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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)

REPURCHASE OF EXCHANGEABLE BONDS ISSUED BY ZHEJIANG KASEN INDUSTRIAL GROUP CO., LTD.

The Company announces that, on 20 October 2016, as a result of the occurrence of the Triggering Event, Notice has been issued by Zhejiang Kasen on the Shenzhen Stock Exchange indicating that each Bondholder shall have the right to request Zhejiang Kasen to repurchase all or part of the outstanding Exchangeable Bonds held by the relevant Bondholder. On the assumption that all Bondholders exercise their respective rights for the Repurchase, Zhejiang Kasen would be required to repurchase outstanding Exchangeable Bonds up to a total amount of RMB144,891,510, representing the face value of the Exchangeable Bond plus annual interest rate of 7.5%.

Reference is made to the announcement of Kasen International Holdings Limited (the “**Company**”) dated 24 December 2014 in relation to the issue of exchangeable bonds in a principal amount of up to RMB222,000,000 (the “**Exchangeable Bonds**”) by Zhejiang Kasen Industrial Group Co., Limited* (浙江卡森實業集團有限公司) (“**Zhejiang Kasen**”), a wholly-owned subsidiary of the Company. The Exchangeable Bonds are exchangeable at the option of the holders of the Exchangeable Bonds (the “**Bondholders**”) for a portion of the ordinary shares in the capital of 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 People’s Republic of China, the shares of which are listed on the Shenzhen Stock Exchange (the “**HLM Shares**”) currently held by Zhejiang Kasen.

Pursuant to the terms of the Exchangeable Bonds, during the last three months of the term of the Exchangeable Bonds commencing from 29 September 2016, for a consecutive period of 20 trading days, in the event that the closing price of the HLM Shares is less than 80% of the then exercise price of the Exchangeable Bonds for at least 10 trading days thereof (the “**Triggering Event**”), the Bondholders shall have a right to request Zhejiang Kasen to repurchase all or part of the outstanding Exchangeable Bonds held by the relevant Bondholder during a period of 10 trading days from the date of the relevant notice from Zhejiang Kasen of the Triggering Event.

The Company announces that, on 20 October 2016, as a result of the occurrence of the Triggering Event, a notice has been issued by Zhejiang Kasen on the Shenzhen Stock Exchange (the “**Notice**”) indicating that each Bondholder shall have the right to request Zhejiang Kasen to repurchase all or part of the outstanding Exchangeable Bonds held by the relevant Bondholder during the period commencing from 21 October 2016 to 3 November 2016 at a price of RMB107.5 per Exchangeable Bond, representing the face value of the Exchangeable Bond plus annual interest rate of 7.5% (the “**Repurchase**”). All repurchased Exchangeable Bonds will be cancelled upon completion of the Repurchase, which is expected to be on or around 9 November 2016.

As at the date of this announcement, the aggregate principal amount of all the outstanding Exchangeable Bonds was approximately RMB134,782,800. On the assumption that all Bondholders exercise their respective rights for the Repurchase, Zhejiang Kasen would be required to repurchase outstanding Exchangeable Bonds up to a total amount of RMB144,891,510. Zhejiang Kasen will use its internal resources to satisfy the payments for the Repurchase.

Taking into account the current cash and bank balances of the Group, the board of directors of the Company (the “**Board**”) is confident that the Repurchase, on the assumption that all Bondholders exercise their respective rights for the Repurchase, would not have any adverse effect on the Group’s financial position.

Further announcement(s) will be made by the Company upon completion of Repurchase.

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

PRC, 20 October 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.