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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kasen International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or other transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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  
DISPOSAL MANDATE IN RELATION TO  
POSSIBLE DISPOSAL OF SHARES IN  
HAINING LEATHER MARKET**

*Financial adviser to the Company*

**AmCap**

***Ample Capital Limited***

**豐盛融資有限公司**

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A notice convening an extraordinary general meeting of Kasen International Holdings Limited to be held at Building 1, 236 Haizhou Road West, Haining City, Zhejiang Province, China on Monday, 22 June 2015 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use in connection with the extraordinary general meeting is enclosed herewith.

Whether or not you are able to attend, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish. If you attend and vote at the meeting, the authority of your proxy will be revoked.

5 June 2015

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## DEFINITIONS

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

“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”	the proposed disposal of the HLM Shares pursuant to the Disposal Mandate
“Disposal Mandate”	a specific mandate to be granted to the Board by the Shareholders to allow Zhejiang Kasen to dispose of up to 17,000,000 HLM Shares (in whole or in part) on the terms as set out under the paragraph headed “The Disposal Mandate” in this circular
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Disposal Mandate and the Disposal
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“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 the 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 of RMB1.00 each in the capital of Haining Leather Market
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with the Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Latest Practicable Date”	2 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	People’s Republic of China
“RMB”	Renminbi, the lawful currency in the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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 purpose, amount in RMB in this circular have been translated into HK\$ at HK\$1.00 = RMB0.7891.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

ZHU Zhangjin

*(Chairman and Chief Executive Officer)*

LEE Lawrence

ZHANG Mingfa, Michael

*Non-executive Director:*

QIU Jian Ping

*Independent non-executive Directors:*

SUN Steve Xiaodi

ZHOU Lingqiang

ZHANG Yuchuan

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head office:*

Building 1

236 Haizhou Road West

Haining City

Zhejiang Province 314400

China

*Principal place of business*

*in Hong Kong:*

Room 1605, Tai Tung Building

8 Fleming Road

Wanchai

Hong Kong

5 June 2015

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
DISPOSAL MANDATE IN RELATION TO  
POSSIBLE DISPOSAL OF SHARES IN  
HAINING LEATHER MARKET**

**INTRODUCTION**

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.

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## LETTER FROM THE BOARD

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Reference is also made to the announcement made by the Company on 28 August 2014 regarding the 2014 Disposal, the announcements made by the Company on 14 May 2015 and 15 May 2015 regarding the 2015 Disposal and the announcement made by the Company on 20 May 2015 regarding the Disposal Mandate.

### **THE DISPOSAL MANDATE**

As at the Latest Practicable Date, Zhejiang Kasen held an aggregate of 17,000,000 HLM Shares, representing approximately 1.52% of the equity interest in Haining Leather Market as at the Latest Practicable Date based on public information available to the Company.

The Company intends to seek the Shareholders' approval for the Disposal Mandate for possible Disposal of up to 17,000,000 HLM Shares in one or more transactions. The Directors consider that the Company should obtain the approval of the Disposal Mandate from the Shareholders in advance so as to allow flexibility in effecting any future disposal(s) of HLM Shares (in whole or in part) expeditiously when market conditions are favourable.

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

#### **Period of the Disposal Mandate**

The Disposal Mandate will be valid for a period of 12 months from the date of its approval from the Shareholders having been obtained.

#### **Maximum number of HLM Shares to be disposed of under the Disposal Mandate**

The maximum number of HLM Shares to be disposed of is 17,000,000 HLM Shares (subject to adjustment in the event of a share consolidation or share subdivision by Haining Leather Market), being approximately 1.52% of the equity interest in Haining Leather Market as at the Latest Practicable Date.

#### **Manner of Disposal under the Disposal Mandate**

The Disposal under the Disposal Mandate may be conducted (i) through on-market transactions conducted on, or through block trade platform of, the Shenzhen Stock Exchange where the HLM Shares are listed; and/or (ii) by way of placing through block trade(s) to Independent Third Parties by entering into placing agreement(s) with placing agent(s). The terms and conditions for any block trade(s) will be negotiated on an arms' length basis and the Company will ensure the placing agent(s) to be engaged is/are properly reputable and licensed to carry on the activity of dealing in securities listed on the Shenzhen Stock Exchange.

In deciding whether or not to effect a disposal pursuant to the Disposal Mandate, the Directors will take into account the then current market sentiment and the prevailing market prices of the HLM Shares, subject to the following conditions:

- (i) the Disposal will be conducted on normal commercial terms and will be fair and reasonable and in the interests of the Company and the Shareholders as a whole;

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## LETTER FROM THE BOARD

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- (ii) the price of the HLM Shares to be disposed of pursuant to the Disposal Mandate will be settled in cash;
- (iii) the disposal price of each HLM Share will be not less than the higher of (a) 90% of the average closing price of HLM Shares for the 10 consecutive trading days immediately prior to the trading day on which the relevant Disposal is effected; and (b) the original acquisition costs of the HLM Shares paid by Zhejiang Kasen pursuant to the Acquisition, i.e. RMB1.04 per HLM Share, and in any event not lower than a minimum disposal price of RMB18 per HLM Share, which is the initial exercise price of the HLM Shares as collateral under the exchangeable bonds issued by Zhejiang Kasen which the Company intends to redeem all the exchangeable bonds pursuant to the terms thereto from the bondholders prior to the exercise period of the exchangeable bonds, details of which are set out in the Company's announcement dated 24 December 2014 and that the Board is of the view that such price is fair and reasonable in view of the volatility of the stock market in the PRC; and
- (iv) the persons to whom the HLM Shares will be disposed of and/or their respective ultimate beneficial owners, will, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, be Independent Third Parties, provided that in case where the Disposal is effected on open market, the identity of the counterparty to the Disposal may not be ascertained.

It is proposed that, pursuant to the Disposal Mandate, the Board will be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal, including but not limited to the number of batches of disposals, the number of HLM Shares to be sold under each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s)) and the disposal price (subject to the parameters set out in paragraph (iii) above).

### **Monthly reporting of the Disposal**

To keep the Shareholders and the investors informed on the progress of the Disposal, the Company will publish an announcement within five trading days after the end of each month, starting from the month on which the Disposal Mandate is approved by the Shareholders until all of the 17,000,000 HLM Shares held by the Group have been disposed of or the last day of the 12-month period from the date on which the Disposal Mandate is approved by the Shareholders, whichever is earlier.

### **Condition precedent**

The Disposal Mandate shall be conditional upon the approval by the Shareholders at the EGM.

### **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the maximum of 17,000,000 HLM Shares to be disposed of under the Disposal Mandate and the minimum disposal price of RMB18 per HLM Share, the Disposal will raise the gross sales proceeds of approximately RMB306,000,000 (equivalent to approximately HK\$387,783,550), before expenses and tax, for the Group.

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## LETTER FROM THE BOARD

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According to the Group's books and records as at 31 December 2014, the carrying amount of HLM Shares held by the Group was approximately RMB413,660,000 (equivalent to approximately HK\$524,217,463). Assuming all the 17,000,000 HLM Shares are sold at the minimum disposal price of RMB18 (equivalent to approximately HK\$22.81) per HLM Share, a gain on disposal after deducting the estimated transaction trading costs and stamp duties but before expenses and tax of approximately RMB287,922,200 (equivalent to approximately HK\$364,874,160) is expected to be recorded. The actual gain or loss before expenses and tax will depend on the actual disposal prices of HLM Shares, the actual number of HLM Shares eventually disposed of by the Group and the relevant carrying amounts of the HLM Shares disposed of at the relevant dates of disposal.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE DISPOSAL MANDATE**

The Board believes that the Disposal is in the interest of the Shareholders and the Company as a whole as the Company would be able to realise 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.

It is the intention of Zhejiang Kasen to dispose of the Group's investment in Haining Leather Market from time to time expeditiously when market conditions are favourable. However, a disposal (or series of disposals) of the entire 17,000,000 HLM Shares will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and requires Shareholders' approval in a general meeting of the Company. Given the volatility of the stock market, disposing of HLM Shares at the best possible price requires prompt actions at the right timing and it is not practicable to seek Shareholders' approval for each disposal of such number of HLM Shares. Furthermore, due to the length of time required to meet the disclosure and Shareholders' approval requirements under Chapter 14 of the Listing Rules, market opportunities may be missed if approval from the Shareholders is not sought in advance. Therefore, the Company intends to obtain the Disposal Mandate for the possible Disposal of up to 17,000,000 HLM Shares in one or more transactions from the Shareholders in order to enable the Group to dispose of its HLM Shares in an effective and efficient manner, and to allow flexibility in effecting any future disposal(s) of HLM Shares (in whole or in part) expeditiously when market conditions are favourable. The Directors are of the view that the Disposal Mandate provides flexibility with the Group during the 12-month period to act promptly, effectively and efficiently to dispose of its investment in HLM Shares at the appropriate time and at the appropriate prices in order to maximize the return to the Group. As such, the Directors consider that the Disposal Mandate is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Given the maximum number of 17,000,000 HLM Shares to be disposed of under the Disposal Mandate and the minimum disposal price of RMB18 (equivalent to approximately HK\$22.81) per HLM Share, the gross proceeds from the Disposal will be approximately RMB306,000,000 (equivalent to approximately HK\$387,783,550). The net proceeds from the Disposal are intended to be used for general working capital of the Group.

### **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.



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## LETTER FROM THE BOARD

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According to the published financial statements of Haining Leather Market, the financial results of Haining Leather Market for the two years ended 31 December 2013 and 2014 are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net profit before tax	1,402,012	1,283,971
Net profit after tax	1,051,402	959,181

The net asset value of Haining Leather Market as at 31 December 2014 was approximately RMB4,802,198,005 (equivalent to approximately HK\$6,085,664,688).

### LISTING RULES IMPLICATIONS

The applicable percentage ratios (as defined in the Listing Rules) for the Disposal Mandate, when aggregated with 2015 Disposal, are more than 25% but less than 75% and therefore the Disposal Mandate constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will closely monitor the disposal volume of HLM Shares to ensure that the size of the disposal transactions will not fall into the very substantial disposal category on an aggregated basis within a 12-month period.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the grant of the Disposal Mandate and such approval shall be obtained by way of a poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal Mandate and therefore, no Shareholder is required to abstain from voting for the resolution to approve the Disposal Mandate at the EGM.

**Shareholders and investors should note that (i) the grant of the Disposal Mandate is subject to Shareholders' approval at the EGM and therefore the Disposal may or may not be proceeded; and (ii) there is no assurance that the Company will proceed with the Disposal after the grant of the Disposal Mandate as the Disposal is subject to the conditions as set out under the paragraph headed "Manner of Disposal under the Disposal Mandate" of this circular. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.**

### GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the production of upholstered furniture, furniture leather and automotive leather. It is also engaged in property development and retail business.

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## LETTER FROM THE BOARD

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### THE EGM

The Company will convene the EGM at Building 1, 236 Haizhou Road West, Haining City, Zhejiang Province, China on Monday, 22 June 2015 at 10:00 a.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving, among others, the resolutions proposed and set out in the notice of the EGM. The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular of the Company.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the Company's branch registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event by no later than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked. Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the EGM will be by poll.

### RECOMMENDATION

The Directors believe that the grant of the Disposal Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the grant of the Disposal Mandate.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

The English text of this circular, the notice of the EGM and the form of proxy for use at the EGM shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,  
By Order of the Board  
**Zhu Zhangjin**  
*Chairman*

**1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2014**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position in a comparative table and the latest published audited balance sheet together with the notes on the annual report for the last financial year of the Group.

The audited consolidated financial statements of the Group prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board for the three financial years ended 31 December 2014 together with the relevant notes thereto can be found from pages 38 to 116 of the annual report of the Company for the year ended 31 December 2012, pages 38 to 114 of the annual report of the Company for the year ended 31 December 2013 and pages 35 to 116 of the annual report of the Company for the year ended 31 December 2014, respectively.

Each of the said audited consolidated financial statements of the Group for the three financial years ended 31 December 2014 is incorporated by reference to this circular and forms part of this circular. The said annual reports of the Company are available on the Company's website at <http://www.irasia.com/listco/hk/kasen/index.htm> and the website of the Stock Exchange at <http://www.hkexnews.hk/>.

Please also see below the links to the annual reports of the Company:

Annual Report 2014:

<http://www.irasia.com/listco/hk/kasen/annual/ar139401-e101.pdf>

Annual Report 2013:

<http://www.irasia.com/listco/hk/kasen/annual/ar122416-e101.pdf>

Annual Report 2012:

<http://www.irasia.com/listco/hk/kasen/annual/ar106828-e101.pdf>

## 2. STATEMENT OF INDEBTEDNESS

**Borrowings**

The borrowings are denominated principally in RMB. As at the close of business on 30 April 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately RMB2,461,495,000, details of which are set out below:

	<b>As at</b> <b>30 April 2015</b> <i>RMB'000</i>
Bank borrowings	2,273,422
Other borrowings	188,073
	<u>2,461,495</u>
Analysed as:	
Secured	2,178,957
Unsecured	282,538
	<u>2,461,495</u>
Carrying amount repayable:	
Within one year	1,656,594
Within one to five year	789,901
After five years	15,000
	<u>2,461,495</u>

**Pledge of assets**

As at the close of business on 30 April 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, certain of the Group's assets have been pledged to secure the borrowings of the Group. The aggregate carrying amount of the assets of the Group as at 30 April 2015 is as follows:

	<b>As at 30 April 2015</b> <i>RMB'000</i>
Building	294,044
Prepaid lease payment	68,611
Bank deposits	264,819
Properties under development and held for sale	2,395,130
Available for sale investment	339,200
	<hr/>
	3,361,804
	<hr/> <hr/>

**Contingent liabilities**

As at 30 April 2015, the Group provided guarantees of RMB479,198,000 (31 December 2014: RMB450,465,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The Directors consider that the fair value of the above guarantees is insignificant on initial recognition and at the report dates as it is not probable that an outflow in settlement will be required.

Saved as aforesaid or as otherwise disclosed herein, and apart from the intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities as at 30 April 2015.

**3. WORKING CAPITAL**

The Directors are of the opinion that after taking into account the expected completion of the Disposal, and in the absence of unforeseen circumstances and after taking into account the financial resources available to the Group including the internally generated funds and present available banking facilities, the Group will have sufficient working capital for its present requirement that is for at least the next 12 months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS**

The slowdown in Chinese economy poses many challenges to the Group's core manufacturing business with continuously rising labor costs, shortage of bank loans, and industrial wide overcapacity. However, the Group is confident that with its more than 20 years of experience in the leather and upholstery furniture industry, this segment will maintain its momentum for further growth. To enhance its core competitiveness, the Group will further invest in production machineries to offset labor cost increases. In addition, the Group will also implement innovative marketing strategies to broaden its customer base.

More specifically, the Group has established leather manufacturing plants in key strategic geographical areas such as Zhejiang, Jiangsu and Hebei Provinces. New technology and high environmental compliance are introduced in the plants of the Group to fend off competitors. With centralized raw cowhide purchasing, the Group will be able to maintain its cost competitiveness. Concerted efforts will also be made in research and development to ensure the Group's traditional advantage in leather product innovation is further enhanced.

For the upholstery furniture business, the Group has regained its reputation as a reliable OEM partner in 2014 with much increased sales. The recovery in the US economy has provided the Group with further opportunities to expand. The Group is optimistic that with a good foundation already laid out in 2014, revenue and profitability in this segment will be further improved.

For the property development business, the Group will take a more prudent approach and focus on the projects that are already under development. As many of the Group's projects are in third and fourth tiered cities where there are likely to be more uncertainties, the Group will carry out aggressive market campaigns with attractive promotion packages to reduce inventories. Given the unfavorable market condition, the Group is not expecting to expand its land acquisition while weighing out options to dispose some of its early stage projects.

The Group's other businesses, such as the PRC domestic furniture retail, water park development, and resort hotel operations, have all made positive progress in the past 12 months. However, these businesses are still at experimental stage and will not contribute significantly to the Group's result in the near future.

The Directors consider that upon completion of the Disposal, the Group's financial and cash positions will be further strengthened, and the Group will be able to make investment promptly when opportunities arise.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

#### (i) Long positions in shares and underlying shares of the Company

Name of Directors	Capacity in which interests are held	Number of shares held in the Company			Total number of shares interested	Total interests as to percentage of the Company's issued share capital as at the Latest Practicable Date
		Directly beneficially owned	Through controlled corporation			
Zhu Zhangjin	Beneficial owner	12,360,000	514,798,635	527,158,635	45.35%	
			(Note)			
Lee Lawrence	Beneficial owner	205,000	–	205,000	0.02%	
Zhang Mingfa, Michael	Beneficial owner	1,980,000	–	1,980,000	0.17%	

*Note:* Mr. Zhu Zhangjin, the chairman of the Company, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu Zhangjin (excluding Mr. Zhu Zhangjin) in the Company), being the substantial shareholders of the Company, are collectively holding 527,158,635 Shares or approximately 45.35% of the total number of issued Shares (including the 514,798,635 Shares or approximately 44.29% of the issued Shares held by Joyview Enterprises Limited (“Joyview”) which in turn is wholly owned by the trustee of such family trust). This figure does not include the options granted to Mr. Zhu to subscribe for 3,000,000 shares under the share option scheme (the “Scheme”) adopted by a resolution of the Shareholders on 24 September 2005 and adopted by a resolution of the Board on 26 September 2005, 9 March 2006 and 26 May 2015.

*(ii) Long positions in underlying shares of equity derivatives of the Company*

Pursuant to the Scheme, the following share options were granted on 9 March 2006, 5 May 2008 and 26 May 2015, respectively.

Name of Director	Exercise price HK\$	Number of share options			Outstanding as at the Latest Practicable Date	Percentage of total issued share capital	Exercisable period	Notes
		Granted from 1 January 2015 to the Latest Practicable Date	Lapsed from 1 January 2015 to the Latest Practicable Date	Exercised from 1 January 2015 to the Latest Practicable Date				
Zhu Zhangjin	2.38	1,000,000	-	-	1,000,000	0.09%	1/1/2007 to 8/3/2016	1, 6, 7
	2.38	1,000,000	-	-	1,000,000	0.09%	1/1/2008 to 8/3/2016	2, 6, 7
	1.37	-	1,000,000	-	1,000,000	0.08%	1/1/2016 to 25/5/2025	5, 6, 7
Zhang Mingfa, Michael	2.38	500,000	-	-	500,000	0.04%	1/1/2007 to 8/3/2016	1, 6, 7
	2.38	500,000	-	-	500,000	0.04%	1/1/2008 to 8/3/2016	2, 6, 7
	1.18	250,000	-	-	250,000	0.02%	1/1/2009 to 4/5/2018	3, 6, 7
	1.18	250,000	-	-	250,000	0.02%	1/1/2010 to 4/5/2018	4, 6, 7
Lee Lawrence	1.37	-	3,000,000	-	3,000,000	0.26%	1/1/2016 to 25/5/2025	5, 6, 7
	1.37	-	3,000,000	-	3,000,000	0.26%	1/1/2016 to 25/5/2025	5, 6, 7
		<u>3,500,000</u>	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>10,500,000</u>	<u>0.90%</u>	



*Notes:*

1. These share options were granted pursuant to the Scheme on 9 March 2006 and are exercisable at HK\$2.38 per Share from 1 January 2007 to 8 March 2016.
2. These share options were granted pursuant to the Scheme on 9 March 2006 and are exercisable at HK\$2.38 per Share from 1 January 2008 to 8 March 2016.
3. These share options were granted pursuant to the Scheme on 5 May 2008 and are exercisable at HK\$1.18 per Share from 1 January 2009 to 4 May 2018.
4. These share options were granted pursuant to the Scheme on 5 May 2008 and are exercisable at HK\$1.18 per Share from 1 January 2010 to 4 May 2018.
5. These share options were granted pursuant to the Scheme on 26 May 2015 and are exercisable at HK\$1.37 per Share from 1 January 2016 to 25 May 2025.
6. These share options represent personal interests held by the relevant participants as beneficial owners.
7. Up to the Latest Practicable Date, none of these share options were cancelled, lapsed or exercised.

**Interests in the associated corporation of the Company**

<b>Name of Director</b>	<b>Associated Corporation</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding in associated corporation</b>
Zhu Zhangjin ( <i>Note</i> )	Joyview	1	100%

*Note:* Mr. Zhu Zhangjin, the chairman of the Company, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu Zhangjin (excluding Mr. Zhu Zhangjin) in the Company), being the substantial shareholders of the Company, are collectively holding 527,158,635 Shares or approximately 45.35% of the total number of issued Shares (including the 514,798,635 Shares or approximately 44.29% of the issued Shares held by Joyview which in turn is wholly owned by the trustee of such family trust).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders**

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than Mr. Zhu Zhangjin's shareholdings stated herein this circular) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

**(i) Long positions in shares and underlying shares of the Company**

Name of Shareholder	Capacity	Short position	Long position	Number of issued shares held	Percentage of the Company's issued share capital
Joyview <sup>1</sup>	Beneficial owner	–	514,798,635	514,798,635	44.29%
Hangzhou Great Star Industrial Co., Ltd. <sup>2</sup>	Interest of controlled corporation	–	235,134,057	235,134,057	20.23%
Hongkong Greatstar International Co., Ltd. <sup>2</sup>	Beneficial owner	–	235,134,057	235,134,057	20.23%

*Notes:*

- Joyview is a company beneficially owned as to 100% by Mr. Zhu Zhangjin, the chairman of the Company, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu Zhangjin (excluding Mr. Zhu Zhangjin) in the Company).
- Hongkong Greatstar International Co., Ltd. is a wholly-owned subsidiary of Hangzhou Great Star Industrial Co., Ltd., a company the shares of which are listed on the Shenzhen Stock Exchange.

(ii) *Long positions in shares and underlying shares of the subsidiaries of the Company*

Name of Shareholder	Subsidiary	Nature of interest	Percentage of interest in subsidiaries
Zhejiang Zhongyu Trading Investment Development Co., Ltd. (浙江中宇經貿投資發展有限公司)	Hainan Sanya Kasen Property Development Co., Ltd. <sup>1</sup> (海南三亞卡森置業有限公司)	Beneficial	23%
Hangzhou Anwei Industrial and Investment Co., Ltd. (杭州安維實業投資有限公司)	Hainan Boao Kasen Property Development Co., Ltd. <sup>2</sup> (海南博鳌卡森置業有限公司)	Beneficial	8%
Hangzhou Anwei Industrial and Investment Co., Ltd. (杭州安維實業投資有限公司)	Changbai Mountain Protection and Development Zone Kasen Property Co., Ltd. <sup>3</sup> (長白山保護開發區卡森置業有限公司)	Beneficial	8%

*Notes:*

1. The Company has 77% indirect interest in Hainan Sanya Kasen Property Development Co., Ltd.
2. The Company has 90% indirect interest in Hainan Boao Kasen Property Development Co., Ltd.
3. The Company has 89% indirect interest in Changbai Mountain Protection and Development Zone Kasen Property Co., Ltd.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

**4. COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

## 5. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.

## 6. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

## 7. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (i) the agreement dated 19 June 2013 and a supplemental agreement dated 14 February 2014 entered into between the Company and Shenjianong Equity Cooperative Company (沈家弄股份經濟合作社), an Independent Third Party, in relation to the formation of an equity joint venture enterprise in which the Company agreed to make a capital contribution of RMB34,300,000;
- (ii) the agreement dated 8 July 2013 entered into between the Company, and Kaj Development SDN BHD, an Independent Third Party, in relation to the acquisition of land to be reclaimed which is located in Malaysia, for a cash consideration of RMB71,874,000;
- (iii) the agreement dated 14 November 2013 entered into between the Company and Hangzhou Zhuantang Street Hengqiao Equity Cooperative Company\* (杭州市轉塘街道橫橋股份經濟合作社), an Independent Third Party, in relation to the formation of an equity joint venture enterprise in which the Company agreed to make a capital contribution of RMB49,000,000;
- (iv) the agreement dated 21 November 2014 entered into between (a) Zhejiang Kasen, (b) Zhejiang Sunbridge Import and Export Company Limited (浙江森橋進出口有限公司), a connected person of the Company, and (c) Zhejiang Sunbridge Industrial Group Co., Ltd. (浙江聖邦實業集團有限公司), a connected person of the Company, in relation to the acquisition of equity interest in Wuji Kasen Industrial Co., Ltd. (無極卡森實業有限公司) by the Company, for a total cash consideration of RMB23,260,000; and

\* For identification only

- (v) the agreement dated 23 January 2015 entered into between the Company and Xiangyuan Group Company Limited (“**Xiangyuan Group**”), in relation to the formation of an equity joint venture enterprise in which the Company agreed to make a capital contribution of RMB45,400,000 by way of shareholder’s loan.

## 8. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The company secretary of the Company is Ms. Yiu Hoi Yan. Ms. Yiu is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (d) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is at Room 1605, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.
- (f) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited.
- (h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 1605, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three years ended 31 December 2014;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (d) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Kasen International Holdings Limited (the “**Company**”) will be held at Building 1, 236 Haizhou Road West, Haining City, Zhejiang Province, China on Monday, 22 June 2015 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (1) the disposal (the “**Disposal**”) by Zhejiang Kasen Industrial Group Co., Limited (“**Zhejiang Kasen**”) of up to 17,000,000 shares (“**HLM Shares**”) in the capital of Haining China Leather Market Co., Limited (“**Haining Leather Market**”), a domestic company incorporated in the PRC and the shares of which are listed on the Shenzhen Stock Exchange in one or more transactions during the period of 12 months from the date of passing this resolution (the “**Mandate Period**”) on the following conditions:
- (i) the Disposal will be conducted on normal commercial terms and will be fair and reasonable and in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole;
  - (ii) the price of the HLM Shares to be disposed of will be settled in cash;
  - (iii) the disposal price of each HLM Share will not be less than the higher of (a) 90% of the average closing price of HLM Shares for the 10 consecutive trading days immediately prior to the trading day on which the relevant Disposal is effected; (b) the original acquisition costs of the HLM Shares paid by Zhejiang Kasen pursuant to the acquisition of 4.92% equity interest in Haining Leather Market by Zhejiang Kasen pursuant to the capital increase agreement on 30 September 2007, i.e. RMB1.04 per HLM Share, and in any event not lower than a minimum disposal price of RMB18 per HLM Share; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(iv) the persons to whom the HLM Shares will be disposed of and/or their respective ultimate beneficial owners, will, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, be independent third parties, provided that in case where the Disposal is effected on the open market, the identity of the counterparty to the Disposal may not be ascertained,

be and is hereby approved.

- (2) the directors of the Company (the “**Directors**”) be and are hereby authorized for and on behalf of the Company to exercise all the powers of the Company to effect the Disposal from time to time during the Mandate Period (the “**Disposal Mandate**”), to determine, decide, execute and implement with full discretion all matters relating to the Disposal, including but not limited to the number of batches of disposals, the number of HLM Shares to be sold under each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s) and the disposal price (subject to the parameters set out in paragraph (1) above)) and the Directors be and are hereby authorized to do all such acts and things, including but not limited to the execution of all documents, which the Directors deem necessary, appropriate or desirable, to implement and give effect to the Disposal and the transactions contemplated thereunder or in connection with the exercise of the Disposal Mandate.”

By Order of the Board  
**Kasen International Holdings Limited**  
**Yiu Hoi Yan**  
*Company Secretary*

Hong Kong, 5 June 2015

*Notes:*

1. Every member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more persons as his proxy to attend and vote on behalf of himself. A proxy need not be a member of the Company.
2. A form of proxy for the extraordinary general meeting is enclosed. To be valid, a form of proxy, together with the power of attorney or other document of authority, if any, under which the form is signed, or a certified copy thereof, must be deposited with the Company's Hong Kong branch registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if Shareholders so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from 18 June 2015 to 22 June 2015 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming extraordinary general meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 17 June 2015.