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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 LAND RESUMPTION**

#### **LAND RESUMPTION**

On 16 September 2021, Haining Hidea entered into the Land Resumption Agreement, pursuant to which Haining Hidea agreed to surrender, and Haining Jianshan Administrative Committee agreed to resume, the Resumed Land for a total amount of RMB180,143,845.

#### **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceeds 5% and all applicable percentage ratios are below 25%, the Land Resumption 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.

#### **LAND RESUMPTION AGREEMENTS**

On 16 September 2021, Haining Hidea entered into the Land Resumption Agreement, pursuant to which Haining Hidea agreed to surrender, and Haining Jianshan Administrative Committee agreed to resume, the Resumed Land for a total amount of RMB180,143,845.

##### **Land Resumption Agreement**

16 September 2021

##### **Parties to the Land Resumption Agreement**

- (i) Haining Hidea, a wholly-owned subsidiary of the Company; and
- (ii) Haining Jianshan Administrative Committee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Haining Jianshan Administrative Committee is a government authority in Haining, the PRC and together with its ultimate beneficial owners are Independent Third Parties to the Company.

Pursuant to the Land Resumption Agreement, Haining Hidea shall surrender, and Haining Jianshan Administrative Committee shall resume, the Resumed Land.

### **The Resumed Land under the Land Resumption Agreement**

The Resumed Land comprises one parcel of land with an aggregate site area of approximately 152,023 sq.m, located at No. 26 Wenchang Road, Jianshan New District, Haining City, Zhejiang Province, the PRC together with the buildings erected thereon. The Resumed Land together with the buildings erected on the Resumed Land have been approved for industrial use. Pursuant to the Land Resumption Agreement, Haining Hidea agreed to surrender the Resumed Land together with the buildings erected thereon to the Haining Jianshan Administrative Committee. As at the date of this announcement, the Resumed Land was held by Haining Hidea and is being utilized by the Group as furniture factory.

Pursuant to the Land Resumption Agreement, Haining Hidea shall surrender the land use rights of the Resumed Land to Haining Jianshan Administrative Committee and arrange for the deregistration of the land title under its name upon the entering of the Land Resumption Agreement.

### **Compensation and Payment Terms under the Land Resumption Agreement**

Pursuant to the Land Resumption Agreement, the total amount payable to Haining Hidea for the Land Resumption will be RMB180,143,845, comprises of a compensation in the amount of RMB144,821,184 (the "**Compensation**") and a bonus payment of RMB35,322,661 (the "**Bonus**"), which shall be payable in cash by Haining Jianshan Administrative Committee to Haining Hidea.

Pursuant to the Land Resumption Agreement, the Compensation and Bonus shall be payable as follows:

- (i) a payment of RMB79,800,000 (the "**First Payment**"), representing first payment of the total amount payable for the Land Resumption, shall be payable by Haining Jianshan Administrative Committee to Haining Hidea within fifteen (15) business days from 20 September 2021; and
- (ii) a payment of RMB100,343,845 (the "**Second Payment**"), representing the remaining portion of the total amount payable for the Land Resumption, shall be payable by Haining Jianshan Administrative Committee to Haining Hidea within five (5) business days upon Haining Jianshan Administrative Committee having confirmed satisfaction of the performance of the Land Resumption Agreement by Haining Hidea not later than one (1) month after the delivery of Resumed Land.

The total amount payable to Haining Hidea for the Land Resumption was determined after arm's length negotiations between Haining Hidea and Haining Jianshan Administrative Committee with the reference to (i) laws, regulations, and procedures applicable to resumption of state-owned land in Haining, Zhejiang Province, the PRC; (ii) the valuations of the Resumed Land assessed by 浙江眾誠房地產評估事務所有限公司 (in relation to the Resumed Land) and 浙江正泰聯合資產評估有限公司 (in relation to assets under the Resumed Land and the relocation expenses), each being an independent professional surveyor engaged by Haining Jianshan Administrative Committee, with an aggregated amount of RMB145,775,445 as at 8 October 2020; (iii) the amount of compensation to be retained by Haining Jianshan Administrative Committee in relation to the release of the tenancy of the rooftop of the Resumed Land as further detailed in the paragraph headed "Release of Existing Tenancy" below; and (iv) the Bonus in the amount of RMB35,322,661 agreed to be payable for the Land Resumption. The Directors consider the terms of the Land Resumption Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Release of Existing Tenancy**

Pursuant to the Land Resumption Agreement, Haining Hidea shall procure that the existing tenant(s) of the Resumed Land (other than the tenant(s) of rooftop with the photovoltaics facilities (the "**PV Facilities**")) confirms and agrees that it will release and terminate the existing tenancy agreement(s) in relation to the Resumed Land and return the leased properties before 30 September 2021, written confirmations of which shall be delivered by Haining Hidea to Haining Jianshan Administrative Committee within five (5) business days upon the entering of the Land Resumption Agreement. In relation to the tenancy for the PV Facilities on the rooftop of the Resumed Land, Haining Jianshan Administrative Committee shall coordinate the release of the relevant tenancy upon the entering of the Land Resumption Agreement and Haining Hidea shall cooperate as and when necessary. The compensation fee payable for the relocation of the PV Facilities is estimated to be RMB954,261, the amount of which has been reserved by Haining Jianshan Administrative Committee and has been deducted from the total amount of Compensation payable by Haining Jianshan Administrative Committee under the Land Resumption Agreement.

### **Release of Existing Pledge**

Pursuant to the Land Resumption Agreement, upon receipt of the First Payment from Haining Jianshan Administrative Committee, Haining Hidea shall cause the existing pledge that the Resumed Land is subject to in security for certain existing liability due by the Group be released. In the event that Haining Hidea fails to release such existing pledge resulting in Haining Jianshan Administrative Committee's inability to proceed with the Land Resumption, Haining Jianshan Administrative Committee has the right to rescind the Land Resumption Agreement pursuant to which, the rights and obligations of the parties thereunder the Land Resumption Agreement shall cease and terminate.

## **Completion of the Land Resumption**

Pursuant to the Land Resumption Agreement, Haining Hidea shall deliver vacant possession of the Resumed Land, building erected thereon and certain other asset of fixtures and facilities to Haining Jianshan Administrative Committee within three (3) months upon receipt of the First Payment from Haining Jianshan Administrative Committee. Haining Hidea shall also complete the water, electricity and gas account cancellation or user change procedures, and the clearing of the Resumed Land and buildings erected thereon upon the delivery. In the event the delivery of vacant possession of the Resumed Land is being delayed due to default on the part by Haining Hidea, Haining Hidea will be liable to pay to Haining Jianshan Administrative Committee a daily default payment of 0.03% of the relevant amount received by it under the Land Resumption Agreement. In the event that the delay caused by Haining Hidea is delayed by more than six (6) calendar months, Haining Jianshan Administrative Committee has the right to rescind the Land Resumption Agreement. The rights and obligations of the parties thereunder the Land Resumption Agreement shall cease and terminate, pursuant to which all amount that Haining Jianshan Administrative Committee has already paid to Haining Hidea shall be returned to Haining Jianshan Administrative Committee.

## **REASONS AND BENEFITS FOR THE LAND RESUMPTION**

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 tourism-related services, and provision of property management services; and (c) manufacture and trade of upholstered furniture.

The Resumed Land was acquired by the Group in 2003. In order to improve production efficiency, reduce costs, and to achieve a more effective use of resources, the Group entered into the Land Resumption Agreement to surrender the Resumed Land to the Haining Jianshan Administrative Committee. Upon completion of the Land Resumption, the original production plant on the Resumed Land will be re-located for a more centralized production. Accordingly, it is expected that the Land Resumption 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 Land Resumption 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 Land Resumption 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 LAND RESUMPTION**

Base on the latest unaudited financial statement as at 30 June 2021, the net book value of the Resumed Land is approximately RMB25.8 million, on account of the aggregate compensation of RMB180,143,845, the Company is expected to record an estimated net gain before tax from the Land Resumption of approximately RMB154.3 million. The actual amount of gain from the Land Resumption to be recorded by the Group is subject to audit and will take into account any costs and expenses incurred relating to the Land Resumption, 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 Land Resumption will be used for the Group's general working capital.

## **INFORMATION OF THE PARTIES TO THE LAND RESUMPTION AGREEMENT**

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

Haining Jianshan Administrative Committee is a government authority in Haining, PRC and, for the purpose of the Land Resumption, is the local authority responsible for the Land Resumption.

## **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Land Resumption exceeds 5% and all applicable percentage ratios are below 25%, the Land Resumption 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
“Group”	the Company and its subsidiaries
“Haining Hidea”	Haining Hidea Furniture Co., Ltd* (海寧慧達傢俱有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“Haining Jianshan Administrative Committee”	Haining Jianshan New Area Administrative Committee* (海寧市尖山新區管理委員會), a PRC government authority under the Haining Municipal People’s Government
“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
“Land Resumption”	the resumption of the Resumed Land by Haining Jianshan Administrative Committee pursuant to the terms and conditions of the Land Resumption Agreement
“Land Resumption Agreement”	the agreement dated 16 September 2021 entered into between Haining Hidea and Haining Jianshan Administrative Committee in relation to the Land Resumption
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Resumed Land”	the land located at No. 26, Wenchang Road, Jianshan New District, Haining City, Zhejiang Province, the PRC with an aggregate site area of approximately 152,023 sq.m., which is intended to be resumed by Haining Jianshan Administrative Committee pursuant to the Land Resumption Agreement

“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

\* *For identification purpose only*

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

16 September 2021

*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>