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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

On 12 November 2009, the First Purchaser, a wholly-owned subsidiary of the Company, and the Second Purchaser entered into the Equity Transfer Agreement pursuant to which the First Purchaser and the Second Purchaser have agreed to purchase from the First Vendor and the Second Vendor the Sale Interest at a total consideration of RMB276,080,000 (approximately HK\$313,335,603). Upon Completion, the First Purchaser and the Second Purchaser will respectively hold 51% and 49% interests in the Target Company.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Date : 12 November 2009

Parties : (1) 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.), the First Purchaser;

(2) 浙江中宇經貿投資發展有限公司 (Zhejiang Zhongyu Trading Investment Development Co., Ltd.), the Second Purchaser;

(3) the First Vendor, holder of 90% interest in the Target Company; and

(4) the Second Vendor, holder of 10% interest in the Target Company.

The First Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in property development in the PRC. The Second Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in trading and property development in the PRC and an Independent Third Party. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiry, so far as the Directors are aware the Vendors are Independent Third Parties.

The Acquisition

Pursuant to the Equity Transfer Agreement, the First Vendor and the Second Vendor will transfer their respective 90% and 10% interests in the Target Company to the First Purchaser and the Second Purchaser.

Upon Completion, the First Purchaser and the Second Purchaser will hold 51% and 49% interests in the Target Company, respectively.

Assets to be acquired

The asset to be acquired is the Sale Interest, representing a 100% interest in the Target Company. The Target Company has entered into the Land Transfer Agreement pursuant to which the Target Company will acquire the land use rights of the Land from Hainan Nanxin Farm, an Independent Third Party, at a consideration of RMB616,868,136 (approximately HK\$700,111,379). The Purchasers will finance the payment of the Land to be made by the Target Company pursuant to the Land Transfer Agreement in accordance with their respective shareholding interest in the Target Company. Completion of the acquisition of the Land will take place on the date of completion of the filing and registration of the transfer of the Land with the relevant PRC land administration authority.

Completion

Completion of the Acquisition shall take place on the date on which all relevant filing and registration procedures with the local state Administration for Industry and Commerce of the PRC in respect of the Acquisition are completed.

Upon completion of the Agreement, the Target Company will become a subsidiary of the Company.

Consideration

The total consideration for the Acquisition is RMB276,080,000 (approximately HK\$313,335,603). The consideration payable by the Purchasers to the Vendors will be paid in the following manner:

- (1) an initial payment of RMB112,800,000 (approximately HK\$128,021,791) will be payable to the Vendors, of which RMB57,528,000 (equivalent to approximately HK\$65,291,113) and RMB55,272,000 (equivalent to approximately HK\$62,730,678) will be payable by the First Purchaser and the Second Purchaser, respectively within 3 days from the execution of the Equity Transfer Agreement;
- (2) a second payment of RMB102,050,000 (approximately HK\$115,821,133) will be payable to the Vendors, of which RMB52,050,000 (equivalent to approximately HK\$59,073,885) and RMB50,000,000 (equivalent to approximately HK\$56,747,248) will be payable by the First Purchaser and the Second Purchaser, respectively before 5 December 2009; and
- (3) a final payment of RMB61,230,000 (approximately HK\$69,492,680) will be payable to the Vendors, of which RMB31,220,000 (equivalent to approximately HK\$35,432,981) and RMB30,010,000 (equivalent to approximately HK\$34,059,698) will be payable by the First Purchaser and the Second Purchaser, respectively within three months upon the Target Company obtaining the relevant approval from the relevant PRC governmental authority in respect of the transfer of the Land pursuant to the Land Transfer Agreement.

The consideration of the Acquisition was arrived at after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the unaudited net assets of the Target Company as of 31 October 2009 of approximately RMB19,985,070 (equivalent to approximately HK\$22,681,954) and the market value of other land in close proximity of the Land. The Directors consider the consideration for the Acquisition is fair and reasonable so far as the Company and the Shareholders are concerned. The Acquisition and the payment for the acquisition of the Land will be financed by internal resources of the Group.

In the event that the acquisition of the Land fails to complete, (i) the Vendors shall, within 5 days from the date of occurrence of such event, return the sum already paid by the Purchasers to the Vendors, to the Purchasers (including the payment made by the Purchasers to the Target Company for the acquisition of the Land pursuant to the Land Transfer Agreement) and compensate the Purchasers all the loss and damages suffered by them as a result of non-completion of the acquisition of the Land; and (ii) the Purchasers shall withdraw the relevant applications for the transfer of the Sale Interest from the relevant PRC governmental authority if the transfer of the Sale Interest has not been completed, or the Purchasers shall cause the Sale Interest to be transferred back to the Vendors if the transfer of the Sale Interest has been completed.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in property development in the PRC.

The financial information of the Target Company for the period from 11 September 2009 (being the date of incorporation of the Target Company) to 31 October 2009 are as follows:

	Period from 11 September 2009 (date of incorporation) to 31 October 2009 (unaudited) RMB'000
Turnover	–
Loss before taxation	(15)
Loss after taxation	(15)
Net assets	19,985

REASONS FOR THE ACQUISITION

The Company is an investment holding company. Its subsidiaries are principally engaged in the processing of raw cowhides and wet blues into finished leather or fully assembled leather products and property development business. The First Purchaser is principally engaged in property development and the Second Purchaser is principally engaged in trading and property development.

The First Vendor is principally engaged in agricultural development. The Second Vendor is principally engaged in property development.

The Target Company is principally engaged in property development in the PRC and has a right under the Land Transfer Agreement to acquire the land use rights of the Land. The Land is located in Sanya, Hainan Province, PRC with a total site area of approximately 1,424,692 square meters. After completion of the Acquisition, the First Purchaser and the Second Purchaser intend to develop residential buildings on the Land. As at the date of this announcement, the Land has not yet been developed.

The Directors consider that the Acquisition contemplated under the Equity Transfer Agreement is in line with the Group's property development activities and believe the Acquisition will provide valuable opportunity for the Company to obtain the development rights in respect of the Land, which is located in Sanya, Hainan Province, a tourism district in the PRC and will enable the Company to strengthen and diversify its business to the property development sector that would provide positive contributions to the operation of the Group in the long run.

The Directors consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are entered into on normal commercial terms and after arm's length negotiations among the parties and 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.

LISTING RULES IMPLICATION

As the applicable percentage ratios as set out in the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest as contemplated by the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Kasen International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Equity Transfer Agreement in accordance with its terms and conditions
“connected person”	has the meaning ascribed to it under the Listing Rules
“Equity Transfer Agreement”	the equity transfer agreement dated 12 November 2009 entered into between the Purchasers and the Vendors in relation to the Acquisition
“First Purchaser”	Zhejiang Kasen Property Development Co., Ltd. (浙江卡森置業有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company

“First Vendor”	Hainan Baodao High Efficiency Tropical Agriculture Co., Ltd. (海南寶島高效熱帶農業開發有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Group”	the Company and its subsidiaries (which shall exclude, where the context requires, the Target Company after Completion)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	third party independent of the Company and connected persons of the Company
“Land”	the Land is located at Group 15, Nanxin Farm, Sanya (三亞市南新農場15隊), Hainan Province, PRC, with a total site area of approximately 1,424,692 square meters
“Land Transfer Agreement”	the land transfer agreement dated 27 October 2009 entered into between the Target Company and Hainan Nanxin Farm, pursuant to which the Target Company will acquire the Land at a consideration of RMB616,868,136
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchasers”	the First Purchaser and the Second Purchaser
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the 100% interest in the Target Company which is held as to 90% by the First Vendor and as to 10% by the Second Vendor prior to the Completion
“Second Purchaser”	Zhejiang Zhongyu Trading Investment Development Co., Ltd. (浙江中宇經貿投資發展有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Second Vendor”	Hainan Hejia Real Estate Development Co., Ltd. (海南合甲房地產開發有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Shareholders”	holders of the Shares
“Shares”	ordinary shares with a par value of US\$0.00015 each in the capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hainan Hejia Property Development Co., Ltd. (海南合甲置業有限公司), a company incorporated in the PRC with limited liability
“US\$”	US dollars, the lawful currency of the United States of America
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB0.8811 = HK\$1.00 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and does not constitute a representation that any amount in RMB or HK\$ have been, could have been or may be converted at such rate.

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

PRC, 12 November 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. Chow Joseph, Mr. Gu Mingchao and Dr. Li Qingyuan.

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