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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)

MAJOR TRANSACTION AND RESUMPTION OF TRADING

The Board announces that on 10 April 2009, Hunan Kasen, an indirect non wholly-owned subsidiary of the Company, entered into the Agreement with Changsha Yuhua City, pursuant to which Hunan Kasen has agreed to sell, and Changsha Yuhua City has agreed to purchase the Land for a consideration of RMB287,143,443.60.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders at a general meeting of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder is required to abstain from voting for the resolution to approve the Disposal.

A circular of the Company containing, among other things, details of the Agreement and the transaction contemplated thereunder, the valuation report of the Land and a notice of the EGM in compliance with the Listing Rules will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 14 April 2009 pending the publication of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 April 2009.

THE AGREEMENT

Date

10 April 2009

Parties

Vendor: Hunan Kasen, a company which is wholly-owned by Haining Leather Industry Investment Development Company Limited as at the date of this announcement.

As at the date of this announcement, Haining Leather Industry Investment Development Company Limited is owned as to 75% by Zhejiang Kasen Property Development Company Limited, a wholly-owned subsidiary of the Company, and as to 25% by Haining China Leather.

Purchaser: Changsha Yuhua City, the nominee of the Local Government, which is primarily engaged in the business of property development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Changsha Yuhua City and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons (as defined in the Listing Rules). To the best of the Directors' knowledge, each of Changsha Yuhua City and its associates (as defined in the Listing Rules) does not hold any Share as at the date of this announcement, and there are no other transactions between Changsha Yuhua City and Hunan Kasen that need to be aggregated with the Disposal in accordance with Rule 14.22 of the Listing Rules.

Asset to be disposed

Pursuant to the Agreement, Hunan Kasen will sell, and Changsha Yuhua City will purchase, the Land for a consideration of RMB287,143,443.60. The Land comprises a parcel of land located at the northern side of Qutang Road, the western side of Litou Road, the southern side of Laodong East Road and the eastern side of Jingzhu Highway, Changsha City, Hunan Province, the PRC (中國湖南省長沙市京珠高速以東，勞動東路以南，黎托路以西，曲塘路以北) with an aggregate area of approximately 212,483.03 sq. m..

As at the date of this announcement, the Land has not yet been developed. Relocation of certain existing occupants are still in progress. Delivery of the Land will not be subject to the relocation of the remaining occupants.

Consideration

The consideration for the Disposal shall be RMB287,143,443.60, which will be payable in cash by Changsha Yuhua City to Hunan Kasen in the following manner:

- (1) a sum of RMB143,571,721.80 to be paid to Hunan Kasen within 6 working days from the date of delivery of all relevant documentations in respect of the application to the relevant land administration authority for the transfer of the Land to Changsha Yuhua City;
- (2) a further sum of RMB141,571,721.80 will be paid to Hunan Kasen on or before 30 April 2009 (or such other date as the parties may agree); and
- (3) the remaining balance of RMB2,000,000 to be paid within 6 working days upon completion of the relevant filing and registration procedures with the relevant land administration authority in respect of the transfer of the Land.

The consideration for the Disposal was arrived at after arm's length negotiations between Hunan Kasen and Changsha Yuhua City with reference to the valuation of the Land as at 10 April 2009 conducted by Jones Lang LaSalle Sallmanns Limited, a professional valuer independent of the Group and its connected person (as defined in the Listing Rules), in the amount of RMB322,000,000 and the estimated relocation costs of approximately RMB23,472,345 to be paid by Changsha Yuhua City. The consideration for the Disposal represents a discount of 3.54% of the market value of the Land as at 10 April 2009 after taking into account of the estimated relocation costs. The Directors consider the terms of the Agreement (including the consideration for the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal is conditional upon the Disposal being approved by the Shareholders at a general meeting to be convened to approve the Agreement and the transactions contemplated thereunder, if required under the Listing Rules.

If the condition set out above is not fulfilled or waived by the Company, (i) Hunan Kasen shall, within 6 working days after the date of the EGM, return the sum already paid by Changsha Yuhua City to Hunan Kasen without interest, to Changsha Yuhua City; and (ii) Changsha Yuhua City shall, within 6 working days after the date of the EGM, deliver all relevant documentations in respect of the application to the relevant land administration authority for the transfer of the Land back to Hunan Kasen and withdraw the relevant applications for the transfer of Land from the relevant land administration authority, if the filing and registration procedures with the relevant land administration authority in respect of the transfer of the Land have not been completed or cause the Land to be transferred back to Hunan Kasen, if the filing and registration procedures with the relevant land administration authority in respect of the transfer of the Land have been completed.

REASONS FOR THE DISPOSAL

The Group is a leading upholstered furniture and leather products manufacturer based in the PRC. It is engaged in the processing of raw cowhides and wet blues into finished leather or fully assembled leather products, and the property development.

Although the Directors is optimistic about the long term potential of real estate market in Hunan, however, in view of the recent stagnation in the economy, the Directors believe that the Disposal will provide the Group with additional working capital for its existing manufacturing operations and investment in furniture retail business, which will provide a stable and favourable return and as a result enhancing the earning base and investment value of the Group.

Having considered the above mentioned reasons for the Disposal and the uncertainties prevailing the property market in the PRC, despite the consideration for the Disposal is at a slight discount to the valuation of the Land as at 10 April 2009, the Directors, including the independent non-executive Directors, consider that the terms of the Agreement (including the consideration for the Disposal) and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The net book value of the Land as shown in the Company's latest unaudited management accounts as at 31 March 2009 was RMB281,000,000, representing approximately 6.42% of the total assets of the Group as at 31 December 2008, being the Company's last audited financial year end date. The value of the Land as at 10 April 2009, as determined by an independent professional valuer, was RMB322,000,000. The net loss before and after taxation attributable to the Land for the year ended 31 December 2007 was approximately RMB1,716,000 and the net loss before and after taxation attributable to the Land for the year ended 31 December 2008 was approximately RMB16,782,000, comprising the amortization of the Land, preliminary expenses and administrative expenses for the acquisition of the Land and interest payments for loans provided by the Group to Hunan Kasen.

It is estimated that the Disposal will record a gain of approximately RMB6,000,000, 75% of which was attributable to the Company, which is calculated with reference to the net proceeds from the Disposal less the net book value of the Land as at 31 March 2009. Such estimated gain has not taken into account of any PRC profits tax to be or may be charged. The actual gain will depend on the net book value of the Land as at the date of completion of the Disposal, the actual costs and expenses to be incurred in connection with the Disposal and the amortization of the Land for the period from 1 April 2009 to the date of completion of the Disposal, which are yet to be determined as at the date of this announcement.

USE OF PROCEEDS

The net proceeds of the Disposal is currently intended to be used by the Group for general working capital purpose.

GENERAL

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders at a general meeting of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder is required to abstain from voting for the resolution to approve the Disposal.

A circular of the Company containing, among other things, details of the Agreement and the transaction contemplated thereunder, the valuation report of the Land and a notice of the EGM in compliance with the Listing Rules will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 14 April 2009 pending the publication of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 April 2009.

DEFINITIONS

“Agreement”	a conditional sale and purchase agreement dated 10 April 2009 entered into between Hunan Kasen and Changsha Yuhua City in relation to the Disposal;
“Board”	the board of Directors;

“Changsha Yuhua City”	長沙市雨花城市建設投資有限責任公司 (Changsha City Yuhua City Construction Investment Company Limited), the nominee of the Local Government;
“Company”	Kasen International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange;
“Completion”	Completion of the Disposal;
“Directors”	the directors of the Company;
“Disposal”	the sale of the Land by Hunan Kasen to Changsha Yuhua City pursuant to the Agreement;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among others, the Agreement and the transaction contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Haining China Leather”	海寧中國皮革城股份有限公司 (Haining China Leather Market Company Limited), a company owned as to 4.92% by the Company and as to the remaining 95.08% by third parties independent of the Group and its connected persons (as defined in the Listing Rules) as at the date of this announcement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hunan Kasen”	湖南卡森置業有限公司 (Hunan Kasen Property Company Limited), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company;
“Land”	a parcel of land located at the northern side of Qutang Road, the western side of Litou Road, the southern side of Laodong East Road and the eastern side of Jingzhu Highway, Changsha City, Hunan Province, the PRC (中國湖南省長沙市京珠高速以東，勞動東路以南，黎托路以西，曲塘路以北) with an aggregate area of approximately 212,483.03 sq. m.;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Local Government”	長沙市雨花區人民政府 (The People’s Government of Yuhua District, Changsha City), the local People’s Government for Yuhua District, Changsha City, Hunan Province, the PRC;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholders”	shareholders of the Company;
“sq.m.”	square metre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

Kasen International Holdings Limited
Zhu Zhangjin
Chairman

PRC, 14 April 2009

As at the date of this announcement, the executive directors of the Company are Mr. Zhu Zhangjin, Mr. Zhou Xiaosong and Mr. Zhang Mingfa, Michael; and the independent non-executive directors of the Company are Mr. Lu Yungang, Mr. Chow Joseph and Mr. Gu Mingchao.

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