



**MERCHANT HOUSE  
INTERNATIONAL LIMITED**  
ARBN 065 681 138

**Head Office:**  
Unit B & C, 16<sup>th</sup> Floor  
E-Trade Plaza  
No. 24 Lee Chung Street  
Chai Wan  
Hong Kong  
Tel: (852) 2889 2000  
Fax: (852) 2898 9992

**Registered Office:**  
First Floor,  
31 Cliff Street  
Fremantle WA 6160  
Australia  
Tel: (61 8) 9435 3200  
**Postal Address:**  
PO Box 584  
Fremantle WA 6959  
Australia

**Announcement to ASX**

**13 July 2023**

**Expiry of Joint Venture Agreement with  
Tianjin Tianxing Kesheng Leather Products Company Limited**

Merchant House International Limited (“**the Company**”) (**ASX: MHI**) advises that the Board is in discussion with the controlling shareholders of Tianjin Tianxing Kesheng Leather Products Company Limited (“Tianxing”) to consider the sale of Forsan’s share in Tianxing.

Forsan Limited, a subsidiary of MHI, holds a 33.79% interest in Tianxing and is party to a co-operation agreement in relation to production from Tianxing which is due to expire in August 2023. Forsan has advised it will not be renewing the co-operation agreement when it expires in August.

The decision by the board of MHI not to continue its investment in Tianxing follows a progressive decline in profits in recent years, as identified in the financial statements of MHI. During the period 1 April 2018 to 30 September 2022, Tianxing accumulated losses of A\$15.2 million for which Forsan’s share was \$5.15 million. The investment in Tianxing has been previously fully impaired in the accounts of MHI.

The Company is negotiating with the controlling shareholder to divest Forsan’s 33.79% share of Tianxing back to the controlling shareholder. At this stage no terms for the divestment have been agreed.

The Company will provide updates as they occur.

Yours faithfully,

**MERCHANT HOUSE INTERNATIONAL LIMITED**

This announcement was authorised for issue by the  
Board of Merchant House International Limited.