

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ADDITIONAL LAND IN MALAYSIA

Reference is made to the announcement of the Company dated 8 July 2013 in relation to the signing of the First Letter of Offer between the Company and Kaj Development, pursuant to which the Company conditionally agreed to acquire or procure its subsidiaries to acquire the First Land in Malaysia from Kaj Development.

The Board announces that on 5 December 2013, the Company and Kaj Development entered into the Second Letter of Offer, pursuant to which the Company has conditionally agreed to acquire or procure its subsidiaries to acquire the Second Land in Malaysia from Kaj Development for a consideration of RM6,600,000 (equivalent to approximately HK\$15,831,420).

Since the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition, when aggregated with the acquisition pursuant to the First Letter of Offer 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 into 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

Reference is made to the announcement of the Company dated 8 July 2013 in relation to the signing of the First Letter of Offer between the Company and Kaj Development, pursuant to which the Company conditionally agreed to acquire or procure its subsidiaries to acquire the First Land in Malaysia from Kaj Development. A formal sales and purchase agreement was entered into between the Company and Kaj Development regarding the acquisition of the First Land in July 2013 and the Company will commence development of the First Land in 2014, upon completion of the reclamation of the First Land by Kaj Development. Further, at the end of November 2013, in light of the Company's plan to increase its investment in the First Land, the parties to the First Letter of Offer have agreed to increase the plot ratio of the First Land from 4.0 to 6.0 and accordingly to adjust the consideration for the First Land from RM71,874,000 (equivalent to approximately HK\$172,404,164) to RM74,074,000 (equivalent to approximately HK\$177,681,304), which 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 and the amount of increased plot ratio to the First Land. As at the date of this announcement, the remaining balance of the consideration for the acquisition of the First Land is RM57,499,200 (equivalent to approximately HK\$137,923,331), which shall be payable together with the additional amount after the adjustment on or before the date of issuance of the land title of the First Land.

The Board further announces that on 5 December 2013, the Company and Kaj Development entered into the Second Letter of Offer, pursuant to which the Company has conditionally agreed to acquire or procure its subsidiaries to acquire the Second Land in Malaysia from Kaj Development for a consideration of RM6,600,000 (equivalent to approximately HK\$15,831,420).

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

THE LETTER OF OFFER

Date: 5 December 2013

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, 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 the Second Land

Pursuant to the terms of the Second Letter of Offer, the Company has agreed to acquire or procure its subsidiaries to acquire the Second Land in Malaysia from Kaj Development for a consideration of RM6,600,000 (equivalent to approximately HK\$15,831,420). The consideration for the Acquisition shall be payable by the Company to Kaj Development in full upon the signing of the Second Letter of Offer.

The 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 area to which the Second Land is located, the location of the Second Land and the development potential of the Second 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.

The parties will enter into a formal Sales and Purchase Agreement regarding the Acquisition within 14 days upon the signing of the Second Letter of Offer. In the event that vacant possession for the Second Land cannot be delivered in favour of the Company within 18 months from the date of the Second Letter of Offer, the consideration of RM6,600,000 (equivalent to approximately HK\$15,831,420) paid by the Company to Kaj Development upon the signing of the Second Letter of Offer will be used to offset the remaining balance of the consideration for the acquisition of the First Land under the First Letter of Offer.

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 Second Letter of Offer.

Information about the Second Land

As of the date of this announcement, the Second Land is a piece of sea area located at Pulau Melaka East 1, Daerah Melaka Tengah, Negeri Melaka, Malaysia with a total site area of approximately 16,187 square meters, which is adjacent to the First Land acquired pursuant to the First Letter of Offer and will be ready for development in 2014. Similar to the First Land, the approved purpose of the Second Land is also for commercial use and the term of the land use rights of the Second Land granted is 99 years. The Second Land will be developed into a marina.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Further to the acquisition of the First Land in July 2013, the Company believes that the development potential of the First Land is high, after taking into account the current market conditions, the location and development costs. As such, it is the intention of the Company to increase its investment in the same area. Taking into consideration of the location of the Second Land, being adjacent to the First Land, and the associated estimated development costs of the Second Land, the Board considers that the development and participation in the development of the First Land, with the additions of the Second 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

Given that the Acquisition is of the same nature and with the same seller as the transaction announced by the Company on 8 July 2013, the Acquisition is aggregated with the First Letter of Offer entered into between the Company and Kaj Development 8 July 2013 pursuant to Rule 14.22 of the Listing Rules.

Since the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition, when aggregated with the acquisition pursuant to the First Letter of Offer 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 Second Land as contemplated under the Second 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
“First Land”	Lot 6, Pulau Melaka East 1, Daerah Melaka Tengah, Negeri Melaka, Malaysia with a total site area of approximately 40,468 square meters
“First Letter of Offer”	the first letter of offer entered into between the Company and Kaj Development on 8 July 2013 regarding the acquisition of the First Land
“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
“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
“Second Land”	a piece of sea area adjacent to the First Land located at Pulau Melaka East 1, Daerah Melaka Tengah, Negeri Melaka, Malaysia with a total site area of approximately 16,187 square meters
“Second Letter of Offer”	the second letter of offer entered into between the Company and Kaj Development on 5 December 2013 regarding the acquisition of Second Land
“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\$2.3987.

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

PRC, 5 December 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>