE STEUNG HAV INTERNATIONAL PORT AND
SPECIAL ECONOMIC ZONE IN CAMBODIA**

Reference is made to the announcements of the Company dated 12 April 2018, 24 April 2018, 18 May 2018, 23 May 2018 and 5 July 2018 in relation to the Company's potential investment in the Special Economic Zone, the Equipment Purchase and the Previous Land Acquisitions.

Reference is also made to the announcement of the Company dated 12 April 2018, pursuant to which, Zhejiang Kasen entered into the Letter of Intent with Ms. Lim for the potential acquisition of the Land and the announcement of the Company dated 10 July 2018 in relation to the Formation of JVs, pursuant to which, among others, Kasen Cambodia entered into a joint venture agreement to establish a joint venture in Cambodia (i.e. Kasen Paper) for the purpose of the development and operation of the Paper-making Project.

AGREEMENT

The Board announces that on 19 July 2018, Kasen Paper (a non-wholly owned subsidiary of the Company) and Ms. Lim entered into the Agreement pursuant to which Kasen Paper has agreed to purchase, and Ms. Lim has agreed to sell, the Land at a consideration of US\$24,000,000. The Land to be acquired pursuant to the Agreement will primarily be used for development and operation of the Paper-making Project by Kasen Paper. Subject to other factual circumstances in relation to the development of the Paper-making Project, Kasen Paper may transfer or lease part of the Land to others in the future.

LISTING RULES IMPLICATIONS

Discloseable transaction

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Land Acquisition (when aggregated with the Equipment Purchase, the Previous Land Acquisitions and Formation of JVs) is more than 5% and all applicable percentage ratios are 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 Agreement, Ms. Lim is indirectly interested in 15% and 30% of two non-wholly owned subsidiaries of the Company respectively, and thus a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. The entering into of the 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.

INTRODUCTION

Reference is made to the announcements of the Company dated 12 April 2018, 24 April 2018, 18 May 2018, 23 May 2018 and 5 July 2018 in relation to the Company's potential investment in the Special Economic Zone, the Equipment Purchase and the Previous Land Acquisitions.

Reference is also made to the announcement of the Company dated 12 April 2018, pursuant to which, Zhejiang Kasen entered into the Letter of Intent with Ms. Lim for the potential acquisition of the Land and the announcement of the Company dated 10 July 2018 in relation to the Formation of JVs, pursuant to which, among others, Kasen Cambodia entered into a joint venture agreement to establish a joint venture in Cambodia (i.e. Kasen Paper) for the purpose of the development and operation of the Paper-making Project.

The Board announces that on 19 July 2018, Kasen Paper (a non-wholly owned subsidiary of the Company) and Ms. Lim entered into the Agreement pursuant to which Kasen Paper has agreed to purchase, and Ms. Lim has agreed to sell, the Land at a consideration of US\$24,000,000.

THE AGREEMENT

Date: 19 July 2018

Parties: 1. Kasen Paper, as purchaser; and
2. Ms. Lim, as seller.

As at the date of the Agreement, Ms. Lim is indirectly interested in 15% and 30% of two non-wholly owned subsidiaries of the Company respectively, and thus a connected person at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

Land to be acquired

Pursuant to the Agreement, Kasen Paper has agreed to purchase, and Ms. Lim has agreed to sell, the Land together with all rights, title and interest in the Land, at a consideration of US\$24,000,000, representing US\$30 per square meter.

As at the date of the Agreement, the Land is owned by Ms. Lim.

Consideration

The consideration for the Land Acquisition is US\$24,000,000, and shall be payable by Kasen Paper to Ms. Lim in the following manner:

- (a) US\$1,000,000 as deposit, was paid in cash by Fun Waterpark Co., Ltd. (a non-wholly owned subsidiary of the Company) to Ms. Lim upon the entering into of the Letter of Intent, the same will be converted as part of the consideration for the Land Acquisition pursuant to the Agreement;
- (b) US\$1,000,000 as first payment (the “**First Payment**”), shall be payable in cash by Kasen Paper to Ms. Lim within five days from the entering of the Agreement;
- (c) US\$4,500,000 as second payment (the “**Second Payment**”), shall be payable in cash by Kasen Paper to Ms. Lim within 10 working days after the First Payment being settled;
- (d) US\$4,500,000 as third payment, shall be payable in cash by Kasen Paper to Ms. Lim within one (1) month after the Second Payment being settled;
- (e) US\$3,000,000 as fourth payment, shall be payable in cash by Kasen Paper to Ms. Lim no later than 31 May 2019;
- (f) US\$3,000,000 as fifth payment, shall be payable in cash by Kasen Paper to Ms. Lim no later than 30 June 2019;

- (g) US\$3,000,000 as sixth payment, shall be payable in cash by Kasen Paper to Ms. Lim no later than 31 July 2019; and
- (h) US\$4,000,000 as last payment, shall be payable in cash by Kasen Paper to Ms. Lim no later than 31 August 2019.

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 internal resources of the Group.

In the event that Kasen Paper fails to fulfil its payment obligations according to the payment deadline as stipulated under the Agreement, a daily default payment of 0.1% of the outstanding consideration will be charged and payable by Kasen Paper to Ms. Lim.

Completion

Upon receipt of the First Payment, Ms. Lim shall commence to process the relevant procedure for the transfer of the land title of the Land to Kasen Paper with the relevant competent land authority in Sihanoukville, Cambodia as well as The Ministry of Land Management, Urban Planning and Construction and shall complete the transfer procedure within 2 months upon Ms. Lim having received the First Payment from Kasen Paper. Thereafter, vacant possession of the Land shall be handed over by Ms. Lim to Kasen Paper.

INFORMATION ABOUT THE LAND

The Land, which consists of around one plot land located within the Special Economic Zone at Phum 2, Kampenh Commune, Steung Hav district, Cambodia with a total site area of approximately 800,000 square meters and is held by Ms. Lim as at the date of this announcement. The Land 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 Kasen Paper, Kasen Paper will apply for a change of the permitted use of the Land at a cost of approximately US\$5,000. It is currently anticipated that the Land will be utilised as land reserve and will be used to develop a paper-making factory for development and operation of the Paper-making Project by Kasen Paper at the Special Economic Zone.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

Reference is also made to the announcement of the Company dated 10 July 2018 in relation to the Formation of JVs, pursuant to which, among others, Kasen Cambodia entered into a joint venture agreement to establish a joint venture in Cambodia for the purpose of the development and operation of the Paper-making Project. It is currently contemplated that the Land to be acquired pursuant to the Agreement will primarily be used to develop a paper-making factory for development and operation of the Paper-making Project by Kasen Paper at the Special Economic Zone. Subject to other factual circumstances in relation to the development of the Paper-making Project, Kasen Paper may transfer or lease part of the Land to others in the future. After assessing the consideration with reference to the market prices of other land proximate to the Land, the Directors consider that the terms and conditions under the Agreement is 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, KASEN PAPER AND MS. LIM

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.

Kasen Paper, a non-wholly owned subsidiary of the Company incorporated in Cambodia principally engaged in the development and operation of paper making. As at the date of the Agreement, Kasen Paper is held as to 49% by Kasen Cambodia and as to 51% by Mr. Fan Dehua (a substantial shareholder of a non-wholly owned subsidiary of the Company).

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 or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Land Acquisition (when aggregated with the Equipment Purchase, the Previous Land Acquisitions and the Formation of JVs) is more than 5% and all applicable percentage ratios are 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 Agreement, Ms. Lim is indirectly interested in 15% and 30% of two non-wholly owned subsidiaries of the Company respectively, and thus a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. The entering into of the 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.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 19 July 2018 entered into by and between Kasen Paper and Ms. Lim in relation to the Land Acquisition
“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
“Director(s)”	director(s) of the Company
“Equipment Purchase”	the purchase of two sets of 300 mega-watts coalfired generators together with certain ancillary components pursuant to an agreement dated 24 April 2018, as further detailed in the announcement of the Company dated 24 April 2018

“Formation of JVs”	the establishment of two joint venture companies in Cambodia, including AIG Kasen International Power Co. Ltd and Kasen Paper, pursuant to the two joint venture agreement dated 10 July 2018 entered into by Kasen Cambodia, as further detailed in the announcement of the Company dated 10 July 2018
“Group”	the Company and its subsidiaries
“Kasen Cambodia”	Kasen International Eco-Manufacture Co., Ltd., a company incorporated in Cambodia and a wholly-owned subsidiary of the Company
“Kasen Paper”	Kasen International Paper Co., Ltd., a company incorporated in Cambodia and a non-wholly owned subsidiary of the Company held as to 49% by Kasen Cambodia and as to 51% by Mr. Fan Dehua (a substantial shareholder of a non-wholly owned subsidiary of the Company) for the purpose of the development and operation of the Paper-making Project
“Land”	one plot of land located at Phum 2, Kampenh Commune, Steung Hav district, Cambodia with a total site area of approximately 800,000 square meters
“Land Acquisition”	the acquisition of the Land by Kasen Paper pursuant to the Agreement
“Letter of Intent”	a letter of intent dated 12 April 2018 entered into by and between Ms. Lim and Zhejiang Kasen, pursuant to which Ms. Lim agreed to sell, and Zhejiang Kasen agreed to purchase, a plot of land with a total site area of 800,000 square meters located in the Special Economic Zone and wholly-owned by Ms. Lim, i.e. the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Lim”	Madam Oknha Lim Chhiv Ho
“Paper-making Project”	manufacturing plant to be constructed within the Special Economic Zone for the production and sales of various types of packaging base paper or other base paper
“PRC”	People’s Republic of China

“Previous Land Acquisitions”	the purchase of lands located at Kom Penh subdistrict, Steung Hav district, Cambodia pursuant to (i) an agency agreement dated 23 May 2018 entered into by Fun Waterpark Co., Ltd., a company established in Cambodia and an indirect non-wholly owned subsidiary of the Company together with Ms. Lim; and (ii) an agency agreement dated 5 July 2018 entered into by Kasen Cambodia together with Ms. Lim
“Shareholder(s)”	shareholder(s) of the Company
“Special Economic Zone”	the Steung Hav International Port and Special Economic Zone, being a 1,000 hectare special economic zone located on the coast of Chhak Kanmpong Som in the Sihanoukville Province, Cambodia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency in the United States of America
“Zhejiang Kasen”	Zhejiang Kasen Industrial Group Co., Ltd., a wholly-owned subsidiary of the Company
“%”	per cent.

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

PRC, 19 July 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>