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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)

PROPOSED AMENDMENTS OF THE TERMS AND CONDITIONS OF MAJOR TRANSACTION

SUPPLEMENTAL AGREEMENT RELATING TO THE ZN STAMP ACQUISITION

The Board announces that on 28 September 2017 (after trading hours), Zhejiang Kasen entered into a supplemental agreement to the ZN Stamp Agreement (the “**Supplemental Agreement**”) with the ZN Stamp Vendors and the Target Company pursuant to which Zhejiang Kasen, the ZN Stamp Vendors and the Target Company agreed to amend certain terms and conditions of the ZN Stamp Acquisition.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.36, where a transaction previously announced pursuant to Chapter 14 of the Listing Rules is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement published in accordance with rule 2.07C. As the ZN Stamp Acquisition is a major transaction as classified under Chapter 14 of the Listing Rules, the proposed amendments represent material changes to the terms and conditions of the ZN Stamp Acquisition, and should be made conditional on shareholders’ approval at general meeting under Rules 14.36 and 14.40.

GENERAL

A circular containing, amongst other things, further details of the Supplemental Agreement, other general information of the Target Company and the notice of the extraordinary general meeting will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

References are made to the announcements of Kasen International Holdings Limited (the “**Company**”) dated 21 December 2016, 31 March 2017, 29 June 2017 and 4 July 2017 and the circular of the Company dated 14 March 2017 (the “**Circular**”) in relation to the ZN Stamp Acquisition. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

SUPPLEMENTAL AGREEMENT RELATING TO THE ZN STAMP ACQUISITION

The Board announces that on 28 September 2017 (after trading hours), Zhejiang Kasen entered into the Supplemental Agreement with the ZN Stamp Vendors and the Target Company pursuant to which Zhejiang Kasen, the ZN Stamp Vendors and the Target Company agreed to amend certain terms and conditions of the ZN Stamp Acquisition.

Details of the Supplemental Agreement are set out below:

Date:

28 September 2017

Parties:

- (i) Zhejiang Kasen;
- (ii) ZN Stamp Vendors; and
- (iii) Target Company

Terms as amended by the Supplemental Agreement

- (i) Pursuant to the ZN Stamp Agreement, one of the conditions precedent is the permit of value-added telecommunication business (internet information service business) 《增值電信業務經營許可證》(互聯網信息服務業務) of the Target Company having been cancelled and a new permit of value-added telecommunication business (online electronic data processing business) 《增值電信業務經營許可證》(在線數據處理與交易處理業務) having been obtained by the Target Company. Such condition precedent shall be replaced by the condition precedent that all necessary operation permits or other licences, permits or approval as required for the purpose of the existing business operations of the Target Company under the applicable laws and regulations in the PRC (as amended from time to time) have been obtained by the Target Company.

- (ii) The parties to the Supplemental Agreement have agreed to further extend the long stop date under the ZN Stamp Agreement to 30 September 2018 (or such other date as the parties to the Supplemental Agreement may agree in writing) and extend the completion date under the ZN Stamp Agreement to 30 September 2018 (or such other date as the parties to the Supplemental Agreement may agree in writing).
- (iii) The ZN Stamp Vendors shall assume their respective liabilities under the Supplemental Agreement based on the ratio of the actual amount of the ZN Stamp Consideration received by each of them.
- (iv) RMB200,000,000 in cash shall be payable as deposit (the “**Deposit**”) by Zhejiang Kasen to the bank account as jointly designated by the ZN Stamp Vendors within ten (10) Business Days following the date on which the ZN Stamp Vendors provide the Pledge (as defined below) in accordance with the Supplemental Agreement.
- (v) The respective parties to the Supplemental Agreement agreed that (i) if all the conditions precedent to the ZN Stamp Agreement are fulfilled on or before 30 September 2018 (or such other date as the parties to the Supplemental Agreement may agree in writing), the Deposit shall be deemed to constitute part of the ZN Stamp Consideration under the ZN Stamp Agreement (i.e. the RMB200,000,000 in cash payable within ten (10) Business Days following completion under the ZN Stamp Agreement); and (ii) if any of the conditions precedent to the ZN Stamp Agreement is not fulfilled on or before 30 September 2018 (or such other date as the parties to the Supplemental Agreement may agree in writing), the ZN Stamp Vendors shall repay the Deposit to the bank account as designated by Zhejiang Kasen within five (5) Business Days from 30 September 2018 (or such other date as the parties to the Supplemental Agreement may agree in writing).
- (vi) The parties to the Supplemental Agreement confirm that the matters in relation to (a) filing to the relevant department(s) of commerce (“**Commerce Filing**”) and (b) registration of alternation in the relevant administration(s) of industries and commerce (“**Alteration Registration**”) are post-completion matters instead of conditions precedent to the ZN Stamp Acquisition. The parties to the Supplemental Agreement agreed that before the termination of the ZN Stamp Agreement, regardless of whether all the Commerce Filing or Alteration Registration have been completed (either in part or in whole), Zhejiang Kasen shall have all interests and rights (including but not limited to the voting rights, entitlement to distributable profits and rights of disposal) in relation to the 27% of equity interest in the Target Company. The ZN Stamp Vendors shall assist and cooperate with Zhejiang Kasen in exercising such shareholder’s rights of Zhejiang Kasen.
- (vii) The ZN Stamp Vendors agreed to pledge all the 27% of equity interest in the Target Company to Zhejiang Kasen (the “**Pledge**”) and within three (3) Business Days after the signing of the Supplemental Agreement sign the pledge agreement and complete all the necessary registration procedures in relation to the Pledge with the relevant administration(s) of industries and commerce in order to provide security for the payment of the fund retention fee and the return of Deposit pursuant to the Supplemental Agreement.

(viii) The Relevant Periods in relation to the Guaranteed Profit under the ZN Stamp Agreement shall be amended as follows:

First Relevant Period:	The 1st to 12th full calendar months following (and inclusive of) May 2017
Second Relevant Period:	The 13th to 24th full calendar months following (and inclusive of) May 2017
Third Relevant Period:	The 25th to 36th full calendar months following (and inclusive of) May 2017

Save as disclosed above, all other terms of the ZN Stamp Agreement remain unchanged and continue to be in full force and effect.

The Supplemental Agreement will become effective upon the Company having convened an extraordinary general meeting of which an ordinary resolution shall be duly passed by the Shareholders to approve the Supplemental Agreement and the transaction contemplated thereunder.

REASONS FOR PROPOSED AMENDMENTS

As the regulatory standards imposed by the PRC government on the industry(ies) of the Target Company are to be further clarified, additional time is required to fulfill the conditions precedent to the ZN Stamp Agreement.

Given the delay in the completion of the transaction, the ZN Stamp Vendors required the Deposit for its own further protection and as security for payment of the ZN Stamp Consideration by Zhejiang Kasen. In return, the ZN Stamp Vendors agrees to pledge all the 27% of equity interest in the Target Company to Zhejiang Kasen to provide security for the return of Deposit.

The Directors also consider that the terms and conditions of the Supplemental Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

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GENERAL

A circular containing, amongst other things, further details of the Supplemental Agreement, other general information of the Target Company and the notice of the extraordinary general meeting will be dispatched to the Shareholders as soon as practicable.

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

PRC, 28 September 2017

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Ms. Zhou Xiaohong and Ms. Shen Jianhong, 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>