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

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On 6 January 2025, Zhejiang Baosen entered into the Lease Agreement with Koh Kong Zhejiang, pursuant to which Zhejiang Baosen agreed to lease the Land from Koh Kong Zhejiang. The Land will be used by Zhejiang Baosen for the construction and operation of a factory complex for the manufacturing of 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 Baosen 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 Baosen 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 entry into of 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), when aggregated with the lease of land as disclosed in the announcement of the Company dated 23 July 2024, is more than 0.1% but less than 5%, entry into of the Lease Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company which 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.

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

Date	On 6 January 2025
Parties	Zhejiang Baosen (as lessee) Koh Kong Zhejiang (as lessor)
Term	Ninety-nine years from 6 January 2025 (the "**Original Term**"). Zhejiang Baosen is entitled to renew the term for another 99 years (the "**Renewed Term**") with a nominal consideration of US$1 upon the expiry of the Original Term and any of the Renewed Term.
Land	The Land is a piece of land for industrial use with an aggregate site area of approximately 14,981 sq.m., located at Koh Kong Zhejiang SEZ, Ou Chrov Village, Boeng Preav Commune, Srae Ambel District, Koh Kong Province, Cambodia. The Land is a parcel of the land (the "**Koh Kong 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 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.
Payment schedule	The total rent payable is US$674,145. Zhejiang Baosen shall pay US$134,829 as deposit (the "**Deposit**") within seven business days upon the signing of the Lease Agreement. 40% of the rent being US$269,658 shall be paid within seven business days upon the corporate registration by Zhejiang Baosen in Koh Kong Special Economic Zone while the remaining 60% of the rent being US$404,487 shall be paid within three months upon the payment of Deposit and before the commencing of Construction. Koh Kong Zhejiang shall return the Deposit in RMB upon the receipt of the remaining 60% of the rent.
Miscellaneous	The Land will be used to build a factory for manufacturing of 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 Baosen 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 rent recently negotiated by the Group for similar land in the vicinity; (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 the Koh Kong Land. After initial development by the Group, the water and electricity supply system and other necessary industrial utilities are under construction on the Land. The Land is located at a special economic zone in Cambodia and can 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 Baosen to enjoy the human resources of Cambodia and the well-established facilities in the special economic zone, which is conducive to further reducing the cost of the Group for manufacturing of furniture.

The Directors (including the independent non-executive Directors) believe that (i) the entry 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 and has abstained from voting on the relevant Board resolution.

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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 Baosen is a wholly-owned subsidiary of the Company and is principally engaged in the manufacturing and trading of sofa wooden frame.

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 accounted for as 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 14,981 sq.m., located at Koh Kong Zhejiang SEZ, Ou Chrov Village, Boeng Preav Commune, Srae Ambel District, Koh Kong Province, Cambodia
"Lease Agreement"	the lease agreement dated 6 January 2025 entered between Zhejiang Baosen 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 Baosen"	ZHEJIANG BAOSEN FURNITURE CO., LTD., a company established in Cambodia with limited liability
"%"	percent

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

6 January 2025

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