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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 DISPOSAL OF SHARES OF HAINING LEATHER MARKET

The Board announces that during the period from 4 March 2014 to 28 April 2014, Zhejiang Kasen has disposed an aggregate of 15,302,800 HLM Shares (representing approximately 1.37% equity interest in Haining Leather Market as at the date of this announcement based on public information available to the Company) through on-market transactions conducted on the Shenzhen Stock Exchange at an aggregate consideration, after deduction of necessary transaction costs, of RMB203,666,557 (equivalent to approximately HK\$256,862,854).

As the applicable percentage ratios as set out in the Listing Rules in respect of the Disposals is more than 5% but is less than 25%, the Disposals constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement made by the Company on 3 October 2007 regarding the Acquisition and the announcement made by the Company on 27 January 2010 regarding the listing of the shares of Haining Leather Market on the Shenzhen Stock Exchange.

THE DISPOSALS

The Board announces that during the period from 4 March 2014 to 28 April 2014, Zhejiang Kasen has disposed an aggregate of 15,302,800 HLM Shares (representing approximately 1.37% equity interest in Haining Leather Market as at the date of this announcement based on public information available to the Company) through on-market transactions conducted on the Shenzhen Stock Exchange at an aggregate consideration, after deduction of necessary transaction costs, of RMB203,666,557 (equivalent to approximately HK\$256,862,854). The average price at which the Disposals were carried out is approximately RMB13.31 (equivalent to HK\$16.79) per HLM Share. As at 4 March 2014, Zhejiang Kasen held 41,302,800 HLM Shares, representing approximately 3.69% of the total share capital of Haining Leather Market based on public information available to the Company. Immediately after completion of the Disposals, Zhejiang Kasen held 26,000,000 HLM Shares, representing approximately 2.32% of the total share capital of Haining Leather Market based on public information available to the Company.

As the Disposals were made through Shenzhen Stock Exchange, the Company is not aware of the identities of the purchasers of the Disposed Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchasers of the Disposed Shares and their ultimate beneficial owners are Independent Third Parties.

Assets disposed

During the period from 4 March 2014 to 28 April 2014, Zhejiang Kasen has disposed an aggregate of 15,302,800 HLM Shares (representing approximately 1.37% equity interest in Haining Leather Market as at the date of this announcement based on public information available to the Company).

Consideration

The aggregate consideration, after deduction of necessary transaction costs, of the Disposals is RMB203,666,557 (equivalent to approximately HK\$256,862,854) and are receivable in cash on settlement. The gross sale proceeds of the Disposals, excluding transaction costs, is RMB203,931,668 (equivalent to HK\$257,197,210). The consideration for the Disposals represented the market price of the HLM Shares at the relevant time of the Disposals.

INFORMATION ABOUT HAINING LEATHER MARKET

Haining Leather Market is indirectly wholly owned by 海寧市國有資產監督管理委員會 (State-owned Assets Supervision and Administrative Commission of Haining Municipal Government). Haining Leather Market is principally engaged in the development and operation of large leather product retail malls and was listed on the Shenzhen Stock Exchange on 26 January 2010.

According to the published financial statements of Haining Leather Market, the financial results of Haining Leather Market for the two years ended 31 December 2012 and 2013 are as follows:

	For the year ended 31 December	
	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net profit before tax	972,663	1,402,012
Net profit after tax	723,793	1,051,402

The net asset value of Haining Leather Market as at 31 December 2013 was approximately RMB3,936,616,930 (equivalent to approximately HK\$4,964,834,065).

FINANCIAL EFFECTS OF THE DISPOSALS

A gain on disposal in the amount of approximately RMB187,747,000 (equivalent to approximately HK\$236,785,219) in respect of the Disposals was arisen upon completion of the Disposals. The gain was calculated with reference to the difference between the acquisition cost of the HLM Shares at the time of the Acquisition and the disposal price of the Disposed Shares.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Board believes that the Disposals in the interest of the Shareholders and the Company as a whole as the Company was able to realise a considerable profit by disposal of a portion of its investment in Haining Leather Market as well as to further enhance and strengthen the financial position and cash flow of the Group.

As the Disposals were all made at market price, the Directors (including the independent non-executive Directors) considered that the Disposals were made on normal commercial terms and that such terms were fair and reasonable so far as the Company and the Shareholders are concerned and that the Disposals were in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios as set out in the Listing Rules in respect of the Disposals is more than 5% but is less than 25%, the Disposals constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Due to an inadvertent oversight, the Company mistakenly believed that the Disposals on the open market of the shares of Haining Leather Market by Zhejiang Kasen did not constitute a notifiable transaction under the Listing Rules given that Haining Leather Market is a company listed on Shenzhen Stock Exchange. In the course of preparing the interim report for the six months ended 30 June 2014, the Company became aware that the Disposals constituted a notifiable transaction and was subject to reporting and announcement requirements under 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.

DEFINITIONS

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

“Acquisition”	the acquisition of 4.92% equity interest in Haining Leather Market by Zhejiang Kasen pursuant to the capital increase agreement on 30 September 2007
“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
“Disposals”	a series of disposals of the Disposed Shares during the period from 4 March 2014 to 28 April 2014 by Zhejiang Kasen through on-market transactions conducted on the Shenzhen Stock Exchange
“Disposed Shares”	an aggregate of 15,302,800 HLM Shares
“Group”	the Company and its subsidiaries
“Haining Leather Market”	海寧中國皮革城股份有限公司 (Haining China Leather Market Co., Limited), a domestic company incorporated in the PRC and shares of which are listed on the Shenzhen Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLM Shares”	ordinary shares of nominal value RMB1.00 each in the capital of Haining Leather Market
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency in the PRC

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Kasen”	浙江卡森實業集團有限公司 (Zhejiang Kasen Industrial Group Co., Limited), a domestic company incorporated in the PRC and an indirectly wholly owned subsidiary of the Company
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.7929.

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

PRC, 28 August 2014

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Mr. Lee Lawrence 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>