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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 PROPOSED ADMINISTRATION OF SOFAS UK

This announcement is made by the Company pursuant to Rule 13.25(1)(c) of the Listing Rules.

The Board announces that on 29 March 2011, the resolution in respect of the administration of Sofas UK, a wholly-owned subsidiary of the Company was duly passed. Accordingly, Sofas UK intends to file the necessary documentations with the High Court of Justice (Bristol District Registry) in England and an administrator will be appointed in respect of the Administration.

Notwithstanding the Administration, the Group maintains the normal operation of all its business and activities. As at the date of this announcement, the Board does not consider that the Administration would have any material adverse impact on the financial and operation position of the Group. Further announcement will be made upon any material development of the proceedings for the Administration.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Kasen International Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.25(1)(c) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company announces that on 29 March 2011, the resolution in respect of the administration of Sofas UK Limited (formerly known as Sofas UK Plc) (“**Sofas UK**”), a wholly-owned subsidiary of the Company, (the “**Administration**”) was duly passed. Accordingly, Sofas UK intends to file the necessary documentations with the High Court of Justice (Bristol District Registry) in England and Wales (“**England**”) and an administrator will be appointed to manage Sofas UK’s affairs, business and property during the process of Administration.

Information about Sofas UK

Sofas UK is a wholly-owned subsidiary of the Company incorporated and registered in England and is principally engaged in the sale of home furnitures in the United Kingdom. As at the date of this announcement, Sofas UK operates 22 retail stores throughout the South and Midlands area of the United Kingdom. Sofas UK trades under the name of “Easyliving Furniture”, a furniture brand with gaining popularity in the UK. It also owns a trademark registered in the United Kingdom, namely “Easyliving Furniture”.

As at 31 December 2010, the unaudited total revenue and assets of Sofas UK were approximately RMB179,241,000 and RMB71,623,662, respectively, accounted for 7.47% and 1.66%, respectively when compared to the Group's total revenue for the year ended 31 December 2009 (being the latest audited annual financial information of the Group) and the Group's total assets as at 31 December 2009 (being the latest audited annual financial information of the Group). As the total revenue of Sofas UK represented more than 5% of the total revenue of the Group as shown in the audited consolidated financial statements of the Group for the year ended 31 December 2009, being the latest published audited consolidated financial statements of the Group, Sofas UK is therefore considered as a subsidiary of the Company for the purpose of Rule 13.25(2) of the Listing Rules.

Reasons for the Administration

The rationale for the Administration was mainly attributable to the business downturn of Sofas UK. The businesses of Sofas UK have been experiencing difficulties and recorded a loss since 27 February 2009, being the date when Sofas UK was acquired by and became a wholly-owned subsidiary of the Company. The Group is not optimistic about Sofas UK's future financial performance. The estimated unaudited accumulated loss and total liabilities of Sofas UK as reflected in the unaudited accounts of the Group for the year ended 31 December 2010 are approximately RMB89.5 million and RMB258.3 million, respectively. In light of the foregoing, the Board has determined that it would be in the best interests of the Company and the shareholders of the Company (the "**Shareholders**") as a whole, to administer Sofas UK and the Board is of the view that the Administration will enable the Group to realize the value of its interests in Sofas UK and redirect its resources and attention to other operating subsidiaries which may generate a better return to the Group. Upon the conclusion of the Administration, the Group will exit the furniture market in the United Kingdom.

Effect of the Administration

Notwithstanding the Administration, the Group maintains the normal operation of all its business and activities. As at the date of this announcement, the Board does not consider that the Administration would have any material adverse impact on the financial and operation position of the Group.

Further announcement will be made upon any material development of the proceedings for the Administration.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

PRC, 29 March 2011

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, Dr. Li Qingyuan and Mr. Gu Mingchao.

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