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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)**

### **CONNECTED TRANSACTION LEASE AGREEMENT**

#### **LEASE AGREEMENT**

On 23 July 2024, Zhejiang Hainix entered into the Lease Agreement with Koh Kong Zhejiang, pursuant to which Zhejiang Hainix agreed to lease the Land from Koh Kong Zhejiang. The Land will be used by Zhejiang Hainix for the construction and operation of a factory complex for the manufacturing of upholstered furniture in Cambodia.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Koh Kong Zhejiang is owned as to 51% by Ms. Zhu Jiayun who is the daughter of Mr. Zhu Zhangjin, an executive Director. Thus, Koh Kong Zhejiang is a connected person of the Company.

Pursuant to the Lease Agreement, Zhejiang Hainix is entitled to renew the lease term of the Land for another 99 years with a nominal consideration upon expiry of the Original Term and any of the Renewed Term, the clause of which conveys Zhejiang Hainix the right to control the use of the Land through the right to obtain substantially all of the economic benefits from use of the Land and direct the use of the Land. Therefore, the entering into the Lease Agreement will be recognized as an acquisition of the Land pursuant to International Accounting Standard 16 Property, Plant and Equipment. As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is less than 5%, the entering of Lease Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## LEASE AGREEMENT

On 23 July 2024, Zhejiang Hainix entered into the Lease Agreement with Koh Kong Zhejiang, pursuant to which Zhejiang Hainix agreed to lease the Land from Koh Kong Zhejiang. The Land will be used by Zhejiang Hainix for the construction (the “**Construction**”) and operation of a factory complex for the manufacturing of upholstered furniture in Cambodia.

The principal terms of the Lease Agreement are set out below:

<b>Date</b>	On 23 July 2024
<b>Parties</b>	Zhejiang Hainix (as lessee)  Koh Kong Zhejiang (as lessor)
<b>Term</b>	Ninety-nine years from 23 July 2024 (the “ <b>Original Term</b> ”). Zhejiang Hainix is entitled to renew the term for another 99 years (the “ <b>Renewed Term</b> ”) with a nominal consideration of US\$1 upon the expiry of the Original Term and any of the Renewed Term.
<b>Land</b>	<p>The Land is a piece of land for industrial use with an aggregate site area of 44,083 sq.m., located at Communes of Boeng Preav &amp; Chrouy Svay, Srae Ambel District, Koh Kong Province, Cambodia.</p> <p>The Land is a parcel of the land (the “<b>Koh Kong Land</b>”) located along National Road 4, within Communes of Boeng Preav &amp; Chrouy Svay, District of Srae Ambel, Province of Koh Kong, Kingdom of Cambodia. The Koh Kong Land has a total site area of approximately 1,134 hectares with a valuation of approximately US\$98,900,000 as at 31 August 2023 conducted by an independent valuer based on the market approach. The original acquisition cost for the Koh Kong Land is approximately US\$88,424,000. For further details of the Koh Kong Land and the valuation, please refer to the circular of the Company dated 23 November 2023.</p>
<b>Payment schedule</b>	The total rent payable is US\$1,983,735. 20% of the rent being US\$396,747 (the “ <b>First Instalment</b> ”) shall be paid within seven business days upon the signing of the Lease Agreement; 20% of the rent being US\$396,747 shall be paid within seven business days upon the registration of the Lease Agreement with the relevant authority in Cambodia; 20% of the rent being US\$396,747 shall be paid upon the commencing of Construction or within three months upon the payment of the First Instalment; and the remaining 40% of the rent being US\$793,494 shall be paid within six months upon the receiving of the First Instalment by Koh Kong Zhejiang.

**Miscellaneous**

The Land will be used to build a factory for manufacturing of upholstered furniture.

The total rent payable under the Lease Agreement will be paid in cash and satisfied by the Group's internal resources. As both of Zhejiang Hainix and Koh Kong Zhejiang are subsidiaries of the Company, the rent payment will constitute intra-group liabilities and will be offset within the consolidated financial statement of the Group. The rent payable under the Lease Agreement was determined on an arm's length basis, taking into account (i) the valuation of the Land of approximately US\$2,170,000 as at 23 July 2024 conducted by an independent valuer CHFT Advisory and Appraisal Ltd. based on the direct comparison approach; (ii) the rent recently negotiated by Koh Kong Zhejiang on arm's length basis with other Independent Third Party lessees of similar land in the vicinity with the similar terms; and (iii) the conditions of the Land, including but not limited to its location and associated facilities.

**REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS UNDER THE LEASE AGREEMENT**

The Land is a parcel of Koh Kong Land. After cultivation of the Group, the water and electricity supply system and other necessary industrial facilities have been constructed on the Land. The Land is located at a special economic zone in Cambodia and will be used for industrial purpose. In view of the large scale, superior location and facilities of the Land, entering into the Lease Agreement and establishing new factories there will enable Zhejiang Hainix to enjoy the human resources of Cambodia and the well-established facilities in the special economic zone which will further reduce the cost of the Group for manufacturing of upholstered furniture.

The Directors (including the independent non-executive Directors) believe that (i) the entering into of the Lease Agreement is in the Group's ordinary and usual course of business based on the commercial needs of the Group; and (ii) the terms of the connected transactions contemplated under the Lease Agreement are on normal commercial terms and on terms not less favourable than those available from Independent Third Parties, and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Mr. Zhu Zhangjin, being the father of Ms. Zhu Jiayun, is deemed to have material interests in the Lease Agreement, has abstained from voting on the relevant Board resolution.

**LISTING RULES IMPLICATIONS**

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## **GENERAL INFORMATION ON THE PARTIES**

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) manufacturing and trading of upholstered furniture; (ii) land and property development; and (iii) travel and related operations.

Zhejiang Hainix is a wholly-owned subsidiary of the Company and is principally engaged in the manufacturing and trading of upholstered furniture.

Koh Kong Zhejiang is owned as to 49% indirectly by the Company and 51% by Ms. Zhu Jiayun and is principally engaged in lands development. Since the Company is in control of the board of directors of Koh Kong Zhejiang, Koh Kong Zhejiang is a subsidiary of the Company.

## **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)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“Koh Kong Zhejiang”	KOH KONG ZHEJIANG SEZ CO., LTD., a company established in Cambodia with limited liability
“Land”	the land with an aggregate site area of 44,083 sq.m., located at Communes of Boeng Preav & Chrouy Svay, Srae Ambel District, Koh Kong Province, Cambodia

“Lease Agreement”	the lease agreement dated 23 July 2024 entered between Zhejiang Hainix and Koh Kong Zhejiang
“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 US\$0.00015 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
“US\$”	United States dollar, the lawful currency of the United States of America
“Zhejiang Hainix”	ZHEJIANG HAINIX SOFA CO., LTD. a company established in Cambodia with limited liability
“%”	percent

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

23 July 2024

*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. Chow Hiu Tung, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.*

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