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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)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the unaudited consolidated net profit of the Group for the year ended 31 December 2007 will experience a significant decline compared with that for the year ended 31 December 2006.

As the Company is still in the process of finalizing the results for the year ended 31 December 2007, the information contained in this announcement is only a preliminary estimate performed by the management of the Company and is not based on any figures or information audited or reviewed by the Company's auditors.

**Potential investors and shareholders of the Company should exercise caution when dealing in shares of the Company.**

This announcement is made by Kasen International Holdings Limited (the "**Company**", together with its subsidiaries shall be referred to as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**").

Reference is made to the interim report dated 17 September 2007 of the Company for the six months ended 30 June 2007, in which it was mentioned that the unaudited consolidated net profit of the Group for the six months ended 30 June 2007 experienced a decline compared with that for the same period of 2006 due to a number of adverse factors including the weakening demand from customers as a result of the downturn in the U.S. housing market, the appreciation of the RMB against the U.S. dollars, increase in the costs of chemicals, foam, timber and labour, and the reduction of export tax rebates.

As these negative factors remain unchanged, and to certain extent deteriorated, the board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, it is expected that the Group will record a significant impairment in its goodwill and will make a provision to its stocks. As a result, the unaudited consolidated net profit of the Group for the year ending 31 December 2007 may experience a significant decline compared with that for the year ended 31 December 2006.

The information contained in this announcement is only a preliminary estimate performed by the management of the Company and is not based on any figures or information audited or reviewed by the Company's auditors. As the financial statements for the year ended 31 December 2007 has not been completed, therefore the Company's full year results are not yet available.

**Potential investors and shareholders of the Company should exercise caution when dealing in shares of the Company.**

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

PRC, 21 January 2008

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

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