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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)

**(1) Major and Connected Transactions
in relation to the acquisition of shares in Investwise International Limited and
the interest in Yancheng Sujia Real Estate Development Company Limited
(2) Application for Whitewash Waiver
and
(3) Resumption of Trading**

Financial Adviser to the Company



A subsidiary of ICBC

ICEA Capital Limited

THE ACQUISITIONS

The Board wishes to announce that on 26 May 2008, the Company, Joyview and Mr. Zhu entered into the Investwise Agreement pursuant to which Joyview has conditionally agreed to sell the Sale Share, representing the entire issued share capital of Investwise, to the Company at a consideration of RMB209,002,021 (equivalent to approximately HK\$236,172,284). The consideration for the acquisition of the Sale Share is to be satisfied by the Company by allotting and issuing to Joyview the Consideration Shares at the Issue Price. The Consideration Shares represent (i) approximately 17.62% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.98% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

On the same day, Zhejiang Kasen Property, an indirect, wholly-owned subsidiary of the Company, and Haining Zhongyuan entered into the Yancheng Sujia Agreement pursuant to which Haining Zhongyuan has conditionally agreed to transfer the Sale Interest, representing 45% interest in Yancheng Sujia, to Zhejiang Kasen Property at a consideration of RMB171,001,654 (equivalent to approximately HK\$193,231,869), which shall be payable by Zhejiang Kasen Property to Haining Zhongyuan in three cash installments.

CERTAIN EFFECTS OF THE TRANSACTIONS UNDER THE AGREEMENTS

Investwise is an investment holding company holding 55% interest in Yancheng Sujia. Immediately after Completion, the Company will own all of the shares in Investwise, and indirectly acquire 100% of the economic interest in Yancheng Sujia.

The Directors had requested Jones Lang LaSalle Sallmanns Limited, an independent valuer not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and associates, to value the Property and the valuation report would be included in the forthcoming circular as additional information for the Shareholders.

As Mr. Zhu is the controlling shareholder of the Company and the ultimate beneficial owner of the Target Group, Mr. Zhu is therefore a connected person of the Company under the Listing Rules. Accordingly, the Investwise Transaction constitutes a connected transaction for the Company under the Listing Rules. In addition, the Transactions will constitute major transactions for the Company under Rule 14.06 of the Listing Rules. Upon Completion, both Investwise and Yancheng Sujia will become subsidiaries of the Company.

Assuming no further Shares will be issued by the Company prior to the allotment and issue of the Consideration Shares upon completion of the Investwise Agreement, the interests held by Mr. Zhu, his associates and parties acting in concert with any of them will increase from approximately 33.22% to approximately 43.22% of the issued share capital of the Company as enlarged by the Consideration Shares. Mr. Zhu and parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Mr. Zhu and/or its nominee(s) upon completion of the Investwise Agreement. Mr. Zhu will apply to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensation from Rule 26 of the Takeovers Code on the basis that, among other things, the Consideration Shares will be issued as consideration for the Investwise Transaction pursuant to the Investwise Agreement and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote taken by way of poll whereby Mr. Zhu, his associates and parties acting in concert with any of them and those who are involved or interested in the Investwise Agreement and the Whitewash Waiver will abstain from voting.

The Transactions are conditional upon, among other things, the approval of the Independent Shareholders by way of poll. Other conditions precedent to Completion are set out in the subsection headed “Conditions Precedent” in the sections headed “The Investwise Agreement” and “The Yancheng Sujia Agreement” below.

The Acquisition Independent Board Committee comprising Mr. Chow Joseph, Mr. Lu Yungang and Mr. Zhang Huaqiao, the independent non-executive Directors, has been formed to advise Independent Shareholders on the Transactions. The Whitewash Waiver Independent Board Committee comprising Mr. Chow Joseph, Mr. Lu Yungang and Mr. Zhang Huaqiao, the independent non-executive Directors, and Mr. Li Hui, the non-executive Director, has been formed to advise the Independent Shareholders on the Whitewash Waiver. The Company has appointed GF Capital (Hong Kong) Limited as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in relation to the Investwise Transaction, the Yancheng Sujia Transaction and the Whitewash Waiver in accordance with the Listing Rules and Takeovers Code. Such appointment has been approved by the Independent Board Committees.

Immediately after Completion and the issue of the Consideration Shares (assuming no further Shares, other than the Consideration Shares, are issued by the Company between the date of this announcement and Completion), the controlling stake of Mr. Zhu, his associates and parties acting in concert with any of them in the Company will be approximately 43.22% of the enlarged issued share capital of the Company.

DESPATCH OF CIRCULAR

A circular containing, among other things, further particulars of the Transactions, the Sale Share, the Sale Interest, the Consideration Shares, the Whitewash Waiver, the recommendations of the Independent Board Committees, a letter of advice from the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders, the accountants' reports relating to the Target Group and Yancheng Sujia, a property valuation report relating to the Property and notices convening the EGM will be sent to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules and Takeovers Code.

As Completion is subject to the fulfilment of a number of conditions precedent, the Transactions may or may not proceed. The Shareholders and potential investors should exercise caution when dealing in the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 10:35 a.m. on Monday, 26 May 2008 pending release of this announcement. Applications have been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 2 June 2008.

THE INVESTWISE AGREEMENT

Date:	26 May 2008
Vendor:	Joyview Enterprises Limited, a company incorporated in the British Virgin Islands and beneficially and wholly owned by Mr. Zhu. It is principally engaged in investment holding. Its subsidiaries are principally engaged in property development business.
Purchaser:	The Company
Guarantor:	Mr. Zhu, an executive Director and the controlling shareholder of the Company
Subject matter and principal terms of the Transaction:	<p>Joyview has agreed conditionally to sell and the Company has conditionally agreed to purchase the Sale Share at a consideration of RMB209,002,021 (equivalent to approximately HK\$236,172,284). Further information about the Sale Share is set out below.</p> <p>Mr. Zhu has unconditionally and irrevocably agreed to guarantee the due performance of Joyview's obligations under the Agreement.</p>
Consideration:	The total consideration for the acquisition of the Sale Share shall be RMB209,002,021 (equivalent to approximately HK\$236,172,284), which will be satisfied by the Company by allotting and issuing to Joyview the Consideration Shares.

The consideration for the acquisition of the Sale Share was determined after arm's length negotiation between the Company and Joyview with reference to, among other things, the net asset value of Investwise per its unaudited consolidated balance sheet as at 31 December 2007 of approximately RMB578,000,000 (equivalent to approximately HK\$653,140,000) after taking into account of the appreciation value of the Property amounted to RMB611,807,723 (equivalent to approximately HK\$691,342,727) which is based on the preliminary indicative valuation of the existing status of the Property for approximately RMB1,021,000,000 (equivalent to approximately HK\$1,153,730,000), of which approximately RMB409,192,277 (equivalent to approximately HK\$462,387,273) is the book value accounted for the total development costs (including land acquisition costs, construction costs and capitalised finance costs), as at 30 April 2008 as appraised by Jones Lang LaSalle Sallmanns Limited, an independent professional valuer, on open market basis and a discount of approximately 34.26% on the adjusted fair value of Yancheng Sujia. The discount of approximately 34.26% was determined after arm's length negotiation between the parties and with reference to similar transactions entered into by other companies whose shares are listed on the Stock Exchange.

The Directors had requested Jones Lang LaSalle Sallmanns Limited, an independent valuer not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and associates, to value the Property and the valuation report would be included in the forthcoming circular as additional information for the Shareholders.

The Directors (excluding the non-executive Director and the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that the consideration for the acquisition of the Sale Share is fair and reasonable.

Consideration Shares:

The Consideration Shares represent (i) approximately 17.62% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.98% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK\$1.354 represents:

- (a) a discount of approximately 3.97% to the closing price per Share of HK\$1.41 as quoted on the Stock Exchange on 23 May 2008, being the Last Trading Day;

- (b) a discount of approximately 3.29% to the average closing price per Share of HK\$1.40 as quoted on the Stock Exchange for the last 5 trading days leading up to and including the Last Trading Day;
- (c) a discount of approximately 1.88% to the average closing price per Share of HK\$1.38 as quoted on the Stock Exchange for the last 10 trading days leading up to and including the Last Trading Day;
- (d) a premium of approximately 4.15% over the average closing price per Share of HK\$1.30 as quoted on the Stock Exchange for the last 20 trading days leading up to and including the Last Trading Day; and
- (e) a discount of approximately 31.96% to the latest published unaudited consolidated net tangible assets per Share of approximately HK\$1.99 as at 31 December 2007.

Conditions Precedent:

Completion is conditional upon the fulfilment (or waiver, as the case may be) of the following conditions, among others:

- (a) (i) the acquisition of the Sale Share; (ii) the issue of the Consideration Shares; (iii) the acquisition of the Sale Interest; (iv) the Whitewash Waiver; and (v) the transactions contemplated under the Investwise Agreement and the Yancheng Sujia Agreement all having been approved by resolution of the Shareholders (or such of them as are not required to abstain from voting under the Listing Rules and the Takeovers Code) in the EGM taken on poll;
- (b) the grant of the Whitewash Waiver by the Executive (as defined in the Takeovers Code) in respect of the Consideration Share;
- (c) the listing of, and permission to deal in the Consideration Shares having been granted by the Stock Exchange and not having been revoked prior to Completion; and
- (d) the PRC legal opinion confirming that among others, Yancheng Sujia has legally obtained the relevant land use right certificates in respect of the Property.

Save for condition precedent (d) above, none of the above conditions can be waived by the parties to the Investwise Agreement. The conditions precedent are required to be fulfilled or waived (as the case may be) on or before 29 August 2008. If the conditions precedent have not been satisfied or waived (as the case may be) on or before the date aforesaid, the Investwise Agreement shall cease and terminate, provided that the rights and liabilities of the parties to the Investwise Agreement which have accrued prior to termination shall subsist. As at the date of this announcement, none of the conditions precedent above has been fulfilled or waived.

Completion: Completion shall take place on the second Business Day after the day on which the last of the conditions precedent are fulfilled or waived or such other date as the Company and Joyview may agree, subject to the conditions precedent being fulfilled or waived in accordance with the Investwise Agreement.

THE YANCHENG SUJIA AGREEMENT

Date: 26 May 2008

Vendor: 海寧市中遠房產有限公司 (Haining Zhongyuan Real Estate Co., Ltd.*), a company incorporated in the PRC and beneficially owned by seven natural persons who are Independent Third Parties. It is principally engaged in the property development business.

Purchaser: Zhejiang Kasen Property Development Co., Ltd. (浙江卡森置業有限公司), an indirect, wholly-owned subsidiary of the Company.

Subject matter and principal terms of the Transaction: Haining Zhongyuan has agreed conditionally to sell and Zhejiang Kasen Property has agreed conditionally to purchase the Sale Interest at a consideration of RMB171,001,654 (equivalent to approximately HK\$193,231,869). Further information about the Sale Interest is set out below.

Consideration Price:

The total consideration for the acquisition of the Sale Interest shall be approximately RMB171,001,654 (equivalent to approximately HK\$193,231,869), which will be satisfied by the payment of three cash installments in the following manners:

- (a) the sum of RMB57,000,000 (equivalent to approximately HK\$64,410,000) to be paid within five Business Days from the date of signing of the Yancheng Sujia Agreement;
- (b) the sum of RMB57,000,000 (equivalent to approximately HK\$64,410,000) to be paid within five Business Days after the transfer of Sale Interest to Zhejiang Kasen Property has been registered with the relevant PRC authorities; and
- (c) the remaining sum of RMB57,001,654 (equivalent to approximately HK\$64,411,869) to be paid within three months after the transfer of Sale Interest to Zhejiang Kasen Property has been registered with the relevant PRC authorities.

The Consideration Price was determined after arm's length negotiation between Haining Zhongyuan and Zhejiang Kasen Property with reference to, among other things, the net asset value of Investwise per its unaudited consolidated balance sheet as at 31 December 2007 of approximately RMB578,000,000 (equivalent to approximately HK\$653,140,000) after taking into account of the appreciation value of the Property amounted to RMB611,807,723 (equivalent to approximately HK\$691,342,727) which is based on the preliminary indicative valuation of the existing status of the Property for approximately RMB1,021,000,000 (equivalent to approximately HK\$1,153,730,000), of which approximately RMB409,192,277 (equivalent to approximately HK\$462,387,273) is the book value accounted for the total development costs (including land acquisition costs, construction costs and capitalised finance costs), as at 30 April 2008 as appraised by Jones Lang LaSalle Sallmanns Limited, an independent professional valuer, on open market basis and a discount of approximately 34.26% on the adjusted fair value of Yancheng Sujia. The discount of approximately 34.26% was determined after arm's length negotiation between the parties and with reference to similar transactions entered into by other companies whose shares are listed on the Stock Exchange.

The Directors had requested Jones Lang LaSalle Sallmanns Limited, an independent valuer not connected with any of the directors, chief executive and substantial shareholders of Haining Zhongyuan and Zhejiang Kasen Property and their respective subsidiaries and associates, to value the Property and the valuation report would be included in the forthcoming circular as additional information for the Shareholders.

The Directors (excluding the non-executive Director and the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that the Consideration Price is fair and reasonable.

Conditions Precedent:

Completion is conditional upon the fulfilment (or waiver, as the case may be) of the following conditions, among others:

- (a) (i) the acquisition of the Sale Share; (ii) the issue of the Consideration Shares; (iii) the acquisition of the Sale Interest; (iv) the Whitewash Waiver; and (v) the transactions contemplated under the Investwise Agreement and the Yancheng Sujia Agreement all having been approved by resolution of the Shareholders (or such of them as are not required to abstain from voting under the Listing Rules and the Takeovers Code) in the EGM taken on poll;
- (b) the disposal of the Sale Interest and the transactions contemplated thereunder all having been approved by the shareholders of Haining Zhongyuan in accordance with its articles of association; and
- (c) the granting of the new Certificate of Approval (批准證書) to Yancheng Sujia by the Jiangsu Provincial Government (江蘇省人民政府).

Completion:

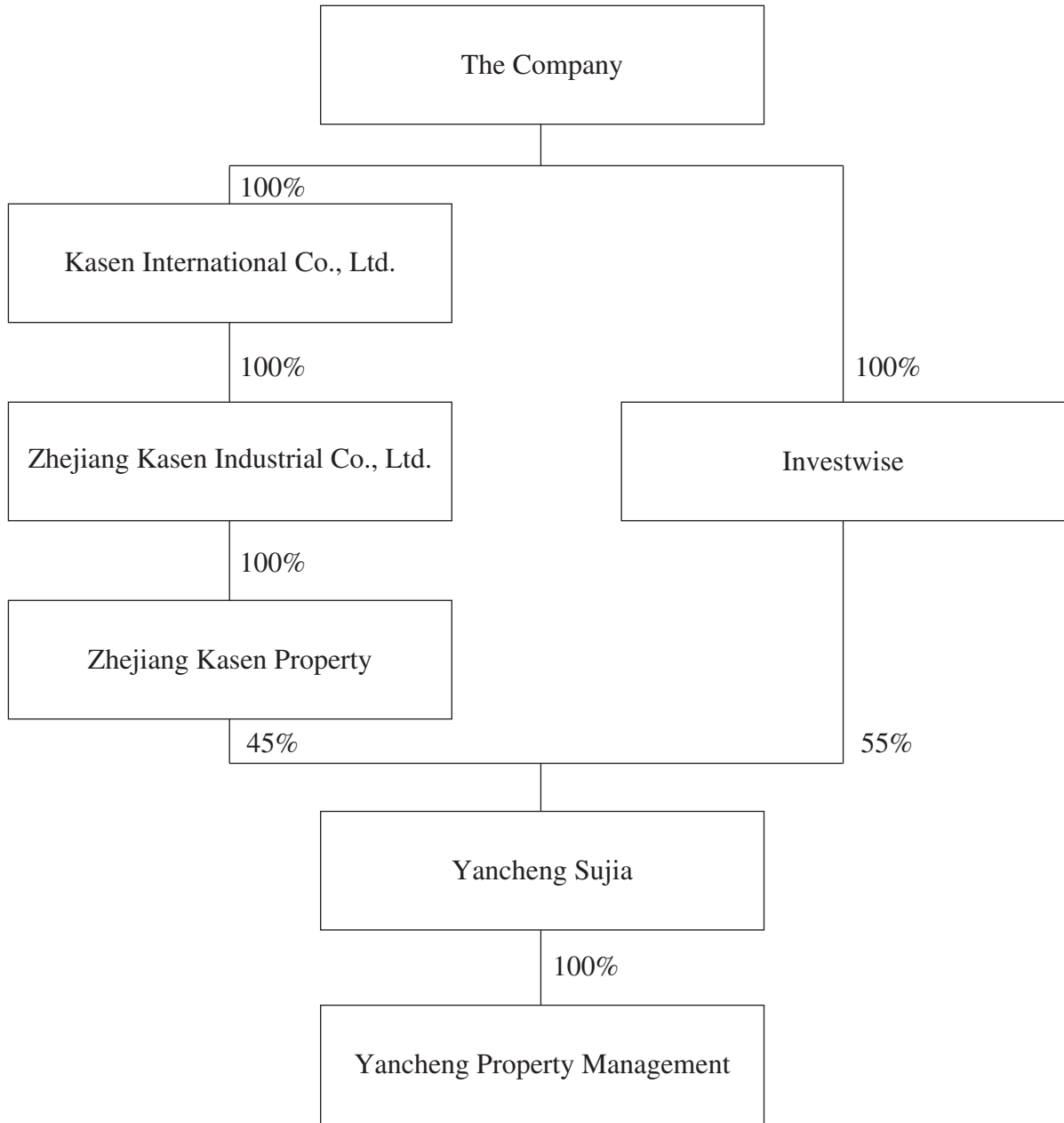
Completion shall take place on the second Business Day after approval on the Yancheng Sujia Agreement is received from the relevant PRC authorities, or on such other date as Haining Zhongyuan and Zhejiang Kasen Property may agree.

The following diagrams illustrate the corporate and shareholding structure of the Company immediately before Completion, and immediately after Completion:

The shareholding structure of the Company immediately before Completion



The shareholding structure of the Company immediately after Completion



I. INFORMATION ON THE TARGET GROUP

Overview

The Company will acquire from Joyview the Sale Share, representing the entire issued share capital of Investwise, and indirectly acquire 55% interest in Yancheng Sujia through the Investwise Transaction.

Investwise is an investment holding company which holds a 55% interest in Yancheng Sujia. Immediately after Completion, the Company will own all of the shares in Investwise, and indirectly acquire 100% of the registered capital in Yancheng Sujia. Yancheng Sujia is a limited liability company which is established in the PRC and owned as to 55% by Investwise and as to 45% by Haining Zhongyuan as at the date of this announcement. The registered capital of Yancheng Sujia is RMB50,000,000 (equivalent to approximately HK\$56,500,000). The scope of business of Yancheng Sujia includes the development and management of properties.

Yancheng Property Management is a limited liability company, which is established in the PRC, and a wholly-owned subsidiary of Yancheng Sujia. The registered capital of Yancheng Property Management is RMB1,000,000 (equivalent to approximately HK\$1,130,000). The scope of business of Yancheng Property Management includes the provision of property management services.

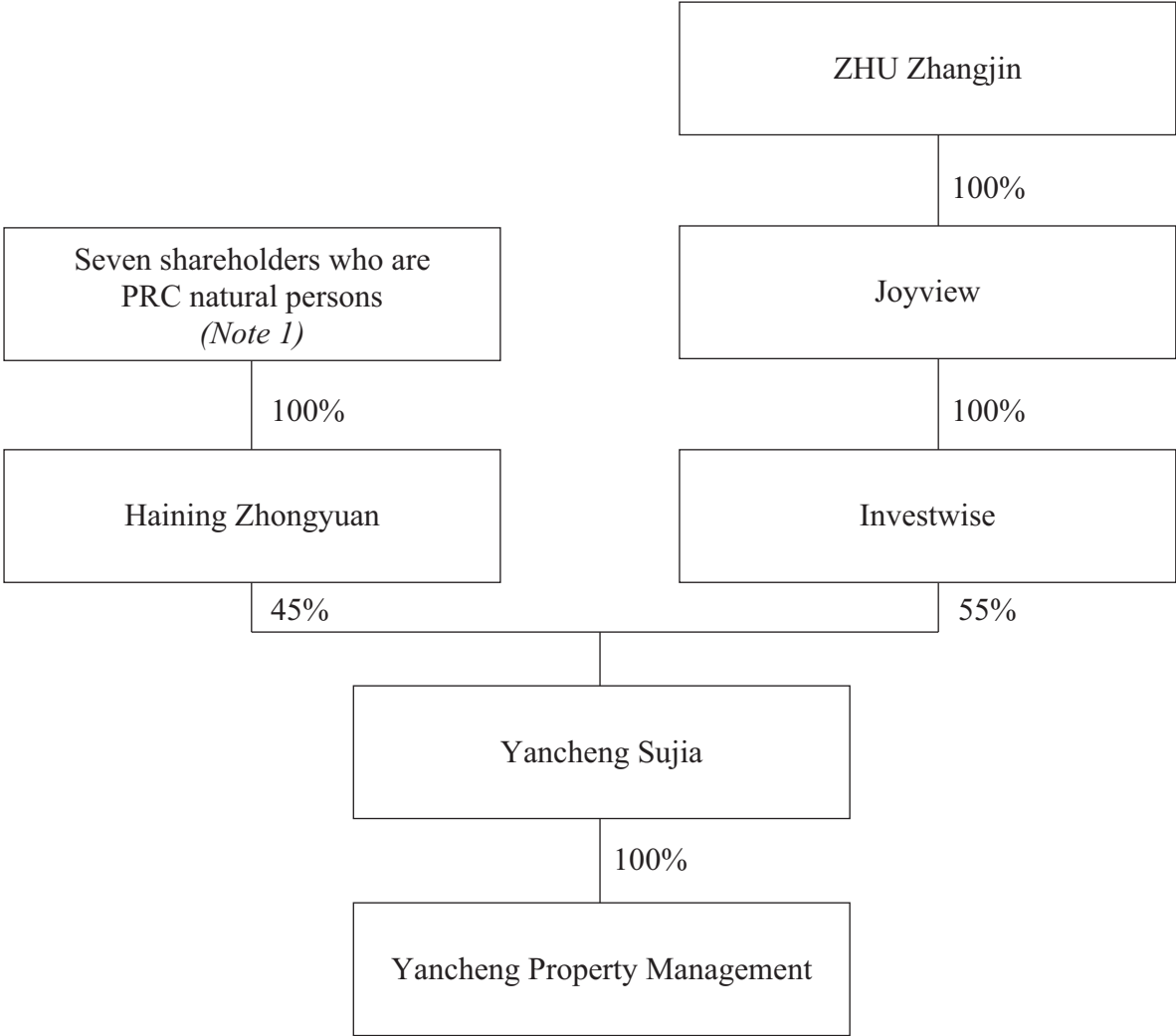
Yancheng Sujia owns a piece of land located at the southern side to Dongjin Road, northern side to Qingnian Road, western side to Jiefangnan Road, eastern side to Yinbingnan Road, Yancheng City in Jiangsu Province, the PRC with a site area of approximately 346,846.67 sq.m. The Property has been earmarked for the development of residential and commercial buildings and a hotel, with a proposed aggregate gross floor area of approximately 684,700 sq.m. The Project consists of three phases. Yancheng Sujia has been granted the land use rights certificate, the required construction works commencement permits and pre-sale permit for phase 1 of the Project. The construction of 20 residential buildings in phase 1 of the Project is expected to be completed at the end of 2008 and the remaining 20 residential buildings is expected to be completed in June 2009. As of 30 April 2008, the total development costs incurred for phase 1 of the Project were approximately RMB114,000,000. It is estimated that additional costs of approximately RMB253,000,000 will be required to complete phase 1 of the Project. Such costs will be mainly financed by pre-sale deposits and bank loans.

Phases 2 and 3 of the Project are expected to comprise commercial buildings, residential buildings and a hotel. The development of phase 2 of the Project is expected to commence in September 2008 and to be completed in 2010. The development of phase 3 of the Project is expected to commence in 2009 and to be completed in 2010. Yancheng Sujia has been granted the land use rights certificate for phase 2 of the Project. Yancheng Sujia is in the process of applying for the land use rights certificate for phase 3 of the Project. It is estimated that additional costs of approximately RMB800,000,000 will be required to develop phases 2 and 3 of the Project. Such costs will be mainly financed by pre-sale deposits and bank loans. Further details of the Project will be disclosed in the forthcoming circular.

As at the date of this announcement, the Company has no capital commitment to the Project. Having considered the pre-sale deposits of phase 1 of the Project, the estimated future pre-sale deposits of phases 2 and 3 of the Project and the bank loans obtained by Yancheng Sujia, it is estimated that Yancheng Sujia will have sufficient funds to operate the Project. As such, the Company has no plan at present to fund Yancheng Sujia by way of capital injection or have any capital commitment to the Project.

As at the date of this announcement, no other properties or assets are held by Yancheng Sujia save for its investments in Yancheng Property Management and the Project.

The following diagram illustrates the shareholding of the Target Group immediately before Completion:



Note:

1. *As at the date of this announcement, none of these seven shareholders of Haining Zhongyuan has any shareholding interest in the Company and/or has dealt with the securities of the Company within the 6-month period prior to the date of this announcement and up to and including the date of this announcement.*

Financial Information

Investwise was incorporated in the British Virgin Islands on 15 August 2007 by Mr. Zhu through Joyview. Investwise is an investment holding company and its sole asset is its 55% interest in the registered capital of Yancheng Sujia. Save for the costs incurred for the incorporation of Investwise, no other acquisition costs have been incurred by Mr. Zhu in respect of Investwise.

Under Rule 14.58(7) of the Listing Rules, the Company is required to include the net profits (both before and after taxation and extraordinary items) of the Target Group for the two financial years immediately preceding the transaction (the “Required Financial Information”) in this announcement.

In connection with the abovementioned requirements, an application for waiver was made by the Company to the Stock Exchange for excluding the Required Financial Information in this announcement (the “Waiver”). Such application was made mainly for reasons that (i) the Required Financial Information is unaudited and unpublished figures (which is the only available form as at the date of this announcement) and if disclosed in this announcement, they will constitute profit forecasts within the meaning of Rule 10 of the Takeovers Code which would need to be reported on by an auditor and a financial adviser of the Company; and (ii) it would be burdensome for the Company to withhold this announcement until such reports are available. If the Waiver is granted, an announcement containing the Required Financial Information will be published at the time of despatch of the forthcoming circular by the Company. In addition, the Required Financial Information will be included in the forthcoming circular.

As there was no investment income received from Yancheng Sujia, no turnover was generated by Investwise for the year ended 31 December 2007. The unaudited net liabilities value of Investwise as at 31 December 2007 before taking into account of the appreciation value of the Property amounted to approximately RMB611,807,723 (equivalent to approximately HK\$691,342,727) which is based on the preliminary indicative valuation of the existing status of the Property for approximately RMB1,021,000,000 (equivalent to approximately HK\$1,153,730,000), of which approximately RMB409,192,277 (equivalent to approximately HK\$462,387,273) is the book value accounted for the total development costs (including land acquisition costs, construction costs and capitalised finance costs), as at 30 April 2008 as appraised by Jones Lang LaSalle Sallmanns Limited, an independent professional valuer, on open market basis, was approximately RMB3,400 (equivalent to approximately HK\$3,800).

As there were no investment income received from Yancheng Sujia and development of the Project has not been completed yet, no consolidated turnover was generated by the Target Group for the period from 18 December 2007 (being the date on which Investwise acquired its 55% interest in Yancheng Sujia) to 31 December 2007. The unaudited consolidated net liabilities value of the Target Group as at 31 December 2007 before taking into account of the appreciation value of the Property amounted to approximately RMB611,807,723 (equivalent to approximately HK\$691,342,727) which is based on the preliminary indicative valuation of the existing status of the Property for approximately RMB1,021,000,000 (equivalent to approximately HK\$1,153,730,000), of which approximately RMB409,192,277 (equivalent to approximately HK\$462,387,273) being the book value accounted for the total development costs (including land acquisition costs, construction costs and capitalised finance costs), as at 30 April 2008 as appraised by Jones Lang LaSalle Sallmanns Limited, an independent professional valuer, on open market basis, was approximately RMB136,000 (equivalent to approximately HK\$153,680). An accountants’ report on the Target Group containing, among others, the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cashflow statement will be included in the forthcoming circular.

Yancheng Sujia was established in the PRC on 21 October 2004. In September 2007, Haining Zhongyuan acquired the entire interest in Yancheng Sujia at a consideration of RMB50,000,000 (equivalent to approximately HK\$56,500,000). On 18 December 2007, Haining Zhongyuan transferred its 55% interest in Yancheng Sujia to Investwise at a consideration of RMB 31,532,550 (equivalent to approximately HK\$35,631,782).

As payments received from pre-sale of phase 1 of the Project are classified as current liabilities but not revenue, and development of phases 2 and 3 have not yet commenced, no turnover was generated by Yancheng Sujia and its subsidiary for the year ended 31 December 2007. Based on the unaudited consolidated balance sheet of Yancheng Sujia and its subsidiary as at 31 December 2007 before taking into account of the appreciation value of the Property amounted to approximately RMB611,807,723 (equivalent to approximately HK\$691,342,727) which is based on the preliminary indicative valuation of the existing status of the Property for approximately RMB1,021,000,000 (equivalent to approximately HK\$1,153,730,000), of which approximately RMB409,192,277 (equivalent to approximately HK\$462,387,273) is the book value accounted for the total development costs (including land acquisition costs, construction costs and capitalised finance costs), as at 30 April 2008 as appraised by Jones Lang LaSalle Sallmanns Limited, an independent professional valuer, on open market basis, the net liabilities value of Yancheng Sujia and its subsidiaries amounted to approximately RMB33,767,000 (equivalent to approximately HK\$38,157,000), mainly due to interest payments accruing on bank loans and the pre-sale payments. Yancheng Sujia's operation was funded by its shareholder's equity, bank loans and money received from pre-sale of phase 1 of the Project since it commenced its operation and it is expected that Yancheng Sujia will fund its future operation mainly by bank loans and sales revenue from the Project.

An accountants' report on Yancheng Sujia containing, among others, the income statement, balance sheet, statement of changes in equity and cashflow statement will be included in the forthcoming circular.

Upon Completion, Investwise, Yancheng Sujia and Yancheng Property Management will all be accounted for as wholly-owned subsidiaries of the Company.

Information on the Project

The Directors believe that the Project has the following characteristics which are compelling to potential investors:

- (i) *premium location* – The Project is situated at the prime commercial area in the city of Yancheng, which is located in the central of Jiangsu province, the PRC. With the well-built infrastructure facilities in Yangtze River Triangle, the Project can tap on its macro-economic competitive advantage to generate a sustainable revenue.
- (ii) *landmark development* – The Project involves the development of residential and commercial buildings situated on the Property, with distinct themes for leisure, entertainment, shopping, dining and cultural activities in central of Jiangsu province. The plans for commercial development include the construction of a five-star hotel, which will serve as the centrepiece of the Project.
- (iii) *calculated financial commitments* – As the relocation compensation and land premium have been paid, the total development costs of the Project can be relatively easy to control.

The Directors also believe that the Project will provide the Company with the following strategic and operational benefits:

- (i) The Project will enable the Company to further develop its property development and leasing businesses;
- (ii) Stable revenue stream is expected to be generated from the property development and leasing market; and
- (iii) The property market experience of the existing Board will be enhanced substantially.

The Directors had requested Jones Lang LaSalle Sallmanns Limited, an independent valuer not connected with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and associates, to value the Property and details of the valuation report will be disclosed in the forthcoming circular.

II. CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF THE INVESTWISE TRANSACTION

The following table sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO up to the date of this announcement) immediately before and after Completion (assuming that there are no changes other than those contemplated in the Investwise Agreement):

	Immediately Before Completion		Immediately After Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Zhu, his associates and parties acting in concert with any of them	328,867,019	33.22	503,292,635	43.22
Public	<u>661,181,350</u>	<u>66.78</u>	<u>661,181,350</u>	<u>56.78</u>
Total	<u>990,048,369</u>	<u>100.00</u>	<u>1,164,473,985</u>	<u>100.00</u>

III. INFORMATION ON JOYVIEW

Joyview is an investment holding company. Its subsidiaries and associates are principally engaged in investment holding and property holding businesses.

IV. INFORMATION ON HAINING ZHONGYUAN

Haining Zhongyuan, an Independent Third Party, is engaged in real estate development business.

V. INFORMATION ON THE GROUP

The Group is principally engaged in the processing of raw cowhides and wet blues into finished leather or fully assembled leather products and property development business.

VI. RELATIONSHIP BETWEEN MR. ZHU, HIS ASSOCIATES AND PARTIES IN CONCERT WITH ANY OF THEM

Mr. Zhu is the sole shareholder of Joyview and he is the ultimate beneficial owner of the Target Group. Joyview is an associate of Mr. Zhu within the meaning of the Listing Rules and a connected person of the Company within the meaning of the Listing Rules.

VII. REASONS FOR THE TRANSACTION

The Group is principally engaged in the processing of raw cowhides and wet blues into finished leather or fully assembled leather products and property development business. The Directors consider that investment in the Target Group will provide a good opportunity for the Company to further participate in property development, leasing and investment business in the PRC which the Directors consider to have continued growth potential in the future in light of the continued and rapid growth in the economy of the PRC. The Directors also consider the investment in the Target Group will allow the Company to diversify its business and reduce the Group's reliance on the upholstered leather business which has been adversely impacted by the slow down in the US housing market and the subprime loan crises, as well as allow the Company to move into a solid business area. It is proposed that the consideration for the acquisition of the Sale Share be paid for by the issue of the Consideration Shares and not by payment of cash because this is the best financing method available to the Company.

The Directors have no intention of disposing of the Company's existing business after Completion and will, following the Completion, conduct a more detailed review of its operations with the view of developing a corporate strategy to enhance its existing businesses and asset base and broaden its income stream by various measures, which may include further investing in and expanding its existing businesses or divesting of loss-making operations should appropriate opportunities arise.

The Directors (excluding the non-executive Director and the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) believe that the terms of the Investwise Agreement and the Yancheng Sujia Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Directors consider the issue of Consideration Shares as consideration for the acquisition of the Sale Share is fair and reasonable and in the best interest of the Shareholders as a whole as it is the best financing method for the Company given that the Company will not need to use substantial amount of its existing cash resources to fund the Investwise Transaction. The Directors intends to finance the Yancheng Sujia Transaction by internal resources of the Group.

VIII. APPLICATION FOR WHITEWASH WAIVER

Assuming no further Shares will be issued by the Company prior to the allotment and issue of the Consideration Shares upon completion of the Investwise Agreement, the interests held by Mr. Zhu, his associates and parties acting in concert with any of them will increase from approximately 33.22% to approximately 43.22% of the issued share capital of the Company as enlarged by the Consideration Shares. Mr. Zhu and parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Mr. Zhu and/or its nominee(s) upon completion of the Investwise Agreement. Mr. Zhu will apply to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensation from Rule 26 of the Takeovers Code on the basis that, among other things, the Consideration Shares will be issued as consideration for the Investwise Transaction pursuant to the Investwise Agreement and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote taken by way of a poll whereby Mr. Zhu, his associates and parties acting in concert with any of them and those who are involved or interested in the Investwise Agreement and the Whitewash Waiver will abstain from voting.

Mr. Zhu has confirmed that he and/or parties acting in concert with him have not dealt with the securities of the Company within the 6-month period prior to the date of this announcement and up to and including the date of this announcement.

IX. GENERAL

As at the date of this announcement, Investwise, a wholly-owned subsidiary of Joyview, is an investment holding company holding 55% interest in Yancheng Sujia. Immediately after Completion, the Company will own all of the shares in Investwise and indirectly acquire 100% of the economic interest in Yancheng Sujia.

Immediately after Completion and the issue of the Consideration Shares (assuming no further Shares, other than the Consideration Shares, are issued by the Company between the date of this announcement and Completion), the controlling stake of Mr. Zhu, his associates and parties acting in concert with any of them in the Company will be approximately 43.22% of the enlarged issued share capital of the Company. As Mr. Zhu is the controlling shareholder of the Company and the ultimate beneficial owner of the Target Group, Mr. Zhu is therefore a connected person of the Company under the Listing Rules. Accordingly, the Investwise Transaction constitutes a connected transaction for the Company under the Listing Rules. In addition, the Transactions will constitute major transactions for the Company under Rule 14.06 of the Listing Rules. Upon Completion, both Investwise and Yancheng Sujia will become subsidiaries of the Company. The Transactions are conditional upon, among other things, the approval of the Independent Shareholders by way of poll.

The Directors (excluding the non-executive Director and the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) consider that the terms of the Investwise Transaction and the Yancheng Sujia Transaction are on normal commercial terms and are fair and reasonable, and in the interests of the Shareholders as a whole.

The Acquisition Independent Board Committee comprising Mr. Chow Joseph, Mr. Lu Yungang and Mr. Zhang Huaqiao, the independent non-executive Directors, has been formed to advise Independent Shareholders on the Transactions. The Whitewash Waiver Independent Board Committee comprising Mr. Chow Joseph, Mr. Lu Yungang and Mr. Zhang Huaqiao, the independent non-executive Directors, and Mr. Li Hui, the non-executive Director, has been formed to advise the Independent Shareholders on the Whitewash Waiver. The Company has appointed GF Capital (Hong Kong) Limited as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in relation to the Investwise Transaction, the Yancheng Sujia Transaction and the Whitewash Waiver in accordance with the Listing Rules and Takeovers Code. Such appointment has been approved by the Independent Board Committees.

A circular of the Company, containing, among other things, further particulars of the Investwise Transaction, the Yancheng Sujia Transaction, the Whitewash Waiver, the recommendations of the Independent Board Committees, a letter of advice from the Independent Financial Adviser, the accountants' reports relating to the Target Group and Yancheng Sujia, a property valuation report relating to the Property and a notice convening the EGM will be sent to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent, the Transactions may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Company's shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on the Stock Exchange was suspended with effect from 10:35 a.m. on Monday, 26 May 2008 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:30 a.m. on Monday, 2 June 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Acquisitions”	the acquisition of the Sale Share by the Company and the acquisition of the Sale Interest by Zhejiang Kasen Property;
“Acquisition Independent Board Committee”	an independent committee of the Board comprising Mr. Chow Joseph, Mr. Lu Yungang and Mr. Zhang Huaqiao, the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Transactions;
“Agreements”	the Investwise Agreement and the Yancheng Sujia Agreement;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong;

“Company”	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 and the issued Shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Investwise Transaction and the the Yancheng Sujia Transaction pursuant to the Investwise Agreement and the Yancheng Sujia Agreement, respectively;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration Price”	RMB171,001,654 (equivalent to approximately HK\$193,231,869) to be paid by Zhejiang Kasen Property to Haining Zhongyuan as consideration for the acquisition of the Sale Interest;
“Consideration Shares”	means an aggregate of 174,425,616 Shares to be allotted and issued credited as fully paid to Joyview as the consideration for the acquisition of the Sale Share;
“Director(s)”	the director(s) of the Company;
“EGM”	extraordinary general meeting of the Company to be held to approve, among other things, the Transactions and the Whitewash Waiver;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate;
“Haining Zhongyuan”	海寧市中遠房產有限公司 (Haining Zhongyuan Real Estate Co., Ltd.*), a company incorporated in the PRC which holds 45% interest in Yancheng Sujia prior to Completion;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committees”	the Acquisition Independent Board Committee and the Whitewash Waiver Independent Board Committee;
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with the Company and its subsidiaries and their respective connected persons as defined under the Listing Rules;
“Independent Financial Adviser”	GF Capital (Hong Kong) Limited, being licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Transactions and the Whitewash Waiver;
“Independent Shareholders”	the Shareholders other than Joyview, Mr. Zhu, his associates and parties acting in concert with any of them and those who are involved or interested in the Investwise Agreement, the Yancheng Sujia Agreement and Whitewash Waiver;

“Investwise”	Investwise International Limited, a company incorporated with limited liability in the British Virgin Islands, and a wholly-owned subsidiary of Joyview prior to Completion;
“Investwise Agreement”	the agreement dated 26 May 2008 entered into between the Company, Joyview and Mr. Zhu, in relation to the Investwise Transaction;
“Investwise Transaction”	the proposed acquisition of the Sale Share by the Company from Joyview;
“Issue Price”	the issue price of HK\$1.354 per Consideration Share;
“Joyview”	Joyview Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability;
“Last Trading Day”	23 May 2008, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Zhu”	Mr. Zhu Zhangjin, an executive Director and the controlling shareholder of the Company, and the ultimate beneficial owner of the entire issued share capital of Joyview;
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement;
“Project”	the development of the Property as described in the sub-section headed “Information on the Project” in the section headed “Information on the Target Group”;
“Property”	a site at southern side to Dongjin Road, northern side to Qingnian Road, western side to Jiefangnan Road, eastern side to Yinbingnan Road, Yancheng, Jiangsu Province, PRC (中國江蘇省鹽城市南至東進路北、西至解放南路東、北至青年路南、東至迎賓南路西);
“Sale Interest”	the 45% interest in the registered capital of Yancheng Sujia which is held by Haining Zhongyuan prior to Completion;
“Sale Share”	one share of US\$1.00 each in the capital of Investwise, representing the entire issued share capital of Investwise;
“SFC”	the Securities and Futures Commission;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	Ordinary shares with a par value of US\$0.00015 each in the capital of the Company;

“Shareholder(s)”	Shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases;
“Target Group”	Investwise and its subsidiaries;
“Transactions”	the Investwise Transaction and the Yancheng Sujia Transaction;
“Whitewash Waiver”	a waiver from the Executive (as defined in the Takeovers Code) pursuant to Note 1 on the Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Mr. Zhu and parties acting in concert with him to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by Mr. Zhu or parties acting in concert with him which would otherwise arise as a result of the issue of the Consideration Shares to Mr. Zhu and/or its nominee(s) upon completion of the Investwise Transaction;
“Whitewash Waiver Independent Board Committee”	an independent committee of the Board comprising Mr. Chow Joseph, Mr. Lu Yungang and Mr. Zhang Huaqiao, the independent non-executive Directors, and Mr. Li Hui, the non-executive Director, established for the purpose of advising the Independent Shareholders on the Whitewash Waiver;
“Yancheng Property Management”	鹽城市蘇嘉物業服務有限公司 (Yancheng Sujia Property Management Co., Ltd.*), a company established in the PRC, and a wholly-owned subsidiary of Yancheng Sujia;
“Yancheng Sujia”	鹽城市蘇嘉房地產開發有限公司 (Yancheng Sujia Real Estate Development Co., Ltd.*), a company established in the PRC whose registered capital is held as to 55% by Investwise and as to 45% by Haining Zhongyuan prior to Completion;
“Yancheng Sujia Agreement”	the agreement dated 26 May 2008 entered into between Zhejiang Kasen Property and Haining Zhongyuan, in relation to the Yancheng Sujia Transaction;
“Yancheng Sujia Transaction”	the proposed acquisition of 45% interest in Yancheng Sujia from Haining Zhongyuan by Zhejiang Kasen Property; and
“Zhejiang Kasen Property”	浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*), a company incorporated in the PRC and an indirectly held, wholly owned subsidiary of the Company.

* for identification purposes only

For the purpose of this announcement, the exchange rates of RMB1.00 = HK\$1.13 and US\$1.00 = HK\$7.79 have been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representations that any amount in RMB, US\$ or HK\$ have been, could have been or may be converted at such rates.

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

Hong Kong, 30 May 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

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