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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)**

**(1) DISCLOSEABLE TRANSACTION IN RELATION TO  
THE HHD MASTER AGREEMENT;  
AND  
(2) CONTINUING CONNECTED TRANSACTION AND  
MAJOR TRANSACTION IN RELATION TO  
THE CCT MASTER AGREEMENT**

**THE HHD MASTER AGREEMENT**

On 12 September 2016 (after trading hours), the Company, Hero Time and Haining Home Direct entered into the HHD Master Agreement pursuant to which, among others, the Group agreed to provide the HHD Master Guarantee, and Hero Time agreed to provide the HHD Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to Haining Home Direct in the HHD Guarantee Amount of up to RMB392.20 million for the period from 12 September 2016 to 31 December 2018, subject to the terms and conditions of the HHD Master Agreement.

**THE CCT MASTER AGREEMENT**

On 12 September 2016 (after trading hours), the Company, the CCT Counter Guarantors and the CCT Group entered into the CCT Master Agreement pursuant to which, among others, the Group agreed to provide the CCT Master Guarantee, and each of the CCT Counter Guarantors agreed to jointly and severally provide the CCT Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to the CCT Group in respect of the Annual Caps of up to RMB675.60 million for each of the period from 12 September 2016 to 31 December 2016 and for the two financial years ending 31 December 2018, subject to the terms and conditions of the CCT Master Agreement.

## **LISTING RULES IMPLICATIONS**

### **The HHD Master Agreement**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the provision of the HHD Guarantee Amount under the HHD Master Agreement are more than 5% but all are less than 25%, it has constituted a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **The CCT Master Agreement**

As at the date of this announcement, Mr. Zhu is a Director and the controlling shareholder of the Company. The Purchasers are the daughters of Mr. Zhu and wholly own Lingjia New Material. Therefore, Mr. Zhu, the Purchasers and Lingjia New Material, being the CCT Counter Guarantors, are connected persons of the Company under the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Annual Caps under the CCT Master Agreement, on an annual basis, are higher than 5%, it constitutes a non-exempt continuing connected transaction for the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Annual Caps under the CCT Master Agreement, on an annual basis, exceed 25% but all are less than 75%, it also constitutes a major transaction for the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhu, no Shareholder has any material interest in the CCT Master Agreement and the transactions contemplated thereunder. Mr. Zhu and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the CCT Master Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the CCT Master Agreement and the transactions contemplated thereunder, including the Annual Caps, at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the CCT Master Agreement and the transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) details of the CCT Master Agreement; (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 26 September 2016.

## INTRODUCTION

Reference is made to the announcement of the Company dated 1 February 2016 and the circular of the Company dated 29 April 2016 in relation to the Disposal. On 1 February 2016 (after trading hours), the Company, the Vendors, the Purchasers and Mr. Zhu entered into the Disposal Agreement, pursuant to which, among others, the Vendors agreed to sell and the Purchasers (or their nominee(s)) agreed to acquire the entire equity interest of the Disposal Group at the total consideration of RMB492,755,687. The transactions contemplated under the Disposal Agreement were approved by the independent Shareholders on 18 May 2016.

Haining Home Direct and the CCT Group formed part of the Disposal Group under the Disposal Agreement.

With regard to the Group's general business operation and practice, on one hand, the Group, as guarantor, provided guarantee for the performance and repayment obligations of bank facilities to Haining Home Direct and the CCT Group which were pledged by the assets of the Group. On the other hand, Haining Home Direct and the CCT Group, as guarantors, provided guarantee for the performance and repayment obligations of bank facilities to the Group. Details of the said guaranteed bank facilities and loans drawdown as at the date of this announcement are summarized as follows:–

	Facility Amount		Guarantee with Asset Pledge		Guarantee	
	Total Amount <i>(Approximate RMB'million)</i>	Actual Drawdown <i>(Approximate RMB'million)</i>	Total Amount <i>(Approximate RMB'million)</i>	Actual Drawdown <i>(Approximate RMB'million)</i>	Total Amount <i>(Approximate RMB'million)</i>	Actual Drawdown <i>(Approximate RMB'million)</i>
<b>Haining Home Direct</b>						
Bank facilities to Haining Home Direct	370.00	341.76	320.00	291.76	50.00	50.00
Bank facilities to the Group	115.00	114.80	–	–	115.00	114.80
<b>The CCT Group</b>						
Bank facilities to the CCT Group	637.36	579.24	351.70	346.70	285.66	232.54
Bank facilities to the Group	382.50	376.00	–	–	382.50	376.00

The assets provided by the Group for the above guarantee included land use rights, properties and equity investment.

Save for the above, the Group neither provided any guarantee to the remaining companies under the Disposal Group or vice versa.

On 23 May 2016, the Vendors, the Company and Hero Time (being a nominee of the Purchasers to the Disposal Agreement) entered into a share transfer agreement, pursuant to which, among others, the Vendors agreed to sell and Hero Time agreed to acquire the entire equity interest of Haining Home Direct (the “**Share Transfer**”), major terms of which were determined in line with that under the Disposal Agreement. The registration procedures from relevant governmental authorities in relation to the Share Transfer shall be completed within 180 days from the date of signing of the said agreement. On the same date, the Vendors, Haining Home Direct and Hero Time entered into a transfer of control agreement, pursuant to which the Vendors agreed to transfer the controlling rights of Haining Home Direct to Hero Time (the “**Transfer of Controlling Rights**”). As at 23 May 2016, the Transfer of Controlling Rights was completed and therefore the financial results of Haining Home Direct was de-consolidated from the Group’s financial statements.

The provision of guarantee and asset pledge by the Group in favour of Haining Home Direct constitutes a notifiable transaction for the Company while the provision of guarantee by Haining Home Direct in favor of the Group does not constitute a transaction for the Company under the Listing Rules.

In addition, the completion of disposal of the CCT Group by the Company to the Purchasers in accordance with the terms and conditions of the Disposal Agreement (the “**CCT Group Completion**”) is expected to take place on or before 6 October 2016. Upon the CCT Group Completion, (i) the provision of guarantees and asset pledge by the Group in favor of the CCT Group will constitute major and connected transactions for the Company under the Listing Rules; and (ii) pursuant to Rule 14A.90 of the Listing Rules, the provision of guarantees by the CCT Group in favor of the Group will be fully exempt as it is conducted on normal commercial terms or better and is not secured by the assets of the Group.

In view of the above, the Company entered into the HHD Master Agreement and the CCT Master Agreement to govern the said provision of guarantees and asset pledge and to facilitate the completion of the Disposal.

## **THE HHD MASTER AGREEMENT**

On 12 September 2016 (after trading hours), the Company, Hero Time and Haining Home Direct entered into the HHD Master Agreement pursuant to which, among others, the Group agreed to provide the HHD Master Guarantee, and Hero Time agreed to provide the HHD Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to Haining Home Direct in the HHD Guarantee Amount of up to RMB392.20 million, subject to the terms and conditions of the HHD Master Agreement.

## **Principal Terms of the HHD Master Agreement**

- Date: 12 September 2016
- Parties:
- (1) the Company;
  - (2) Hero Time; and
  - (3) Haining Home Direct.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hero Time and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

### ***Subject matter***

Pursuant to the HHD Master Agreement, the Group agreed to provide the HHD Master Guarantee, and Hero Time agreed to provide the HHD Counter Guarantee in respect of the HHD Guarantee Amount of up to RMB392.20 million.

The HHD Guarantee Amount was determined after arm's length negotiations between the Company and Hero Time with reference to, among others, the existing bank facilities of RMB370.00 million guaranteed by the Group to Haining Home Direct and the associated costs, without limitation to interest payment.

### ***Consideration***

Neither the Company nor Hero Time will receive any fee or commission from providing the HHD Master Guarantee and the HHD Counter Guarantee respectively.

### ***Guarantee period***

The HHD Master Guarantee and the HHD Counter Guarantee shall become effective from the date of the HHD Master Agreement and expire on 31 December 2018 (the "**HHD Guarantee Period**").

In the event that the HHD Guarantee Period is expired but the guarantee provided by the Group for the bank facilities to Haining Home Direct is not fully discharged and released, Hero Time shall transfer the entire equity interest of Haining Home Direct to the Company at original purchase cost less any accumulated loss of Haining Home Direct after the completion of the Transfer of Controlling Rights.

### ***Collateral***

The Company agreed to continue to provide guarantee and pledge the Group's assets for the HHD Guarantee Amount.

The HHD Counter Guarantee shall be secured by the assets of Hero Time, without limitation to the entire interest of Haining Home Direct upon completion of the Share Transfer.

### ***Effectiveness conditions***

No condition.

### ***Major representations and warranties of Hero Time***

The major representations and warranties of Hero Time are summarized as follows:–

- (i) Haining Home Direct shall continue to provide the guarantee for the bank facilities to the Group in an aggregate amount of RMB115.00 million during the HHD Guarantee Period and release of which shall be subject to the Company's approval;
- (ii) without the written consent of the Group, Hero Time shall not create any mortgage, charge, pledge, lien, hypothecation or other arrangement whatsoever over or affecting any of the entire equity interest of Haining Home Direct during the HHD Guarantee Period;
- (iii) without the written consent of the Group, Hero Time shall ensure that Haining Home Direct will not increase its total bank loans to the extent that exceed the guaranteed bank facilities of RMB370.00 million provided by the Group to Haining Home Direct during the HHD Guarantee Period;
- (iv) without the written consent of the Group, Haining Home Direct shall be conducted in the ordinary course of business consistent with the past practice and there shall have no material adverse change on the assets, liabilities, financial condition and operating condition of Haining Home Direct, without limitation to material acquisition and disposal and dividend distribution during the HHD Guarantee Period; and
- (v) Hero Time agrees to, at the request of the Company, provide any information of Haining Home Direct (including its financial statements) from time to time to the Company.

### **Information on Parties under the HHD Master Agreement**

Hero Time is a company incorporated in the Republic of Seychelles with limited liability. Its principal business is investment holding.

### **Reasons and Benefits for the Entering into of the HHD Master Agreement**

It was the intention of the parties to the Disposal Agreement to discharge and release all the guarantee obligations and liabilities of the Group in respect of the bank facilities to Haining Home Direct before completion of the Share Transfer. However, despite several rounds of negotiation between the Group and the relevant banks in the PRC for the said discharge and release, the Group has yet to reach a consensus with the said banks. Concurrently, Haining Home Direct provided a guarantee in respect of bank facilities to the Group in an aggregate amount of RMB115.00 million as at the date of this announcement. The Directors consider that the continuous provision of such guarantee by Haining Home Direct will enable the Group to operate stably in the short run without any material impact on the financial position of the Group.

The Directors believe that the Group is further protected and compensated by the HHD Counter Guarantee provided.

The Directors are also of the view that the provision of the HHD Master Guarantee under the HHD Master Agreement will not have any material adverse effect on the financial performance, assets and liabilities of the Group.

Having considered the above and in order to facilitate the completion of the Disposal as a whole, the Company has decided to continuously provide the HHD Master Guarantee by entering into the HHD Master Agreement.

In view of the above, the Directors are of the view that the terms of the HHD Master Agreement are on normal commercial terms, fair and reasonable and the entering into the HHD Master Agreement is in the interests of the Company and its Shareholders as a whole.

### **Listing Rules Implications**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the provision of the HHD Guarantee Amount under the HHD Master Agreement are more than 5% but all are less than 25%, it has constituted a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **CCT MASTER AGREEMENT**

On 12 September 2016 (after trading hours), the Company, the CCT Counter Guarantors and the CCT Group entered into the CCT Master Agreement pursuant to which, among others, the Group agreed to provide the CCT Master Guarantee, and each of the CCT Counter Guarantors agreed to jointly and severally provide the CCT Counter Guarantee to fully indemnify the Company, for the performance and repayment obligations of bank facilities to the CCT Group up to the amount of the Annual Caps, subject to the terms and conditions of the CCT Master Agreement.

## Principal Terms of the CCT Master Agreement

Date:	12 September 2016
Parties:	(1) the Company;
	(2) Mr. Zhu;
	(3) Ms. Zhu Jiayun;
	(4) Ms. Zhu Lingren;
	(5) Lingjia New Material;
	(6) Haining Kasen Leather;
	(7) Haining Schinder; and
	(8) Dafeng Huasheng.

As at the date of this announcement, Mr. Zhu is a Director and the controlling shareholder of the Company. The Purchasers are the daughters of Mr. Zhu and wholly own Lingjia New Material. Therefore, Mr. Zhu, the Purchasers and Lingjia New Material, being the CCT Counter Guarantors, are connected persons of the Company under the Listing Rules.

### ***Subject matter***

Pursuant to the CCT Master Agreement, the Group agreed to provide the CCT Master Guarantee, and each of the CCT Counter Guarantors agreed to jointly and severally provide the CCT Counter Guarantee up to the amount of the Annual Caps, subject to the terms and conditions of the CCT Master Agreement.

### ***Annual caps***

The proposed Annual Caps for the period from 12 September 2016 to 31 December 2016 and for the two financial years ending 31 December 2018 (the “**CCT Guarantee Period**”) under the CCT Master Agreement are as follows:–

	<b>For the period from 12 September 2016 to 31 December 2016 RMB'million</b>	<b>For the financial year ending 31 December 2017 RMB'million</b>	<b>For the financial year ending 31 December 2018 RMB'million</b>
Maximum amount	675.60	675.60	675.60



The Annual Caps was determined after arm's length negotiations between the Company and the CCT Counter Guarantors with reference to, among others, the existing bank facilities of RMB637.36 million guaranteed by the Group to the CCT Group and the associated costs, without limitation to interest payment.

### ***Consideration***

Neither the Company nor the CCT Counter Guarantors will receive any fee or commission from providing the CCT Master Guarantee and the CCT Counter Guarantee respectively.

### ***Effectiveness Conditions***

The CCT Master Guarantee and the CCT Counter Guarantee shall become effective upon fulfillment of the following conditions:

- (i) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the CCT Master Agreement and the transactions contemplated thereunder having been obtained; and
- (ii) the obtaining of the Independent Shareholders' approval for the CCT Master Agreement and the transactions contemplated thereunder in compliance with the Listing Rules.

None of the above conditions can be waived.

### ***Collateral***

The Company agreed to continue to provide guarantee and pledge the Group's assets for the CCT Master Guarantee.

### ***Major representations and warranties of the CCT Counter Guarantors***

The major representations and warranties of the CCT Counter Guarantors are summarized as follows:—

- (i) the CCT Group shall continue to provide the guarantee for the bank facilities to the Group in an aggregate amount of RMB382.50 million during the CCT Guarantee Period and release of which shall be subject to the Company's approval;
- (ii) without the written consent of the Group, the CCT Counter Guarantors shall not create any mortgage, charge, pledge, lien, hypothecation or other arrangement whatsoever over or affecting any of the entire equity interest of the Disposal Group (other than Haining Home Direct) during the CCT Guarantee Period;

- (iii) without the written consent of the Group, the CCT Counter Guarantors shall ensure that the CCT Group will not increase their total bank loans to the extent that exceed the guaranteed bank facilities of RMB637.36 million provided by the Group to the CCT Group during the CCT Guarantee Period;
- (iv) without the written consent of the Group, the Disposal Group (other than Haining Home Direct) shall be conducted in the ordinary course of business consistent with the past practice and there shall have no material adverse change on the assets, liabilities, financial condition and operating condition of the Disposal Group (other than Haining Home Direct), without limitation to material acquisition and disposal and dividend distribution during the CCT Guarantee Period; and
- (v) the CCT Counter Guarantors agree to, at the request of the Company, provide any information of the CCT Group (including their financial statements) from time to time to the Company.

### **Information on Parties under the CCT Master Agreement**

As at the date of this announcement, Mr. Zhu is a Director and the controlling shareholder of the Company. The Purchasers are the daughters of Mr. Zhu and wholly own Lingjia New Material. Therefore, Mr. Zhu, the Purchasers and Lingjia New Material, being the CCT Counter Guarantors, are connected persons of the Company under the Listing Rules.

Lingjia New Material is a company established under the laws of the PRC with limited liability. Its principal business is research and development of new material.

### **Reasons and Benefits for the Entering into of the CCT Master Agreement**

It was the intention of the parties to the Disposal Agreement to discharge and release all the guarantee obligations and liabilities of the Group in respect of the bank facilities to the CCT Group before completion of the disposal of the entire equity interest of the CCT Group. However, despite several rounds of negotiation between the Group and the relevant banks in the PRC for the said discharge and release, the Group has yet to reach a consensus with the said banks. Concurrently, the CCT Group provided guarantees in respect of bank facilities to the Group in an aggregate amount of RMB382.50 million as at the date of this announcement. The Directors consider that the continuous provision of such guarantee by the CCT Group will enable the Group to operate stably in the short run without any material impact on the financial position of the Group.

The Directors believe that the Group is further protected and compensated by the CCT Counter Guarantee provided.

The Directors are also of the view that the provision of the CCT Master Guarantee under the CCT Master Agreement will not have any material adverse effect on the financial performance, assets and liabilities of the Group.

Having considered the above and in order to facilitate the completion of the Disposal as a whole, the Company has decided to continuously provide the CCT Master Guarantee by entering into the CCT Master Agreement.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the terms of the CCT Master Agreement are on normal commercial terms, fair and reasonable and the entering into the CCT Master Agreement is in the interests of the Company and its Shareholders as a whole.

### **Listing Rules Implications**

Pursuant to the Listing Rules, Mr. Zhu, the Purchasers and Lingjia New Material, being the CCT Counter Guarantors, are connected persons of the Company. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Annual Caps under the CCT Master Agreement, on an annual basis, are higher than 5%, it constitutes a non-exempt continuing connected transaction for the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Annual Caps under the CCT Master Agreement, on an annual basis, exceed 25% but all are less than 75%, it also constitutes a major transaction for the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhu, no Shareholder has any material interest in the CCT Master Agreement and the transactions contemplated thereunder. Mr. Zhu and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the CCT Master Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the CCT Master Agreement and the transactions contemplated thereunder, including the Annual Caps, at the EGM.

### **INFORMATION ON THE GROUP**

The Group is principally engaged in the businesses of (a) manufacturing of automotive and furniture leather and upholstered furniture, (b) property development and (c) tourism resort-related business (comprising mainly tourism resort-related operation, operation of restaurant and hotel and provision of travel-related services) in the PRC.

### **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the CCT Master Agreement and the transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) details of the CCT Master Agreement; (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 26 September 2016.

## DEFINITIONS

Unless otherwise stated, the capitalised terms used in this announcement have the following meanings:

“Annual Caps”	proposed annual caps in respect of bank facilities contemplated under the CCT Master Agreement, details of which are disclosed in the sub-section headed “Annual Caps” under the section headed “The CCT Master Agreement” in this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCT Group”	collectively, Haining Kasen Leather, Haining Schinder and Dafeng Huasheng, which formed part of the Disposal Group
“CCT Counter Guarantee”	the counter guarantee provided by the CCT Counter Guarantors to fully indemnify the Company up to the amount of the Annual Caps
“CCT Counter Guarantors”	collectively, Mr. Zhu, the Purchasers and Lingjia New Material
“CCT Master Agreement”	the master agreement dated 12 September 2016 entered into between the Company, the CCT Counter Guarantors and the CCT Group in relation to the CCT Master Guarantee and the CCT Counter Guarantee
“CCT Master Guarantee”	the guarantee provided by the Group to the CCT Group up to the amount of the Annual Caps
“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 meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Dafeng Huasheng”	鹽城市大豐華盛皮革有限公司(Yancheng Dafeng Huasheng Leather Company Limited*), a company established under the laws of the PRC with limited liability and being part of the Disposal Group
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire interest of each of the Disposal Group by the Vendors to the Purchasers pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 1 February 2016 and entered into by the Company, the Vendors, the Purchasers and Mr. Zhu in respect of, among other things, the Disposal
“Disposal Group”	collectively, Haining Kasen Leather, Haining Schinder, Haining Senmei, Dafeng Huasheng, Haining Home Direct, Wuji Kasen and Haining Kasen Automotive
“EGM”	the extraordinary general meeting to be held by the Company to, amongst others, consider and, if though fit, approve the CCT Master Agreement and the transaction contemplated thereunder, including the Annual Caps
“Group”	the Company and its subsidiaries
“Haining Home Direct”	海寧家值傢俬有限公司(Haining Home Direct Furniture Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Haining Kasen Automotive”	海寧卡森汽車內飾材料有限公司(Haining Kasen Automotive Interior Materials Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Haining Kasen Leather”	海寧卡森皮革有限公司(Haining Kasen Leather Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Haining Schinder”	海寧森德皮革有限公司(Haining Schinder Leather Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group

“Haining Senmei”	海寧森美貿易有限公司(Haining Senmei Trading Company Limited*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group
“Hero Time”	Hero Time Ventures Limited, a company incorporated in the Republic of Seychelles with limited liability
“HHD Counter Guarantee”	the counter guarantee provided by Hero Time to fully indemnify the Company for the HHD Guarantee Amount
“HHD Guarantee Amount”	up to a maximum amount of RMB392.20 million
“HHD Master Agreement”	the master agreement dated 12 September 2016 entered into between the Company, Hero Time and Haining Home Direct in relation to the HHD Master Guarantee and HHD Counter Guarantee
“HHD Master Guarantee”	the guarantee provided by the Group to Haining Home Direct for the HHD Guarantee Amount
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, which has been formed for the purpose of advising the Independent Shareholders in respect of the CCT Master Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Akron Corporate Finance Limited, a licenced corporation to carry on Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the CCT Master Agreement and the transactions contemplated thereunder, including the Annual Caps
“Independent Shareholders”	Shareholders other than those who have material interest in the CCT Master Agreement and the transactions contemplated thereunder and are required to abstain from voting at the EGM

“Lingjia New Material”	海寧靈嘉新材料科技有限公司 (Haining Lingjia New Material Technology Company Limited*), a company established under the laws of the PRC with limited liability and is wholly-owned by the Purchasers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Mr. Zhu Zhangjin, being a Director and a controlling shareholder of the Company
“Ms. Zhu Jiayun”	Ms. Zhu Jiayun, being the elder daughter of Mr. Zhu
“Ms. Zhu Lingren”	Ms. Zhu Lingren, being the younger daughter of Mr. Zhu
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Purchasers”	Ms. Zhu Jiayun and Ms. Zhu Lingren
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of USD0.00015 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor A”	Cardina International Company Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Vendor B”	浙江卡森實業集團有限公司(Zhejiang Kasen Industrial Group Company Limited*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Vendors”	Vendor A and Vendor B

“Wuji Kasen”

無極卡森實業有限公司(Wuji Kasen Industrial Company Limited\*), a company established under the laws of the PRC with limited liability, and being part of the Disposal Group

“%”

per cent.

By order of the Board  
**Kasen International Holdings Limited**  
**Zhu Zhangjin**  
*Chairman*

PRC, 12 September 2016

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhu Zhangjin, Mr. Sun Hongyang and Mr. Zhang Mingfa, Michael and the independent non-executive Directors are Mr. Du Haibo, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.*

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

*\* for identification purposes only*

*In case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*