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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)

ANNOUNCEMENT

ISSUE OF CORPORATE BONDS IN THE PRC

BY HAINING SCHINDER TANNING CO., LTD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Board has resolved the issue of the Corporate Bonds by Haining Schinder Tanning, a wholly-owned subsidiary of the Company incorporated in the PRC, and completed registration with Shenzhen Stock Exchange on 14 June 2012.

The Board has resolved the issue of the Corporate Bonds by Haining Schinder Tanning, a wholly-owned subsidiary of the Company incorporated in the PRC, and completed registration with Shenzhen Stock Exchange on 14 June 2012. The issue size of the Corporate Bonds is RMB150,000,000, with a term of three years.

The Corporate Bonds has been arranged and underwritten by Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a qualified financial institution approved by the Securities Association of China. The Corporate Bonds will only be transferred to qualified investors solely through the comprehensive agreement transactions platform of the Shenzhen Stock Exchange (深圳證券交易所綜合協議交易平台).

The principal terms of the Corporate Bonds to be issued are as follows:

Issuer: Haining Schinder Tanning

Aggregate maximum principal amount of the Corporate Bonds: RMB150,000,000

Place of issue: The PRC

Terms of the Corporate Bonds: 3 years

- Interest rate:** The coupon of the Corporate Bonds for the first two years is fixed at 8.10% per annum, and the coupon of the Corporate Bonds for the third year is subject to adjustment at the discretion of Haining Schinder Tanning.
- Guarantee:** The issue of the Corporate Bonds is guaranteed by the Company, Zhejiang Kasen, a wholly-owned subsidiary of the Company, and Mr. Zhu. As at the date of this announcement, Haining Schinder Tanning is indirectly owned as to 100% by the Company and directly owned as to 67.35% by Zhejiang Kasen. Mr. Zhu is the chairman, executive Director and controlling shareholder of the Company.
- Right of sale-back:** At the end of the second year from the issue of the Corporate Bonds, eligible investors have the right to sell the Corporate Bonds held by them, in whole or in part, to Haining Schinder Tanning at a total consideration equivalent to the total face value of the corresponding Corporate Bonds to be sold.
- Credit rating:** As assessed by Pengyuan Credit Rating Co., Ltd. (鵬元資信評估有限公司), the Corporate Bonds have been given AA⁻ rating and the issuer of the Corporate Bonds have been given BBB⁺ rating.
- Use of proceeds:** The proceeds from the issue of the Corporate Bonds will be used for investments in operating assets and to supplement general working capital of the Group.

In accordance with the relevant rules and regulations in the PRC, relevant documents in relation to Haining Schinder Tanning and the Corporate Bonds has been published on the website of the Shenzhen Stock Exchange (<http://business.szse.cn>). Shareholders and potential investors are reminded that such documents were prepared in accordance with the requirements in the PRC and are limited solely to Haining Schinder Tanning, and the information contained therein does not provide a full picture of the operation or status of the Group.

The Board is of the view that the issue of the Corporate Bonds is a significant step of the Group in gaining recognition in the PRC finance market. The issue of the Corporate Bonds will provide the Group with an additional source of funding for its business development. Given that the issue of the Corporate Bonds will provide the Company with more financial flexibility and that the Corporate Bonds may optimize the Group's debt structure, the Directors (including the independent non-executive Directors) consider that the issue of the Corporate Bonds is in the interest of the Company and its Shareholders as a whole.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the production of finished leather or fully assembled leather products and property development business.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“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;
“Corporate Bonds”	three-year small-medium enterprise private placement bonds in a principal amount of up to RMB150,000,000 to be issued by Haining Schinder Tanning;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Haining Schinder Tanning”	Haining Schinder Tanning Company Limited* (海寧森德皮革有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhejiang Kasen”	Zhejiang Kasen Industrial Group Co., Limited* (浙江卡森實業集團有限公司), wholly-foreign owned enterprise with limited liability incorporated in the PRC and a wholly-owned subsidiary of the Company; and
“Mr. Zhu”	Zhu Zhangjin, the chairman, executive Director and controlling shareholder of the Company.

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

PRC, 14 June 2012

As at the date of this announcement, the executive Directors are Mr. Zhu Zhangjin, Mr. Zhou Xiaosong and Mr. Zhang Mingfa, Michael; and the independent non-executive Directors are Mr. Sun Steve Xiaodi, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang.

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

* For identification purpose only.