



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

This announcement is made pursuant to paragraph 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 16 March 2007, the circular of the Company dated 4 April 2007 and the announcement of the Company dated 13 April 2007 in relation to the Acquisition of the Land and the formation of the Joint Venture which formed a series of transactions and constituted discloseable transactions of the Company under Rule 14.06 of the Listing Rules.

The Board wishes to announce that pursuant to a revised oral agreement between the Joint Venture Partners on 29 June 2007, the total capital contributions to be made by the Group and Haining Zhengyang Trading are revised to be RMB249.24 million and RMB20.76 million, respectively, and their respective percentages of equity interest in the Joint Venture will be 60% and 5% respectively.

Reference is made to the announcement of the Company dated 16 March 2007 (the “**First Announcement**”), the circular of the Company dated 4 April 2007 (the “**Circular**”) and the announcement of the Company dated 13 April 2007 (the “**Second Announcement**”) in relation to the Acquisition of the Land and the formation of the Joint Venture which formed a series of transactions and constituted discloseable transactions of the Company under Rule 14.06 of the Listing Rules. Unless otherwise stated herein, terms used in this announcement shall have the same meanings as defined in the First Announcement, the Second Announcement and the Circular.

This announcement is made pursuant to paragraph 13.09 of the Listing Rules.

Changes in capital contributions to and percentages of equity interest in the Joint Venture

The Board announced on 4 July 2007 that the Joint Venture Partners have reached a revised oral agreement in relation to the formation of the Joint Venture, pursuant to which the total capital contributions made by the Group and Haining Zhengyang Trading to the Joint Venture and their respective percentages of equity interest in the Joint Venture have been revised.

The total capital contribution to be made by the Group will be increased from RMB211.86 million to RMB249.24 million, of which the additional contribution from the Group will be increased from RMB28.26 million to RMB33.24 million. The percentage of equity interest held by the Group in the Joint Venture upon completion of the capital contribution will be increased from 51% to 60%.

The total capital contribution to be made by Haining Zhengyang Trading will be decreased from RMB58.14 million to RMB20.76 million, of which the additional contribution from Haining Zhengyang Trading will be decreased from RMB7.74 million to RMB2.76 million. The percentage of equity interest held by Haining Zhengyang Trading in the Joint Venture upon completion of the capital contribution will be decreased from 14% to 5%.

The total capital contribution to be made by Haining Leather Market will remain to be RMB90 million and upon completion of the capital contribution, the percentage of equity interest it holds in the Joint Venture will remain to be 35%.

Reasons for the changes

The Board believes that the formation of the Joint Venture, in particular with Haining Leather Market, will provide the Group with extraordinary business potentials and abundant opportunities to develop and operate leather product retail malls in the PRC. Increasing the Company's equity interest in the Joint Venture will enable the Company to maximize its profitability in the Joint Venture.

The Directors (including the independent non-executive Directors) consider that the revised oral agreement in relation to the formation of the Joint Venture has been made on normal commercial terms and that such revised terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the formation of the Joint Venture on such revised terms are in the interest of the Company and the Shareholders as a whole.

Effect on the Group

The Board consider that revised terms of the formation of the Joint Venture pursuant to the revised oral agreement between the Joint Venture Partners will not have any material adverse effect on the results of operation of the Group.

As at the date of this announcement, the executive directors of the Company are Mr. Zhu Zhangjin, Mr. Zhou Xiaosong and Mr. Zhu Jianqi, the non-executive director of the Company is Mr. Li Hui, the independent non-executive directors are Mr. Lu Yungang, Mr. Chow Joseph and Mr. Zhang Huaqiao.

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

Hong Kong, 4 July 2007