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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 ACQUISITION OF LAND IN MALAYSIA

The Board announces that on 8 July 2013, the Company and Kaj Development entered into the Letter of Offer pursuant to which the Company has conditionally agreed that the Company or its subsidiaries will acquire the Land in Malaysia from Kaj Development for a total consideration of RM71,874,000 (equivalent to approximately HK\$174,042,891).

Since the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board wishes to emphasize that as the Acquisition is subject to the entering and finalization of the terms of the Sales and Purchase Agreement thereof, the Acquisition may or may not be proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board announces that on 8 July 2013, the Company and Kaj Development entered into the Letter of Offer pursuant to which the Company has conditionally agreed that the Company or its subsidiaries will acquire the Land in Malaysia from Kaj Development for a total consideration of RM71,874,000 (equivalent to approximately HK\$174,042,891).

The principal terms of the Letter of Offer are as follows:

THE LETTER OF OFFER

Date: 8 July 2013

Parties: (1) the Company; and
(2) Kaj Development.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Kaj Development and its ultimate beneficial owner are Independent Third Parties not connected with the Company and its connected persons.

Acquisition of Land

The parties will enter into a formal Sales and Purchase Agreement upon the signing of the Letter of Offer.

Pursuant to the terms of the Letter of Offer, the Company has conditionally agreed that the Company or its subsidiaries will acquire the Land in Malaysia from Kaj Development for a total consideration of RM71,874,000 (equivalent to approximately HK\$174,042,891). The total consideration for the Acquisition shall be payable by the Company in the following manner:

- (a) a deposit payment of RM3,593,700 (equivalent to approximately HK\$8,702,145), representing 5% of the total consideration for the Acquisition (the "**Earnest Deposit**"), shall be payable by the Company to the legal adviser of Kaj Development (who acts as the escrow agent for the Acquisition) upon the entering into of the Letter of Offer, whom shall only release the Earnest Deposit to Kaj Development upon the signing of the Sales and Purchase Agreement. In the event that the parties fail to enter into the Sales and Purchase Agreement within 14 days after the signing of the Letter of Offer, such Earnest Deposit will be refunded to the Company with no interest;
- (b) in addition to the Earnest Deposit, a second payment of RM3,593,700 (equivalent to approximately HK\$8,702,145), representing 5% of the total consideration for the Acquisition, shall be payable by the Company to Kaj Development upon the signing of the Sales and Purchase Agreement; and
- (c) a third payment of RM64,686,600 (equivalent to approximately HK\$156,638,601), being the remaining balance of the consideration for the Acquisition, shall be payable by the Company to Kaj Development progressively in accordance with the terms of the Sales and Purchase Agreement.

The estimated consideration for the Acquisition was determined after arm's length negotiations between the Company and Kaj Development on normal commercial terms with reference to the market price of comparable land, the prevailing market conditions in the area in Malaysia to which the Land is located, the location of the Land and the development potential of the Land. It is expected that the consideration for the Acquisition will be partly financed by internal resources of the Group and partly financed by bank borrowings.

Condition of the Acquisition

Completion of the Acquisition is conditional upon the entering into of the Sales and Purchase Agreement between the Company and Kaj Development within 14 days from the date of signing of the Letter of Offer.

Information about the Land

The Land, which is a piece of land to be reclaimed, is located at Lot 6, Pulau Melaka East 1, Daerah Melaka Tengah, Negeri Melaka, Malaysia with a total site area of approximately 40,468 square meters. The approved purpose of the Land is for commercial use. The term of the land use rights of the Land granted is 99 years. The Land is intended to be developed into an integrated commercial complex with hotel, serviced apartments, shops, ports and tourism-related facilities.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Taking into account of the current market conditions, the location, development costs and development potential of the Land, the Board considers that the development and participation in the development of the Land will enable the Company to leverage on its existing expertise and to further diversify the business of the Group and enhance the Group's profitability, which is in line with the business expansion and long-term development of the Group. Accordingly, the Directors (including the independent non-executive Directors) consider that the Acquisition is on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Since the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the production of upholstered furniture, furniture leather and automotive leather. It is also engaged in property development and retail business.

Kaj Development is a company incorporated in Malaysia and its principal business is property development.

The Board wishes to emphasize that as the Acquisition is subject to the entering and finalization of the terms of the Sales and Purchase Agreement thereof, the Acquisition may or may not be proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Land as contemplated under the Letter of Offer
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Kaj Development”	Kaj Development SDN BHD, a company incorporated in Malaysia
“Land”	Lot 6, Pulau Melaka East 1, Daerah Melaka Tengah, Negeri Melaka, Malaysia with a total site area of approximately 40,468 square meters
“Letter of Offer”	the letter of offer entered into between the Company and Kaj Development on 8 July 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RM”	Ringgit, the lawful currency in Malaysia
“Sales and Purchase Agreement”	the sales and purchase agreement to be entered into by the Company and Kaj Development with definitive terms and conditions in relation to the Acquisition
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustration purposes, amounts in RM in this announcement have been translated into HK\$ at RM1.00 = HK\$2.4215.

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

PRC, 8 July 2013

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Mr. Zhou Xiaosong and Mr. Zhang Mingfa, Michael; the non-executive Director is Mr. Qiu Jian Ping and the independent non-executive Directors are Mr. Sun Steve Xiaodi, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

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