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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 DISPOSAL OF SHARES OF HAINING LEATHER MARKET

The Board announces that, on 11 November 2016, Zhejiang Kasen disposed of an aggregate of 7,555,000 HLM Shares (representing approximately 0.67% equity interest in Haining Leather Market as at the date of this announcement based on public information available to the Company) through the block trade platform of the Shenzhen Stock Exchange to an individual investor at an aggregate consideration, after deduction of necessary transaction costs, of approximately RMB85,938,378 (equivalent to approximately HK\$97,857,411).

As the applicable percentage ratios as set out in the Listing Rules in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement made by the Company on 3 October 2007 regarding the Acquisition and the announcement made by the Company on 27 January 2010 regarding the listing of the shares of Haining Leather Market on the Shenzhen Stock Exchange. Reference is also made to the announcement made by the Company on 28 August 2014 regarding the 2014 Disposal, and the announcements made by the Company on 14 May 2015 and 15 May 2015 regarding the 2015 Disposal.

THE DISPOSAL

The Board announces that, on 11 November 2016, Zhejiang Kasen disposed of an aggregate of 7,555,000 HLM Shares (representing approximately 0.67% equity interest in Haining Leather Market as at the date of this announcement based on public information available to the Company) through the block trade platform of the Shenzhen Stock Exchange to an individual investor at an aggregate consideration, after deduction of necessary transaction costs, of approximately RMB85,938,378 (equivalent to approximately HK\$97,857,411). The purchase price at which the Disposal was carried out is RMB11.39 (equivalent to approximately HK\$12.97) per HLM Share. Immediately prior to the completion of the Disposal, Zhejiang Kasen held 11,555,554 HLM Shares, representing approximately 1.03% of the total share capital of Haining Leather Market based

on public information available to the Company. Immediately after completion of the Disposal, Zhejiang Kasen held 4,000,554 HLM Shares, representing approximately 0.36% of the total share capital of Haining Leather Market based on public information available to the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the individual investor of the Disposed Shares is an Independent Third Party.

Assets disposed of

On 11 November 2016, Zhejiang Kasen disposed of an aggregate of 7,555,000 HLM Shares (representing approximately 0.67% equity interest in Haining Leather Market as at the date of this announcement based on public information available to the Company) through the block trade platform of the Shenzhen Stock Exchange to an individual investor. Immediately after completion of the Disposal, Zhejiang Kasen held 4,000,554 HLM Shares, representing approximately 0.36% of the total share capital of Haining Leather Market based on public information available to the Company.

Consideration

The purchase price at which the Disposal was carried out is RMB11.39 (equivalent to approximately HK\$12.97) per HLM Share. The aggregate consideration, after deduction of necessary transaction costs, of the Disposal is approximately RMB85,938,378 (equivalent to approximately HK\$97,857,411) and are receivable in cash on settlement.

INFORMATION ABOUT HAINING LEATHER MARKET

Haining Leather Market is indirectly non-wholly owned by 海寧市國有資產監督管理委員會 (State-owned Assets Supervision and Administrative Commission of Haining Municipal Government). Haining Leather Market is principally engaged in the development and operation of large leather product retail malls and was listed on the Shenzhen Stock Exchange on 26 January 2010.

According to the published financial statements of Haining Leather Market, the financial results of Haining Leather Market for the two years ended 31 December 2014 and 2015 are as follows:

	For the year ended 31 December	
	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net profit before tax	1,283,971	760,293
Net profit after tax	959,181	558,911

The net asset value of Haining Leather Market as at 31 December 2015 was approximately RMB4,984,260,585 (equivalent to approximately HK\$5,675,541,545).

FINANCIAL EFFECTS OF THE DISPOSAL

A gain on disposal in the amount of approximately RMB78,081,178 (equivalent to approximately HK\$88,910,474) in respect of the Disposal was arisen upon completion of the Disposal. The gain was calculated with reference to the difference between the acquisition cost of the HLM Shares at the time of the Acquisition and the disposal price, after deduction of necessary transaction costs, of the Disposed Shares. It is expected that the disposal gain will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board believes that the Disposal is in the interests of the Shareholders and the Company as a whole as the Company was able to realise a portion of its investment in Haining Leather Market at a considerable profit as well as to further enhance and strengthen the financial position and cash flow of the Group.

The purchase price was determined after taking account of the recent closing prices of the HLM Shares and the block trade nature of the Disposal, the Directors (including the independent non-executive Directors) considered that the Disposal was made on normal commercial terms and that such terms were fair and reasonable so far as the Company and the Shareholders are concerned and that the Disposal was 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 in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of (a) manufacturing of automotive and furniture leather and upholstered furniture, (b) property development and (c) tourism resort-related business (comprising mainly tourism resort-related operation, operation of restaurant and hotel and provision of travel-related services) in the PRC.

DEFINITIONS

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

“2014 Disposal”	a series of disposals of an aggregate of 15,302,800 HLM Shares during the period from 4 March 2014 to 28 April 2014 by Zhejiang Kasen through on-market transactions conducted on the Shenzhen Stock Exchange
“2015 Disposal”	the disposal of an aggregate of 9,000,000 HLM Shares on 14 May 2015 and 15 May 2015 by Zhejiang Kasen through the block trade platform of the Shenzhen Stock Exchange
“Acquisition”	the acquisition of 4.92% equity interest in Haining Leather Market by Zhejiang Kasen pursuant to the capital increase agreement on 30 September 2007
“Board”	the board of Directors
“Company”	Kasen International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Disposed Shares on 11 November 2016 by Zhejiang Kasen through the block trade platform of the Shenzhen Stock Exchange
“Disposed Shares”	an aggregate of 7,555,000 HLM Shares
“Group”	the Company and its subsidiaries
“Haining Leather Market”	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 PRC and shares of which are listed on the Shenzhen Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLM Shares”	ordinary shares of nominal value RMB1.00 each in the capital of Haining Leather Market

“Independent Third Party”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency in the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Kasen”	浙江卡森實業集團有限公司 (Zhejiang Kasen Industrial Group Co., Limited), a domestic company incorporated in the PRC and an indirect wholly owned subsidiary of the Company
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.8782.

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

PRC, 11 November 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>

In case of inconsistency, the English text of this announcement shall prevail over the Chinese text.