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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 SUPPLEMENTAL AGREEMENT IN RELATION TO THE JOINT VENTURE IN CAMBODIA

Reference is made to the announcements of the Company dated 2 January 2018, 3 January 2018, 12 January 2018 and 8 May 2018 in relation to the Formation of Joint Venture and the Land Acquisition.

SUPPLEMENTAL AGREEMENT TO JV AGREEMENT

On 2 January 2018, Cardina, Mr. Fan and Ms. Lim entered into the JV Agreement pursuant to which Cardina, Mr. Fan and Ms. Lim have agreed to establish a joint venture, i.e. Fun Waterpark. Fun Waterpark was established in January 2018 and is held as to 49% by Cardina, as to 36% by Mr. Fan and as to 15% by Ms. Lim as at the date of this announcement. On 1 February 2021, Cardina, Mr. Fan and Ms. Lim entered into the Supplemental Agreement pursuant to which the parties agreed to amend and supplement certain arrangement as originally contemplated under the JV Agreement.

Pursuant to the Supplemental Agreement:

- (i) Ms. Lim agreed to dispose, and Mr. Fan agreed to acquire, the 15% equity interest in Fun Waterpark, upon completion of which, Fun Waterpark will be held as to 49% by Cardina and as to 51% by Mr. Fan; and
- (ii) the parties agreed that Fun Waterpark shall repay to Ms. Lim the Ms. Lim's Shareholders Loan together with accrued interest in the amount of US\$223,137.42 upon completion of Ms. Lim's Exit.

As a result of Ms. Lim's Exit, Cardina will make additional contribution up to an amount of approximately US\$9.1 million by way as a shareholder's loan to Fun Waterpark.

PROPOSED CHANGE OF USAGE OF THE LAND

Fun Waterpark is a joint venture incorporated in January 2018 in Cambodia for the purpose of the development and operation of the Water Park. Taking into consideration of (i) the current area of land available for development by Fun Waterpark; (ii) the continuous and rapid increase of land prices surrounding the Land; and (iii) Ms. Lim's Exit, it is resolved that the Land will be developed into a real estate project. As a result of which, the then proposed development and operation of the Water Park will be terminated.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Lim and Mr. Fan is interested in 15% and 36% of the interest in Fun Waterpark, respectively, and thus each of them is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Supplemental Agreement and the transaction contemplated thereunder (including the Additional Shareholders' Loan) constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the entering into of the Supplemental Agreement and the transaction contemplated thereunder (including the Additional Shareholders' Loan) exceeds 1% and all applicable percentage ratios are less than 5%, the entering into of the Supplemental Agreement and the transaction contemplated thereunder (including the Additional Shareholders' Loan) constitutes connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 2 January 2018, 3 January 2018, 12 January 2018 and 8 May 2018 in relation to the Formation of Joint Venture and the Land Acquisition.

SUPPLEMENTAL AGREEMENT TO JV AGREEMENT

On 2 January 2018, Cardina, Mr. Fan and Ms. Lim entered into the JV Agreement pursuant to which Cardina, Mr. Fan and Ms. Lim have agreed to establish a joint venture, i.e. Fun Waterpark. Fun Waterpark was established in January 2018 and is held as to 49% by Cardina, as to 36% by Mr. Fan and as to 15% by Ms. Lim as at the date of this announcement. On 1 February 2021, Cardina, Mr. Fan and Ms. Lim entered into the Supplemental Agreement pursuant to which the parties agreed to amend and supplement certain arrangement as originally contemplated under the JV Agreement.

Date: 1 February 2021

Parties:

1. Cardina;
2. Mr. Fan; and
3. Ms. Lim (signing by Ms. Lim's authorized representative duly authorized under a power of attorney given by Ms. Lim).

Amendments to the JV Agreement

Pursuant to the Supplemental Agreement, Ms. Lim agreed to dispose, and Mr. Fan agreed to acquire, the 15% equity interest in Fun Waterpark at the price of US\$75,000 (“**Ms. Lim's Exit**”). Upon completion of Ms. Lim's Exit, Fun Waterpark will be held as to 49% by Cardina and as to 51% by Mr. Fan. Upon which, the two directors on the board of directors of Fun Waterpark as appointed by Ms. Lim will resign, and the board of directors of Fun Waterpark will comprise of three directors, all of which were appointed by Cardina.

As at the date of this announcement, Ms. Lim had contributed to Fun Waterpark by way of shareholders' loan in the total amount of US\$1,301,860.58 (the “**Ms. Lim's Shareholders Loan**”) for the purpose of the Land Acquisition. Pursuant to the Supplemental Agreement, the parties agreed that Fun Waterpark shall repay to Ms. Lim the Ms. Lim's Shareholders Loan together with accrued interest in the amount of US\$223,137.42 upon completion of Ms. Lim's Exit.

Pursuant to the JV Agreement, certain matters in relation to Fun Waterpark will require approval by all shareholders of Fun Waterpark. Pursuant to the Supplemental Agreement, Mr. Fan has entrusted Cardina to exercise the voting rights of the 51% interests in Fun Waterpark with effect from the completion of Ms. Lim's Exit.

Effects of the Supplemental Agreement to the JV Agreement

As Cardina will continue to have the right to appoint or remove a majority of the board of directors of Fun Waterpark, Fun Waterpark will continue to be accounted for as a non-wholly-owned subsidiary of the Company with its financial results continue to be consolidated into the financial statements of the Group.

Additional contribution by Cardina

Pursuant to the JV Agreement, the Land Acquisition Agreement and the Agency Agreement, Cardina (i) contributed an amount of US\$245,000 to the registered capital of Fun Waterpark; and (ii) provided an aggregate amount of approximately US\$34 million by way as a shareholder's loan to Fun Waterpark.

As a result of Ms. Lim's Exit, Cardina will make additional contribution up to an amount of approximately US\$9.1 million by way as a shareholder's loan to Fun Waterpark (the "**Additional Shareholder's Loan**"). Other than the additional capital contribution for Ms. Lim's Exit, Mr. Fan will not be providing additional funding to the Fun Waterpark.

Save as otherwise, other arrangement in relation to Fun Waterpark as contemplated under the JV Agreement remain unchanged.

PROPOSED CHANGE OF USAGE OF THE LAND

Fun Waterpark is a joint venture incorporated in January 2018 in Cambodia for the purpose of the development and operation of the Water Park. As part of the development plan, it was then contemplated that a total of 100 hectares of land will be acquired by Fun Waterpark for the purpose of the construction and development of the Water Park. However, owing to the continuous and rapid increase of land prices, the Land, comprising only a total of approximately 271,478 square meters (equivalent to approximately 27 hectares) of land and located in Toulkey Village, Phnom Penh, Cambodia was acquired.

In addition, pursuant to the JV Agreement, it was then contemplated that Ms. Lim, as a joint venture partner with the local knowledge and expertise in Cambodia, will assist Fun Waterpark in applying for and obtaining all relevant approvals, licences and permits from the relevant local governmental and regulatory authorities in relation to the development of the Water Park in Cambodia.

Taking into consideration of (i) the current area of land available for development by Fun Waterpark; (ii) the continuous and rapid increase of land prices surrounding the Land; and (iii) Ms. Lim's Exit, it is resolved that the Land will be developed into a real estate project. Based on the currently available development plan, it is expected that the project will comprise of flathouse, twin villa and king villa (the "**Proposed Change of Usage of the Land**"). As a result of which, the then proposed development and operation of the Water Park will be terminated.

REASONS FOR AND BENEFIT OF THE TRANSACTION

As stated in the announcements of the Company dated 2 January 2018, 3 January 2018, 12 January 2018 and 8 May 2018, the Directors have identified the development of the Water Park as an opportunity to enable the Group to extend its business footprint in Cambodia which is in line with the Group's long term business objective. Pursuant to which, it was originally planned that, upon the incorporation of Fun Waterpark, Fun Waterpark will acquire land in Cambodia for the construction and development of the Water Park. It was further then contemplated that certain portion of the land acquired by Fun Waterpark will be used to develop some ancillary real estate projects as well as the property development projects for sale to further complement the development of the Water Park.

The Supplemental Agreement was entered into by Cardina, Ms. Lim and Mr. Fan as Ms. Lim has informed of her desire to exit as one of the partners to Fun Waterpark due to her personal reason. Upon negotiation between Cardina and Mr. Fan, it was then agreed that Mr. Fan will take up the portion of equity interest originally held by Ms. Lim whilst the voting rights of his 51% interests in Fun Waterpark will be entrusted to Cardina. In addition, taking into the rapid change in land price in Cambodia since the incorporation of Fun Waterpark, the development of the Water Park is considered not being the most desirous under the current environment. Accordingly, the Proposed Change of Usage of the Land was resolved and agreed by Mr. Fan and Cardina. Property development is one of the Group's principal business. Whilst Mr. Fan will not be injecting additional shareholders' loan to Fun Waterpark at this stage, with the Group's experience in real estate development together with Mr. Fan's local knowledge, the Company is confident that the real estate development on the Land will generate positive return to Fun Waterpark and that any future funding required by Fun Waterpark can be obtained through other third party financing.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the entering of the Supplemental Agreement together with the transactions contemplated thereunder and the Proposed Change of Usage of the Land have been made on normal commercial terms and in the ordinary and usual course of business of the Group and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, FUN WATERPARK, MR. FAN AND MS. LIM

The Company, through its subsidiaries, is principally engaged in the businesses of (a) provisions of tourism and/or 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.

Fun Waterpark, an indirect non-wholly owned subsidiary of the Company, is a joint venture company established in Cambodia on 9 January 2018.

Mr. Fan is a property investor in Cambodia and is experienced in company administration and property development in Cambodia.

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

As at the date of this announcement, Ms. Lim and Mr. Fan is interested in 15% and 36% of the interest in Fun Waterpark, respectively, and thus each of them is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Supplemental Agreement and the transaction contemplated thereunder (including the Additional Shareholders' Loan) constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the entering into of the Supplemental Agreement and the transaction contemplated thereunder (including the Additional Shareholders' Loan) exceeds 1% and all applicable percentage ratios are less than 5%, the entering into of the Supplemental Agreement and the transaction contemplated thereunder (including the Additional Shareholders' Loan) constitutes connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors have further confirmed that none of them has a material interest in the transactions contemplated thereunder the Supplemental Agreement and the Proposed Change of Usage of the Land.

DEFINITIONS

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

“Agency Agreement”	the agency agreement dated 8 May 2018 entered into by Fun Waterpark for the purpose of the Land Acquisition, as further detailed in the announcement of the Company dated 8 May 2018
“Board”	the board of Directors
“Cardina”	Cardina International Company Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Formation of Joint Venture”	the establishment of Fun Waterpark by Cardina, Mr. Fan and Ms. Lim, as more particularly disclosed in the announcements of the Company dated 2 January 2018 and 3 January 2018
“Fun Waterpark”	Fun Waterpark Co., Ltd., a company established in Cambodia with limited liability which is held as to 49% by Cardina, as to 36% by Mr. Fan and as to 15% by Ms. Lim for the purpose of the development and operation of the Water Park, and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“JV Agreement”	the joint venture agreement dated 2 January 2018 entered into between Cardina, Mr. Fan and Ms. Lim in relation to the Formation of Joint Venture
“Land”	around 51 plots of adjoining lands located at Toulkey Village, Phnom Penh, Cambodia with a total site area of approximately 271,478 square metres

“Land Acquisition”	the acquisition of the Land by Fun Waterpark
“Land Acquisition Agreement”	the sale and purchase agreement dated 12 January 2018 entered into by Fun Waterpark for the purpose of the Land Acquisition, as further detailed in the announcement of the Company dated 12 January 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fan”	Mr. Fan Dehua
“Ms. Lim”	Madam Oknha Lim Chhiv Ho
“PRC”	People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 1 February 2021 entered into between Cardina, Mr. Fan and Ms. Lim to supplement and amend the terms of the JV Agreement
“Water Park”	the water park located in Phnom Penh, Cambodia proposed to be constructed on the Land and developed by Fun Waterpark
“%”	per cent.

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

1 February 2021

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Ms. Zhou Xiaohong and Mr. Zhu Ruijun, 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>