THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, 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 transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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
AND
RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Financial adviser to the Company

AmCap

Ample Capital Limited

豐盛融資有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

廣發融資(香港)有限公司

GF Capital (Hong Kong) Limited

A letter from the Board is set out on pages 4 to 16 of this circular and a letter from the Independent Board Committee is set out on page 17 of this circular. A letter from GF Capital (Hong Kong) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement is set out on pages 18 to 24 of this circular.

A notice convening the Extraordinary General Meeting ("**EGM**") to be held at 259 Qianjiang Road West, Haining, Zhejiang, China on 10 February 2009 at 9:30 a.m. is set out on pages 46 to 48 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

21 January 2009

CONTENTS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Agreement"	a conditional sale and purchase agreement dated 31 December 2008 (as supplemented by a supplemental agreement dated 7 January 2009) entered into between the Kasen Subsidiaries and Haining Development Company in relation to the Disposal;
"associate"	has the same meaning as given to it under the Listing Rules;
"Board"	the board of Directors;
"Company"	Kasen International Holdings Limited, 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;
"Compensation"	the total compensation to be paid by Haining Development Company to the Kasen Subsidiaries for the surrendering of the Land;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"Disposal"	the surrendering of the Land to Haining Development Company by the Kasen Subsidiaries pursuant to the Agreement;
"EGM"	the extraordinary general meeting of the Company to be convened on 10 February 2009 to approve, among other things, the Agreement, the Renewed Starcorp Agreement and the relevant cap amounts in relation to the Renewed Continuing Connected Transactions, or any adjournment thereof;
"Existing Continuing Connected Transactions"	the transactions contemplated under the Starcorp Agreement;
"Group"	the Company and its subsidiaries;
"Haining Development Company"	海寧市斜橋鎮城鎮建設開發有限公司 (Haining City Xieqiao Town Construction and Development Company Limited), the nominee of the Local Government;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Independent Board Committee"	an independent committee of the Board, comprising independent non-executive Directors, which has been appointed by the Board to advise the Independent Shareholders on the Renewed Continuing Connected Transactions;
"Independent Financial Adviser" or "GF Capital"	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 Committee and the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement;
"Independent Shareholders"	the shareholders of the Company other than Mr. Zhu Zhangjin and his associates;
"Kasen Subsidiaries"	five wholly-owned subsidiaries of the Company: 浙江卡森實業有限公司 (Zhejiang Kasen Industrial), 海寧家美家具有限公司 (Haining Home Impression Furniture Company Limited), 海寧恒森家具有限公司 (Haining Hengsen Furniture Company Limited), 海寧家值傢俬有限公司 (Haining Home Direct Furniture Company Limited) and 海寧卡森皮革有限公司 (Haining Kasen Leather Company Limited);
"Land"	9 parcels of land located at the southern side of Xin Xia Xie Road (新硤斜公路) and the northern side of Huafeng Road (華豐大道) and 2 parcels of land located at Nos. 2 to 6 Dangli (蕩里), Huafeng Village, Xieqiao Town, Haining City, Zhejiang Province, the PRC (中國浙江省海寧市斜橋鎮華豐村) with an aggregate area of approximately 424,786 sq.m.;
"Latest Practicable Date"	19 January 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Local Government"	海寧市斜橋鎮人民政府 (Haining City Xieqiao Town People's Government), the local People's Government for Xieqiao Town, Haining City, Zhejiang Province, the PRC;
"PRC"	the People's Republic of China;

"Prospectus"	the prospectus of the Company dated 10 October 2005;
"Renewed Continuing Connected Transactions"	the transactions contemplated under the Renewed Starcorp Agreement;
"Renewed Starcorp Agreement"	the agreement entered into between the Company and Starcorp on 31 December 2008;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholder(s)"	holder(s) of the shares of the Company;
"Shares"	ordinary shares of US$0.00015 each in the capital of the Company;
"sq.m."	square metre;
"Starcorp"	Starcorp Corporation Pty. Ltd., a company incorporated under the laws of Australia which is owned, among others, as to 70% by Sunbridge, a company in which Mr. Zhu Zhangjin, a Director and the controlling Shareholder of the Company, indirectly controls more than 30% of the voting power at its general meeting;
"Starcorp Agreement"	an agreement dated 22 February 2006 entered into between Starcorp and the Company in respect of the sale and purchase of upholstered furniture;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder"	has the same meaning ascribed to it under the Listing Rules;
"Sunbridge"	Zhejiang Sunbridge Industrial (Group) Co., Ltd., a company established in the PRC and in which Mr. Zhu Zhangjin indirectly controls more than 30% of the voting power at the general meeting;
"Zhejiang Kasen Industrial"	浙江卡森實業有限公司 (Zhejiang Kasen Industrial Company Limited), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company; and
"%"	per cent.

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
ZHOU Xiaosong
ZHANG Mingfa, Michael

Independent non-executive Directors:
LU Yungang
CHOW Joseph
GU Mingchao

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
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KY1-1111
Cayman Islands

Head office:
259 Qianjiang 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

21 January 2009

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION
AND
RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Major Transaction

The Board announced that on 31 December 2008, the Kasen Subsidiaries entered into the Agreement with Haining Development Company, pursuant to which the Kasen Subsidiaries will surrender the Land to Haining Development Company for a compensation of RMB503,498,885.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Completion is subject to the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. As at the Latest Practicable Date, to the best knowledge of the Directors, no Shareholder will be required to abstain from voting at the EGM.

Continuing Connected Transactions

On 31 December 2008, the Company also announced that it had entered into the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions.

Reference is made to the Prospectus under the section headed "Business – Connected Transactions" which disclosed that waivers have been obtained from the Stock Exchange from strict compliance with the announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Existing Continuing Connected Transaction under the Starcorp Agreement.

Reference is also made to the announcement of the Company dated 22 February 2006 in relation to the revision of the annual caps for the Existing Continuing Connected Transactions.

In view of the continuous development of the Group and based on the internal forecasts of forthcoming demand, the Company entered into the Renewed Starcorp Agreement for a term of three years commencing from 1 January 2009 and expiring on 31 December 2011.

Starcorp is owned as to 70% by Sunbridge, a company in which Mr. Zhu Zhangjin, a Director and the controlling Shareholder of the Company, indirectly controls more than 30% of the voting power at its general meeting. Sunbridge is therefore an associate of Mr. Zhu Zhangjin and a connected person of the Company. As Starcorp is a subsidiary of Sunbridge, it is also a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Renewed Starcorp Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that one of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Renewed Starcorp Agreement on an annual basis exceeds the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the transactions contemplated under the Renewed Starcorp Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Mr. Zhu Zhangjin and his associates will abstain from voting in the EGM to be convened for the approval of the Renewed Continuing Connected Transactions.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts in relation to the Renewed Continuing Connected Transactions, and GF Capital has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement.

The purpose of this circular is to give you, among other things, (i) further details about the Agreement, the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee in respect of the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions; and (iv) a notice of the EGM to consider and, if thought fit, to approve the Agreement, the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement.

THE DISPOSAL

The Agreement

Date

31 December 2008
(as supplemented by a supplemental agreement dated 7 January 2009)

Parties

Vendor: the Kasen Subsidiaries

Purchaser: Haining Development Company, the nominee of the Local Government, which is primarily engaged in the business of property development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Haining Development Company and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons (as defined in the Listing Rules). To the best of the Directors' knowledge, each of Haining Development Company and its associates (as defined in the Listing Rules) does not hold any Share as at the Latest Practicable Date, and there are no other transactions between Haining Development Company and the Kasen Subsidiaries that need to be aggregated with the Disposal in accordance with Rule 14.22 of the Listing Rules.

Assets to be disposed

Pursuant to the Agreement, the Kasen Subsidiaries will surrender the Land to Haining Development Company to facilitate the urban development of the Xieqiao Town of Haining City, Zhejiang Province, the PRC. The Land comprises 9 parcels of land located at the southern side of Xin Xia Xie Road (新硤斜公路) and the northern side of Huafeng Road (華豐大道) and 2 parcels of land located at Nos. 2 to 6 Dangli (蕩里), Huafeng Village, Xieqiao Town, Haining City, Zhejiang Province, the PRC (中國浙江省海寧市斜橋鎮華豐村) with an aggregate area of approximately 424,786 sq.m. where the Kasen Subsidiaries have erected factories and other structures with an aggregate gross floor area of approximately 280,000 sq.m. for the production of leather.

Owing to the global economic downturn, the demand for furniture leather that is currently being produced by the Kasen Subsidiaries has been substantially reduced. With the Disposal, the Company intends to relocate the Group's furniture leather and upholstered furniture production facilities on the Land to other land owned by the Group. The Directors, including the independent non-executive Directors, do not expect that the Disposal will have a material adverse effect on the operation and financial results of the Group.

Compensation

In consideration of the Kasen Subsidiaries surrendering the Land, Haining Development Company will pay a compensation of RMB503,498,885. The Compensation will be payable in cash in the following manner:

(1) RMB5,000,000 will be payable to the Kasen Subsidiaries within 45 days upon the Agreement becoming effective.

(2) Upon the delivery of the Land by the Kasen Subsidiaries to Haining Development Company, it will transfer the Land to the relevant land administration authority which will offer the Land for sale as either commercial or residential estate. If the Land could be sold before the end of 2009, the balance of the Compensation will be paid to the Kasen Subsidiaries within 5 working days upon Haining Development Company receiving the payment for the sale of Land from the relevant local treasury department.

(3) If the Land could not be sold by the end of 2009, 50% of the Compensation will be paid to the Kasen Subsidiaries on or before 31 December 2009, with the balance to be paid on or before 30 June 2010.

The Compensation was arrived at after arm's length negotiations between the Kasen Subsidiaries and Haining Development Company with reference to the valuation of the Land as at 31 October 2008 conducted by Jones Lang LaSalle Sallmanns Limited, a professional valuer independent of the Group and its connected person (as defined in the Listing Rules), in the amount of RMB344,976,000. The Directors consider the terms of the Agreement (including the Compensation) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Disposal is subject to approval by the Shareholders at the EGM of the Agreement and the transaction contemplated thereunder.

Other terms of the Agreement

Pursuant to the Agreement, Haining Development Company has also undertaken to dispose of certain pre-agreed inventories of the Kasen Subsidiaries at their book value (before impairment provision) RMB43,389,435. Haining Development Company has further undertaken to either acquire from Kasen Subsidiaries or help Kasen Subsidiaries to dispose of any other inventories of the Kasen Subsidiaries that are not wanted and have not been included in the pre-agreed inventories list to any third party at their book value (before impairment provision), subject to a maximum of RMB80 million in total. Payment for such inventories will be within 6 months from the delivery of such inventories by the Kasen Subsidiaries.

Delivery of the Land

Within 6 months from the execution of the Agreement, the Kasen Subsidiaries will complete the removal of the equipment and deliver the Land to Haining Development Company.

REASONS FOR THE DISPOSAL

The Group is a leading upholstered furniture and leather products manufacturer based in the PRC. It is engaged in the processing of raw cowhides and wet blues into finished leather or fully assembled leather products.

The Local Government has recently implemented an urban redevelopment plan which includes the rezoning of certain industrial land in the urban area of Xieqiao for commercial and residential purposes. Under this redevelopment plan, the Local Government, through Haining Development Company, will acquire certain land within a designated areas in Haining, the PRC from the relevant land owners. As the Land is located in the redevelopment zone, the Kasen Subsidiaries have been offered to surrender the Land to Haining Development Company.

Since the Kasen Subsidiaries will receive the Compensation and that the Company can use the Disposal to reduce its production capacity for furniture leather products and allocate the resources currently occupied by the Kasen Subsidiaries to other uses, the Directors, including the independent non-executive Directors, consider that the Disposal is a good opportunity for the Group to reduce costs with a view of developing higher-end products to improve the Group's profit margins.

The Directors, including the independent non-executive Directors, thus consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Land and the factory building erected on the Land are owned by Zhejiang Kasen Industrial. Part of the Land and the factory building erected on the Land are currently leased by Zhejiang Kasen Industrial to Kasen Subsidiaries (other than Zhejiang Kasen Industrial) for their production of upholstered furniture and the remaining part of the Land and the factory building erected on the Land are currently used by Zhejiang Kasen Industrial for its own production of furniture leather.

The net book value of the Land and the factory building erected on the Land as shown in the Company's latest unaudited management accounts as at 31 December 2008 was RMB214,203,697 (which is approximately 42.54% of the Compensation), representing approximately 5.17% of the total assets of the Group as at 31 December 2007, being the Company's last audited financial year end date. The value of the Land as at 31 October 2008 as determined by an independent professional valuer was RMB344,976,000 (which is approximately 68.52% of the Compensation). The net profit before and after taxation attributable to the Land for the year ended 31 December 2006 was approximately RMB60,589,000 and RMB46,461,000 and the net profit before and after taxation attributable to the Land for the year ended 31 December 2007 was approximately RMB16,340,000 and RMB8,121,000, comprising the net profit generating from the production facilities on the Land by the Kasen Subsidiaries.

Upon completion of the Disposal, it is expected that the total Assets of the Group will increase by approximately RMB229,828,000, and there will be no change in the total liabilities of the Group. It is also expected that earnings of the Group will increase by approximately RMB229,828,000 upon completion of the Disposal. The actual figures will depend on the net book value of the Land and the factory building erected on the Land attributable to the Group as at the date of completion of the Disposal, the actual costs and expenses to be incurred in connection with the Disposal and the amortization of the Land and depreciation of the factory building erected on the Land for the period from 1 January 2009 to the date of completion of the Disposal, which are yet to be determined as at the Latest Practicable Date.

As Kasen Subsidiaries intend to continue their production of furniture leather and upholstered furniture after the Disposal and relocate their production facilities on the Land to other land owned by the Group, the Directors, including the independent non-executive Directors, do not expect that the Disposal will have a material adverse effect on the operation and financial results of the Group.

It was estimated that there would be a gain in the amount of approximately RMB229,828,175 on the Disposal accrued to the consolidated accounts of the Group which is calculated by reference to the net proceeds from the Disposal less the net book value of the Land and the factory building erected on the Land as at 31 December 2008 and the estimated demolition and relocation costs and other related expenses of the Kasen Subsidiaries in an aggregate amount of RMB59,467,000. Such estimated gain has not taken into account of any PRC profits tax to be or may be charged. The actual gain will depend on the net book value of the Land and the factory building erected on the Land attributable to the Group as at the date of completion of the Disposal, the actual costs and expenses to be incurred in connection with the Disposal and the amortization of the Land and depreciation of the factory building erected on the Land for the period from 1 January 2009 to the date of completion of the Disposal, which are yet to be determined as at the Latest Practicable Date.

USE OF PROCEEDS

The net gain as a result of the Disposal is expected to amount to approximately RMB229,828,175, and is currently intended to be used by the Group for general working capital purpose and/or suitable investment opportunities as may be identified by the Company in the future. As at the Latest Practicable Date, the Company has not identified any suitable investment opportunities and is not in discussions for any investment projects. The Company will make announcement in compliance with the requirements of the Listing Rules as and when appropriate.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Background

The Company entered into the Existing Continuing Connected Transactions with Starcorp prior to the Global Offering (as defined in the Prospectus). The Existing Continuing Connected Transactions were continuing connected transactions of the Company under the Listing Rules, details of which were disclosed in the Prospectus under the section headed "Business – Connected Transactions".

As disclosed in the Prospectus under the section headed "Business – Connected Transactions", the Stock Exchange had granted waivers from strict compliance with the announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Existing Continuing Connected Transactions under the Starcorp Agreement for a period of three financial years expiring on 31 December 2008.

Reference is also made to the announcement of the Company dated 22 February 2006 in relation to the revision of the annual caps for the Existing Continuing Connected Transactions.

The Board has been monitoring the Existing Continuing Connected Transactions. In view of the continuous development of the Group and based on the internal forecasts of forthcoming demand, the Board has decided to enter into the Renewed Starcorp Agreement.

RENEWED STARCORP AGREEMENT

As Starcorp intends to continue to purchase upholstered furniture from the Group, on 31 December 2008, the Company and Starcorp entered into the Renewed Starcorp Agreement on similar terms to the Starcorp Agreement. There is no other transaction between the Company and Starcorp, Mr. Zhu Zhangjin or any of their associates that should be subject to aggregation with the Existing Continuing Connected Transactions contemplated under the Renewed Starcorp Agreement in accordance with Rules 14A.25 to 14A.27 of the Listing Rules.

General Principles and Terms

Subject:	Pursuant to the Renewed Starcorp Agreement, the Group and Starcorp will enter into various transactions as detailed under the paragraph headed "Non-Exempt Continuing Connected Transactions" below.
Term:	The Renewed Starcorp Agreement has a fixed term of three financial years ending on 31 December 2011.
Price:	The basis of determining the prices for the Renewed Continuing Connected Transactions will be in accordance with: (1) a comparable market price; or (2) by agreement between the parties based on prices no less favourable to/from third parties or reasonably agreed between the parties, if no comparable market price can be taken as a reference.
Condition:	The Renewed Starcorp Agreement is subject to approval by the Independent Shareholders.
Payment:	Payment for Renewed Continuing Connected Transactions will be settled by way of telegraphic transfer at credit terms of 90 days in accordance with the normal term of supplies of the Company to third parties of similar sizes and volumes.

Non-Exempt Continuing Connected Transactions

Sale of upholstered furniture

On 31 December 2008, the Company entered into the Renewed Starcorp Agreement with Starcorp pursuant to which the Group will, amongst others, sell the upholstered furniture to Starcorp. The Renewed Starcorp Agreement has a fixed term of three financial years ending on 31 December 2011.

Cap Amount

Historical transaction values

Pursuant to the terms of the Starcorp Agreement, the aggregate cap amounts for the transactions contemplated under the Starcorp Agreement were RMB110 million and RMB150 million, respectively for each of the two years ended 31 December 2007 and would be RMB180 million for the year ending 31 December 2008. The historical transaction amounts between Starcorp and the Group for the two financial years ended 31 December 2007 and the 11 months ended 30 November 2008 are as follows:

	For the year ended 31 December 2006	**For the year ended 31 December 2007**	**For the 11 months ended 30 November 2008**
	RMB'million	*RMB'million*	*RMB'million*
Sale of upholstered furniture	49.21	53.07	8.85

The actual sales to Starcorp for the two years ended 31 December 2007 was significantly lower than the caps set out in the Starcorp Agreement as the housing market in Australia has experienced a downturn which affect the sales of Starcorp and in turn its orders to the Group. The significant drop in sales in 2008 was due to the merger of Starcorp with another furniture retailer in Australia in mid-2007 and the resulting reduction in purchases from the Company for most of 2008. As the performance of the merged entity was not satisfactory, Sunbridge has resumed management of Starcorp in mid-2008 and it is expected that sales of upholstered furniture of the Company to Starcorp will increase.

Proposed Annual Cap

It is proposed that the cap amounts of the Renewed Continuing Connected Transactions for each of the financial years ending 31 December 2011 will not exceed the followings:

	2009	**2010**	**2011**
	RMB'million	*RMB'million*	*RMB'million*
Sale of upholstered furniture	30	50	80

The cap amounts are determined with reference to (i) the historical transaction amounts between Starcorp and the Group for the two years ended 31 December 2007 and the 11 months ended 30 November 2008; (ii) the anticipated business volume of Starcorp and the Group for the three financial years ending 31 December 2011; and (iii) the anticipated increase in demand of the upholstered furniture in the Australian market in the coming three years.

In the first quarter of 2009, the Group has already received purchase orders in an aggregate amount of approximately RMB6 million from Starcorp, and the Group expected an increase of 20% in its transactions with Starcorp over the estimated sales volume of RMB24 million (assuming the Group will receive approximately RMB6 million sales order from Starcorp in each quarter of 2009) in 2009 owing to the anticipated increase in demand of the upholstered furniture in the Australian market in the coming three years, which is principally sold through Starcorp, and based on the discussions with the management team (as controlled by Sunbridge after the resumption of management of Starcorp by Sunbridge in mid-2008) of Starcorp on the anticipated purchase orders to be placed by Starcorp with the Group in the coming three years.

Based on (i) the estimated transaction amounts for 2009; (ii) an annual growth rate of 30% over the estimated transaction amounts for 2009 owing to the anticipated sales volume to Starcorp based on the discussions with the management team (as controlled by Sunbridge after the resumption of management of Starcorp by Sunbridge in mid-2008) of Starcorp on the anticipated purchase orders to be placed by Starcorp with the Group and the anticipated increase in demand of the upholstered furniture in the Australian market in the coming three years; (iii) an estimated increase of 20% as a result of Starcorp's opening of new stores in Australia in 2010; and (iv) a buffer of 15% over the estimated transaction amount of 2009 for the possible further increase in sales volume in the event that the global market conditions improve, the Group expected that there would be an increase of 65% in its transaction with Starcorp in 2010.

The Group expected that in 2011, the upholstered furniture market would return to the normal level in 2007. Based on (i) the historical transaction amounts in 2007; (ii) an annual growth rate of 30% over the historical transaction amounts in 2007 owing to the anticipated sales volume to Starcorp based on the discussions with the management team (as controlled by Sunbridge after the resumption of management of Starcorp by Sunbridge in mid-2008) of Starcorp on the anticipated purchase orders to be placed by Starcorp with the Group and the anticipated increase in demand of the upholstered furniture in the Australian market in the coming three years; (iii) an estimated increase of 20% as a result of Starcorp's opening of new stores in 2010, the Group expected that there would be an increase of 50% in its transactions with Starcorp in 2011.

The Company does not expect that there would be a significant increase in unit price of the furniture to be sold to Starcorp in the three financial years ending 31 December 2011.

REASONS FOR THE RENEWED CONTINUING CONNECTED TRANSACTIONS

The Group is a leading upholstered furniture and leather products manufacturer based in the PRC. It manufactures upholstered furniture products in accordance with the designs of its customers. Starcorp's core business is retail sales of wooden and other upholstered furniture in Australia. Its demand for upholstered furniture imported from the PRC is big and continuous. The Directors consider that there is no disadvantage of the Renewed Continuing Connected Transactions for the Company and the Renewed Starcorp Transactions with Starcorp are in the interest of the Shareholders because it would render regular sales to Australia, which has strong demand in upholstered furniture, through Starcorp.

LISTING RULE IMPLICATIONS

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Completion is subject to the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. As at the Latest Practicable Date, to the best knowledge of the Directors, no Shareholder will be required to abstain from voting at the EGM.

Starcorp's core business is retail sales of wooden and other upholstered furniture in Australia. Starcorp is owned as to 70% by Sunbridge, a company in which Mr. Zhu Zhangjin, a Director and the controlling Shareholder of the Company, indirectly controls more than 30% of the voting power at its general meeting. Sunbridge is therefore an associate of Mr. Zhu Zhangjin and a connected person of the Company. As Starcorp is a subsidiary of Sunbridge, it is also a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Renewed Starcorp Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that one of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Renewed Starcorp Agreement on an annual basis exceeds the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the transactions contemplated thereunder will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Mr. Zhu Zhangjin and his associates will abstain from voting in the EGM to be convened for the approval of the Renewed Continuing Connected Transactions.

GENERAL

The Renewed Starcorp Agreement was entered into on normal commercial terms and one of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Renewed Starcorp Agreement on an annual basis exceeds the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the transactions contemplated thereunder will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. As at the Latest Practicable Date, Mr. Zhu Zhangjin and his associates were interested in 504,446,635 Shares, representing 43.35% of the total issued share capital of the Company. Mr. Zhu Zhangjin and his associates will abstain from voting in the EGM to be convened for the approval of the Renewed Continuing Connected Transactions.

The Renewed Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Renewed Starcorp Agreement have been negotiated on an arm's length basis and the Renewed Continuing Connected Transactions will be conducted on normal commercial terms, between the Group and Starcorp and are fair and reasonable and in the interests of the Shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the annual caps of the Renewed Continuing Connected Transactions are fair and reasonable.

On 26 May 2008, the Company acquired the entire issued share capital of Investwise International Limited from Joyview Enterprises Limited at a consideration of RMB209,002,021 ("Investwise Transaction"). On the same date, 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, acquired 45% interest in the registered capital of 鹽城市蘇嘉房地產開發有限公司 (Yancheng Sujia Real Estate Development Co., Ltd.*) at a consideration of RMB171,001,654 ("Yancheng Sujia Transaction"). Completion of the Investwise Transaction and the Yancheng Sujia Transaction took place on 22 July 2008 and 4 August 2008, respectively.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 259 Qianjiang Road West, Haining, Zhejiang, China on 10 February 2009 at 9:30 a.m. is set out on pages 46 to 48 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out therein.

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

Pursuant to the amended Rule 13.39(4) of the Listing Rules which took effect on 1 January 2009, any vote of shareholders at the EGM must be taken by poll. Accordingly, the Company will procure that the chairman of the EGM shall demand voting on all resolutions set out in the notice of EGM be taken by way of poll.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 17 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts in relation to the Renewed Continuing Connected Transactions. Your attention is also drawn to the letter of advice from GF Capital set out on pages 18 to 24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions and the principal factors and reasons considered by it in concluding its advice.

The Directors consider that the terms of the Renewed Starcorp Agreement have been negotiated on an arm's length basis and the Renewed Continuing Connected Transactions will be made on normal commercial terms, that their terms are fair and reasonable, and in the interests of the Shareholders as a whole.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Renewed Starcorp Agreement been negotiated on an arm's length basis and the Renewed Continuing Connected Transactions will be made on normal commercial terms, that their terms are fair and reasonable, and in the interests of the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Renewed Starcorp Agreement, the Renewed Continuing Connected Transactions and the relevant cap amounts in relation to the Renewed Continuing Connected Transactions.

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

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

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)

21 January 2009

To the Shareholders

Dear Sir or Madam,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 21 January 2009 (the "**Circular**"), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed "Definitions" of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders whether the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from GF Capital (Hong Kong) Limited ("**GF Capital**"), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement as set out on pages 18 to 24 of the Circular and the letter from the Board set out on pages 4 to 16 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of GF Capital as stated in its letter of advice, we consider that the terms of the Renewed Starcorp Agreement and the relevant cap amounts under the Renewed Starcorp Agreement in relation to the Renewed Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Renewed Continuing Connected Transactions to be proposed at the EGM.

Yours faithfully
The Independent Board Committee of
Kasen International Holdings Limited
Lu Yungang
Chow Joseph
Gu Mingchao
Independent non-executive Directors

The following is the text of a letter of advice from GF Capital, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and Independent Shareholders in connection with the Renewed Starcorp Agreement.

廣發融資（香港）有限公司
GF Capital (Hong Kong) Limited

Suites 2301-5 & 2313, COSCO Tower
183 Queen's Road Central
Hong Kong

21 January 2009

The Independent Board Committee
and the Independent Shareholders

Dear Sirs,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the terms of the Renewed Starcorp Agreement and the relevant cap amount(s) in relation to the Renewed Continuing Connected Transactions (the "**Proposed Cap(s)**"). Details of the Renewed Starcorp Agreement are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular to Shareholders dated 21 January 2009 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As disclosed in the Prospectus and the announcement of the Company dated 22 February 2006 in relation to the revision of the annual caps, the Stock Exchange had granted waivers from strict compliance with the announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of Existing Continuing Connected Transactions under the Starcorp Agreement for a period of three financial years expiring on 31 December 2008.

The Renewed Starcorp Agreement was entered into between the Company and Starcorp. Starcorp is owned as to 70% by Sunbridge, a company in which Mr. Zhu Zhangjin, a Director and the controlling Shareholder of the Company, indirectly controls more than 30% of the voting power at its general meeting. Sunbridge is therefore an associate of Mr. Zhu Zhangjin and a connected person of the Company. As Starcorp is a subsidiary of Sunbridge, it is also a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Renewed Starcorp Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given that one of the applicable percentage ratios (other than the profit ratio) under Chapter 14 of the Listing Rules for the transactions under the Renewed Starcorp Agreement on an annual basis exceeds the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the transactions contemplated thereunder will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Mr. Zhu Zhangjin and his associates will abstain from voting in the EGM to be convened for the approval of the Renewed Continuing Connected Transactions.

INDEPENDENT BOARD COMMITTEE

The executive Directors are Mr. Zhu Zhangjin, Mr. Zhou Xiaosong and Mr. Zhang Mingfa, Michael; and the independent non-executive Directors are Mr. Lu Yungang, Mr. Chow Joseph and Mr. Gu Mingchao. The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Renewed Starcorp Agreement and the Proposed Caps.

BASIS OF OUR OPINION

In forming our opinion as to whether the terms of the Renewed Starcorp Agreement and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole, we have relied on the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete at the time when they were made and continued to be true, accurate and complete as at the date of the Circular.

We have also assumed that all statements of belief, opinion and intention made by the Board contained in the Circular were reasonably made by them after their due enquiry and careful consideration and that there are no other facts the omission of which would make any statement in the Circular misleading in any material respect.

Our review and analyses were based upon the information provided by the Company which include, among others, the Starcorp Agreement and the Renewed Starcorp Agreement, the Prospectus, sample agreements of Existing Continuing Connected Transactions entered into by the Company with Starcorp as well as those to independent third parties for similar transactions, the report (the "**Research Report**") named "Wooden Furniture and Upholstered Seat Manufacturing in Australia" issued in April 2008 by IBISWorld Pty Ltd., an independent international market research organisation, and the annual reports of the Company for the years ended 31 December 2006 and 31 December 2007.

We consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our advice.

Furthermore, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Company. We have not conducted any independent in-depth investigation into nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the terms of the Renewed Starcorp Agreement and the Proposed Caps, we have considered the following principal factors and reasons:

1. Background and reasons of the Renewed Continuing Connected Transactions

Pursuant to the Prospectus, the Group began selling upholstered furniture to Starcorp in 2004. Starcorp resells these products in the Australian market. On 22 February 2006, the Starcorp Agreement was entered into between Starcorp and the Company in respect of the sale and purchase of upholstered furniture. The Stock Exchange had granted waivers from strict compliance with the announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Existing Continuing Connected Transactions under the Starcorp Agreement for a period of three financial years expiring on 31 December 2008.

As Starcorp intends to continue to purchase upholstered furniture from the Group, on 31 December 2008, the Company and Starcorp entered into the Renewed Starcorp Agreement in respect of the sale and purchase of upholstered furniture for three financial years ending 31 December 2011. As disclosed in the Letter from the Board, there is no other transaction between the Company and Starcorp, Mr. Zhu Zhangjin or any of their associates that should be subject to aggregation with the continuing connected transactions contemplated under the Renewed Starcorp Agreement in accordance with Rules 14A.25 to 14A.27 of the Listing Rules.

According to the Letter from the Board, Starcorp's core business is retail sales of wooden and other upholstered furniture in Australia and its demand for upholstered furniture imported from the PRC is big and continuous. The Directors consider that the Renewed Starcorp Transactions with Starcorp are in the interest of the Shareholders because it would render regular sales to Australia, which has strong demand in upholstered furniture, through Starcorp.

As the Group is an upholstered furniture and leather products manufacturer based in the PRC, we are of the view that the Renewed Continuing Connected Transactions are in the ordinary and usual course of business of the Company.

2. Terms of the Renewed Starcorp Agreement

As disclosed in the Letter from the Board, the Renewed Starcorp Agreement has a fixed term of three financial years ending on 31 December 2011. The basis of determining the prices for the Renewed Continuing Connected Transactions will be in accordance with: (1) a comparable market price; or (2) by agreement between the parties based on prices no less favourable to/from third parties or reasonably agreed between the parties, if no comparable market price can be taken as a reference. Payment for Renewed Continuing Connected Transactions will be settled by way of telegraphic transfer at credit terms of 90 days in accordance with the normal term of supplies of the Company to third parties of similar sizes and volumes.

The Directors confirmed that all Existing Continuing Connected Transactions were carried out in the ordinary and usual course of business of the Company based on normal commercial terms and in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of Company and the Independent Shareholders as a whole. We have reviewed certain sample agreements of Existing Continuing Connected Transactions entered into by the Company with Starcorp as well as those to independent third parties for similar transactions and compared the terms thereof. Based on the information and documents reviewed which are provided by the Company, we are of the view that the past transactions are conducted in accordance with the Listing Rules. In addition, the terms to connected persons are no less favorable than those available to or from independent parties for similar transactions.

Accordingly, we are of the view that the terms of the Renewed Starcorp Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Renewed Starcorp Agreement is in the interests of the Company and its Independent Shareholders as a whole.

3. Basis of determination of the Proposed Caps

Set out below are the values of the Existing Continuing Connected Transactions for each of the two years ended 31 December 2006 and 2007 and the eleven months ended 30 November 2008, the previously approved annual caps, and the Proposed Caps:

	For the years ended 31 December		**For the eleven months ended 30 November**
	2006	**2007**	**2008**
Transaction value *(RMB' million)*	49.21	53.07	8.85
	For the years ended 31 December		
	2006	**2007**	**2008**
Previously approved annual caps *(RMB' million)*	110	150	180
% of cap utilization	44.74	35.38	5.36 *(Note)*
	For the years ending 31 December		
	2009	**2010**	**2011**
Proposed Caps *(RMB' million)*	30	50	80

Note: Calculated based on the expected annualized transaction value of approximately RMB9.65 million

In assessing the fairness and reasonableness of the Proposed Caps, we have discussed with the management of the Company in respect of the basis of calculation as stated in the Letter from the Board and have conducted certain independent research on the upholstered furniture market in Australia.

To determine the fairness and reasonableness of the Proposed Cap for the year ending 2009, we have first reviewed the past transaction amounts between the Group and Starcorp. We note that there was a significant drop in sales to RMB8.85 million for the eleven months ended 30 November 2008. As discussed with the Company and disclosed in the Letter from the Board, the drop was due to the merger of Starcorp with another furniture retailer in Australia in mid-2007 and the resulting reduction in purchases from the Company for most of 2008. As the performance of the merged entity was not satisfactory, Sunbridge has resumed management of Starcorp in mid-2008 and it is expected by the Directors that sales of upholstered furniture of the Company to Starcorp will increase. We concur with the Directors' view that the sales to Starcorp can experience a rebound as compared to 2008 as we note that the Group has already received purchase orders in an aggregate amount of approximately RMB6 million from Starcorp in the first quarter of 2009. In addition, we understand from the Company that the sales of upholstered furniture do not have significant seasonal effects and the demand for the upholstered furniture in Australia is estimated to be growing. Therefore we are of the view that the Proposed Cap for the year ending 2009 amounted to RMB30 million is fair and reasonable.

In respect of the Proposed Cap for the year ending 2010, we note that it is calculated based on the estimated transaction amounts for 2009 by the Company after discussion with the resumed management team of Starcorp. It has also taken into account of the estimated increase of 20% as a result of Starcorp's plan for opening of new stores in Australia in 2010. Furthermore certain buffer is given for the possible further increase in sales volume in the event that the global market conditions improve. We have discussed with the management of the Company and understand that the Company expected that, upon the resumption of management of Starcorp and the continuous growth in the market, their transaction amounts with Starcorp in 2010 can climb back to the level as in 2006. As we note from the Research Report, the value of import of wooden furniture and upholstered seating in Australia experienced an average growth of approximately 6.7% per annum over the five years to 2007-2008 and it is expected that the imports will continue to increase in the coming three years. Given that the market is not expected to be deteriorated, we concur with the view of the Company that the transaction amounts with Starcorp can gradually resume to the level as in 2006 which was approximately RMB49 million. Moreover, including certain buffers for contingency when determining the caps for continuing connected transactions is a common practice. Therefore we are of the view that the Proposed Cap for the year ending 2010 amounted to RMB50 million is fair and reasonable.

The Group further expected that in 2011, the upholstered furniture market would return to the normal level in 2007 and there will be continuous growth in transaction with Starcorp. In addition, there is an estimated increase as a result of Starcorp's plan for opening of new stores in 2010. As a result the Proposed Cap for the year ending 2011 is proposed to be RMB80 million. We note from the Research Report that the imports of upholstered furniture in Australia are expected to continue to increase in the coming three years. We also note that among the countries of origin of imports, the proportion of imports from China rose from 20.3% in 2001-2002 to 49.5% in 2006-2007. We understand from the Company that the growth factors in 2011 are expected to be similar to those in 2010. Therefore we concur with the Directors that the further increase in Proposed Cap for the year ending 2011, which is at a similar rate as the increase in the Proposed Cap for the year ending 2010, is fair and reasonable.

Accordingly, we are of the view the Proposed Caps are fair and reasonable and in the interest of the Independent Shareholders as a whole.

4. Implications of Listing Rules

The Renewed Continuing Connected Transactions are subject to the following annual review requirements of Rule 14A.37 to 14A.41 of the Listing Rules:

a. Each year the independent non-executive Directors must review the transactions contemplated under the Renewed Starcorp Agreement and confirm in the annual report and accounts that the Renewed Continuing Connected Transactions have been entered into:

   (1) in the ordinary and usual course of business of the Company;

   (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

   (3) in accordance with the Renewed Starcorp Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

b. Each year the auditors must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the Renewed Continuing Connected Transactions:

   (1) have received the approval of the Board;

   (2) are in accordance with the pricing policies of the Company if the Renewed Continuing Connected Transactions involve provision of goods or services by the Company;

   (3) have been entered into in accordance with the Renewed Starcorp Agreement governing the Renewed Continuing Connected Transactions; and

   (4) have not exceeded the Proposed Caps.

c. The Company shall allow, and shall procure that the connected persons under the Renewed Continuing Connected Transactions shall allow, the auditors sufficient access to their records for the purpose of reporting on the Renewed Continuing Connected Transactions as set out in the Listing Rules. The Board must state in the annual report whether its auditors have confirmed the matters stated in (b) above.

d. The Company shall promptly notify the Stock Exchange and publish an announcement in accordance with Rule 2.07C if it knows or has reason to believe that the independent non-executive Directors and/or the auditors will not be able to confirm the matters set out in (a) and/or (b) above respectively. The Company may have to re-comply with Rules 14A.35(3) and (4) of the Listing Rules and any other conditions the Stock Exchange considers appropriate.

e. Upon any variation or renewal of the Renewed Starcorp Agreement, the Company must comply in full with all applicable reporting, disclosure and independent Shareholders' approval requirements of Chapter 14 of the Listing Rules in respect of all continuing connected transactions effected after such variation or renewal.

The aforesaid annual review requirements pursuant to Rules 14A.37 to 14A.4l of the Listing Rules can provide appropriate measures to govern the Company in carrying out the Renewed Continuing Connected Transactions and safeguard the interest of the Shareholders thereunder.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the terms of the Renewed Starcorp Agreement and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms; and (ii) the Renewed Continuing Connected Transactions are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise (i) the Independent Board Committee to recommend to the Independent Shareholders, and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM in relation to the entering into of the Renewed Starcorp Agreement and the Proposed Caps.

For and on behalf of
GF Capital (Hong Kong) Limited
Dino Ng
Managing Director and Co-Head of Corporate Finance

1. FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the six months ended 30 June 2008, the Group recorded a consolidated turnover of RMB1,081.1 million (six months ended 30 June 2007: RMB1,770.5 million), representing a decrease of approximately 38.9%. The Group's upholstered furniture sales experienced a decrease of 49.3%, from RMB1,405.3 million in the first half of 2007 to RMB712.4 million in the first half of 2008 and the Group's sales of furniture leather in the first half of 2008 increased by 16.7% when compared with that of the corresponding period in 2007. On the other hand, the automotive leather's domestic sale was increased to RMB101.4 million from RMB31.1 million for the corresponding period of last year, while the export was decreased to RMB8.2 million from RMB91.6 million. During the six months ended 30 June 2008, the Group's sales to the US market declined by 58.7%, and the percentage of US sales to the Group's total turnover were reduced to 46.3%, representing a 22.2 percentage point drop as compared to the corresponding period of last year. For the six months ended 30 June 2008, the Group's sales to the European market decreased by 50.1%, from RMB147.7 million for the corresponding period in 2007 to RMB73.7 million. For the first half of 2008, the Group was able to grow its Australian business by 19.7%, and this segment accounted for 5.6% of the Group's total turnover. The Group's turnover of domestic sale represented 37.6% of the Group's total sales. Business in this segment increased by 22.6% in the first half of 2008. As the Group only started the operation of its retail business, namely the home furnishing store in Shanghai in August 2007, only RMB3.0 million sales were therefore recorded in the first half of 2008.

The Group's gross profit for the first half of 2008 was RMB132.9 million (six months ended 30 June 2007: RMB223.7 million) with gross profit margin of 12.3%, representing a decrease of approximately 40.6% in gross profit when compared with that of the corresponding period in 2007. The profit attributable to equity holders of the Company for the first half of 2008 was RMB5.4 million (six months ended 30 June 2007: RMB46.5 million), representing a decrease of approximately 88.3% when compared with that of the corresponding period in 2007.

As at 30 June 2008, the net assets of the Group were RMB1,971.4 million (as at 31 December 2007: RMB1,969.8 million). As at 30 June 2008, the Group had cash and cash equivalent of RMB600.9 million (as at 31 December 2007: RMB508.9 million) and a total borrowings of RMB1,556.1 million (as at 31 December 2007: RMB1,580.9 million). This represents a gearing ratio of 78.4% (as at 31 December 2007: 79.7%) and a net debt-to-equity ratio of 48.0% (as at 31 December 2007: 53.9%).

As at 30 June 2008, the Group had employed a total of approximately 8,300 full time employees. The Group's emolument policies for employees are formulated on the performance of individual employees, which will be reviewed regularly every year.

Despite unfavorable market conditions, the Group remains committed to improve its business performance and to increase shareholders' value.

The Group's aggressive expansion prior to 2006 has resulted in relatively low level capacity utilization. As the industry wide over capacity is unlikely to abate soon, the Group has taken initiatives to consolidate its production capabilities while realizing returns arising from asset value appreciation. The Group is considering further consolidation of its assets and cash generated from this initiative for the purpose of financing its new business development projects.

The residential furniture market in China is currently very fragmented. The Group believes that, with its fast growing economy, China's residential furniture market will go through major changes in the next few years. The Group plans to tap into China's growth potentials for mid-to-high end residential furniture by opening large furniture malls in major cities in China. The Dalian store was opened in June 2008, and whereas the Hangzhou store was opened in October 2008.

The Group is also entering into the commercial real estate sector through the development of specialized leather product and furniture retail malls in major Chinese cities. It is expected that the Changsha retail mall project will commence development in the second half of 2009.

In addition, the Group is entering into China's residential property sector. The Group owns a total site area of 590,165 square meters of lands in Boao, Hainan province, which will be used for residential property development projects beginning in early 2009. Besides, the Group also acquired a parcel of land with a site area of approximately 346,846.67 square meters located in the central of Yancheng City, Jiangsu Province, which has been earmarked for the development of commercial and residential buildings. The construction of this project has started for more than one year, and the construction of some of the residential buildings has been completed and will be delivered by June 2009.

The Group is well aware of the risks in its new business development and will ensure that these new projects would bring in added value to its shareholders.

2. INDEBTEDNESS

Borrowings

The borrowings are denominated principally in RMB. As at the close of business on 31 December 2008, 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 RMB1,435,426,000, details of which are set out below:

	As at 31 December 2008 *RMB'000*
Short term bank borrowings (repayable within one year or on demand)	1,425,972
Other borrowings (repayable after one year)	9,454
	1,435,426
Analysed as:	
Secured	457,338
Unsecured	978,088
	1,435,426

Pledge of assets

As at the close of business on 31 December 2008, 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 31 December 2008 is as follows:

	As at 31 December 2008 *RMB'000*
Building *(Note)*	411,098
Prepaid lease payment *(Note)*	73,114
Bank deposits	13,416
	497,628

Note: The building with the carrying amount of RMB411,098,000 and the prepaid lease payment with the carrying amount of RMB73,114,000 as at 31 December 2008 include the Land.

Contingent liabilities

As at 31 December 2008, no contingent liabilities were noted by the directors of the Company.

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any outstanding debt securities and loan capital issued and outstanding or agreed to be issued, term loans (whether guaranteed, unguaranteed, secured and unsecured), bank overdrafts, loans or other similar indebtedness (whether guaranteed, unguaranteed, secured and unsecured), liabilities under acceptances or acceptable credits (whether guaranteed, unguaranteed, secured and unsecured), debentures, mortgages, charges, hire purchases commitments (whether guaranteed, unguaranteed, secured and unsecured), guarantees or other material contingent liabilities outstanding at the close of business on 31 December 2008.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 December 2008.

3. WORKING CAPITAL

The Directors are of the opinion that, 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.

4. MATERIAL CHANGE

The Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2007, being the date of which the latest audited financial statements of the Group were made up.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 October 2008 of the property interests of the Company.

Jones Lang LaSalle® Sallmanns

Jones Lang LaSalle Sallmanns Limited
22nd Floor Siu On Centre
188 Lockhart Road
Wanchai Hong Kong
tel +852 2169 6000 fax +852 2169 6001

21 January 2009

The Board of Directors
Kasen International Holdings Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111, Cayman Islands

Dear Sirs,

In accordance with your instructions to value the properties in which Zhejiang Kasen Industrial Company Limited ("Zhejiang Kasen Industrial"), a wholly owned subsidiary of Kasen International Holdings Limited (the "Company") has interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 October 2008 (the "date of valuation").

Pursuant to a conditional sale and purchase agreement dated 31 December 2008 and a supplementary agreement dated 7 January 2009 entered into among five wholly-owned subsidiaries of the Company – Zhejiang Kasen Industrial, Haining Home Impression Furniture Company Limited, Haining Hengsen Furniture Company Limited, Haining Home Direct Furniture Company Limited and Haining Kasen Leather Company Limited (the "Kasen Subsidiaries") and Haining City Xieqiao Town Construction and Development Company Limited (the "Haining Development Company"). Kasen Subsidiaries have agreed to transfer 100% of the Property interests in this report.

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Due to the nature of the buildings and structures of the properties in the PRC, there are no market sales comparables readily available and the property interests have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Company and Zhejiang Kasen Industrial and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates and Building Ownership Certificates to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Zhejiang Chaoxiang Law Office, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Zhejiang Kasen Industrial. We have also sought confirmation from the Company and Zhejiang Kasen Industrial that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

The continued turmoil and instability in the financial markets is continuing to cause volatility and uncertainty in the world's capital markets and real estate markets. There are low levels of liquidity in the real estate market and transaction levels are significantly reduced, resulting in a lack of clarity as to pricing levels and the market drivers. This, combined with a general weakening of sentiment towards real estate, has resulted in a continual reappraisal of local property prices. Many transactions that are occurring involve vendors who are more compelled to sell, or purchasers who will only buy at discounted prices. In this environment, prices and values are going through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. As a result there is less certainty with regard to valuations with the result that market values can change rapidly in the current market conditions. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Property interests held and occupied by Zhejiang Kasen Industrial in the PRC

No.	Property	Capital value in existing state as at 31 October 2008 *RMB*	Interest attributable to the Company	Capital value attributable to the Company as at 31 October 2008 *RMB*
1.	9 parcels of land, 79 buildings and various structures of Kasen old factory located at the southern side of Xin Xia Xie Road and the northern side of Huafeng Road Huafeng Village Xieqiao Town Haining City Zhejiang Province The PRC	65,800,000	100%	65,800,000
2.	2 parcels of land, 19 buildings and various structures Nos. 2 to 6 Dangli Kasen Industrial Park Huafeng Village Xieqiao Town Haining City Zhejiang Province The PRC	279,176,000	100%	279,176,000
	Total:	**344,976,000**		**344,976,000**

Note: According to the information provided by the Company, the potential tax liability which would arise on the disposal of the property interests is PRC Enterprises Income Tax of 25% of net profit.

VALUATION CERTIFICATE

Property interests held and occupied by Zhejiang Kasen Industrial in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2008 *RMB*
1.	9 parcels of land, 79 buildings and various structures of Kasen old factory located at the southern side of Xin Xia Xie Road and the northern side of Huafeng Road Huafeng Village Xieqiao Town Haining City Zhejiang Province The PRC	The property comprises 9 parcels of land with a total site area of approximately 90,015 sq.m. and 79 buildings and various ancillary structures erected thereon which were completed in various stages between 1992 and 2000. The buildings have a total gross floor area of approximately 59,984.85 sq.m. The buildings mainly include industrial buildings, office buildings and warehouses. The structures mainly include boundary walls, roads and sheds. The land use rights of the property have been granted for a term of 50 years with the expiry dates between 30 December 2048 and 7 November 2052 for industrial use.	The property is currently occupied by Zhejiang Kasen Industrial for production purpose except for a portion of the property with a total gross floor area of approximately 12,306.63 sq.m. is leased to a wholly-owned subsidiary of the Company (Please refer to note 3).	65,800,000 100% interest attributable to the Company: RMB65,800,000

Notes:

1. Pursuant to 9 State-owned Land Use Rights Certificates – Hai Guo Yong (2002) No. 6003130022, Hai Guo Yong (2005) Nos. 6003130048 to 6003130053 and Hai Guo Yong (2006) Nos. 6003130012 and 6003130013, issued by the People's Government of Haining City, the land use rights of 9 parcels of land with a total site area of approximately 90,015 sq.m. have been granted to Zhejiang Kasen Industrial for a term of 50 years with the expiry date between 30 December 2048 and 7 November 2052 for industrial use.

2. Pursuant to 20 Building Ownership Certificates – Haining Fang Quan Zheng Xie Zi Nos. 00028772 to 00028780 and Haining Fang Quan Zheng Xie Zi Nos. 00028747 to 00028757 issued by the People's Government of Haining City, 79 buildings with a total gross floor area of approximately 59,984.85 sq.m. are owned by Zhejiang Kasen Industrial.

3. Pursuant to a Building Tenancy Agreement entered into between Zhejiang Kasen Industrial and Haining Home Direct Furniture Company Limited (a wholly-owned subsidiary of the Company), a portion of the property with a gross floor area of 12,306.63 sq.m. is leased to Haining Home Direct Furniture Company Limited for a term of 20 years commencing from 1 March 2008 and expiring on 1 March 2028 at an annual rent of RMB1,800,000.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Zhejiang Kasen Industrial is the legal owner of the building ownership and the legal user of the land use rights of the property;

   b. Zhejiang Kasen Industrial has the rights to occupy, use or other legally dispose of the land use rights and the building ownership rights of the property in accordance with the valid term and usage stipulated by the relevant title certificate; and

   c. The property is not subject to mortgage or other third party encumbrance.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2008 *RMB*
2.	2 parcels of land, 19 buildings and various structures Nos. 2 to 6 Dangli Kasen Industrial Park Huafeng Village Xieqiao Town Haining City Zhejiang Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 334,771 sq.m. and 19 buildings and various ancillary structures erected thereon which were completed in various stages between 2003 and 2004. The buildings have a total gross floor area of approximately 219,658.09 sq.m. The buildings mainly include industrial buildings and a testing center. The structures mainly include boundary walls, roads and sheds. The land use rights of the property have been granted for a term of 50 years with the expiry dates between 10 May 2052 and 7 November 2052 for industrial use.	The property is currently occupied by Zhejiang Kasen Industrial for production purpose except for a portion of the property with a total gross floor area of approximately 59,481.05 sq.m. is leased to 2 wholly-owned subsidiaries of the Company (Please refer to notes 3 and 4).	279,176,000 100% interest attributable to the Company: RMB279,176,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Hai Guo Yong (2005) Nos. 6006100040 and 6006100041, issued by the People's Government of Haining City, the land use rights of 2 parcels of land with a total site area of approximately 334,771 sq.m. have been granted to Zhejiang Kasen Industrial for a term of 50 years with the expiry dates between 10 May 2052 and 7 November 2052 for industrial use.

2. Pursuant to 7 Building Ownership Certificates – Haining Fang Quan Zheng Xie Zi Nos. 00028737 to 00028742 and 00028746 issued by People's Government of Haining City, 19 buildings with a total gross floor area of approximately 219,658.09 sq.m. are owned by Zhejiang Kasen Industrial.

3. Pursuant to a Building Tenancy Agreement entered into between Zhejiang Kasen Industrial and Haining Kasen Leather Company Limited (a wholly-owned subsidiary of the Company), a portion of the property with a gross floor area of 24,585.31 sq.m. is leased to Haining Kasen Leather Company Limited for a term of 3 years commencing from 1 January 2008 and expiring on 31 December 2010 at an annual rent of RMB1,800,000.

4. Pursuant to a Building Tenancy Agreement entered into between Zhejiang Kasen Industrial and Haining Home Impression Furniture Company Limited (a wholly-owned subsidiary of the Company), a portion of the property with a gross floor area of 34,895.74 sq.m. is leased to Haining Home Impression Furniture Company Limited for a term of 1 year commencing from 9 September 2008 and expiring on 8 September 2009 at an annual rent of RMB1,000,000.

5. According to 2 Mortgage Contracts – Nos. JX Haining 2008 Di Nos. 041 and 042, 17 buildings with a total gross floor area of approximately 167,680.99 sq.m. and a parcel of land with a site area of approximately 254,578 sq.m. of the property are subject to mortgages in favour of Bank of China, Haining Sub-branch for bank loans with a total amount of RMB139,000,000 with the expiry dates between 14 July 2011 and 3 August 2011.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Zhejiang Kasen Industrial is the legal owner of the building ownership and the legal user of the land use rights of the property;

   b. Zhejiang Kasen Industrial has the rights to occupy, use or other legally dispose of the land use rights and the building ownership rights of the property in accordance with the valid term and usage stipulated by the relevant title certificate; and

   c. Saved as the mentioned mortgages in note 3, the property is not subject to other mortgage or any third party encumbrance.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein 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:

(1) Long positions in shares and underlying shares of the Company

	Number of shares held, capacity and nature of interest			
Name of Directors	**Directly beneficially owned**	**Through controlled corporation**	**Total number of shares interested**	**Percentage of the Company's issued share capital**
Zhu Zhangjin	1,154,000	503,292,635 *(Note)*	506,446,635	43.52%
Zhou Xiaosong	8,173,912	–	8,173,912	0.70%
Zhang Mingfa	1,980,000	–	1,980,000	0.17%

Note: 503,292,635 shares are beneficially owned by Joyview Enterprises Limited, a company wholly and beneficially owned by Mr. Zhu.

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

Name of Director	Exercise price (HK$)	Number of share options: Outstanding as at 1 January 2008	Granted from 1 January 2008 to the Latest Practicable Date	Cancelled from 1 January 2008 to the Latest Practicable Date	Outstanding as at the Latest Practicable Date	Percentage of total issued share capital	Exercisable period	Notes
Zhu Zhangjin	2.38	1,000,000	–	–	1,000,000	0.08%	1/1/2007 to 8/3/2016	*1, 5, 6*
	2.38	1,000,000	–	–	1,000,000	0.08%	1/1/2008 to 8/3/2016	*2, 5, 6*
Zhou Xiaosong	2.38	1,000,000	–	–	1,000,000	0.08%	1/1/2007 to 8/3/2016	*1, 5, 6*
	2.38	1,000,000	–	–	1,000,000	0.08%	1/1/2008 to 8/3/2016	*2, 5, 6*
	1.18	–	500,000	–	500,000	0.04%	1/1/2009 to 4/5/2018	*3, 5, 6*
	1.18	–	500,000	–	500,000	0.04%	1/1/2010 to 4/5/2018	*4, 5, 6*
Zhang Mingfa	2.38	500,000	–	–	500,000	0.04%	1/1/2007 to 8/3/2016	*1, 5, 6*
	2.38	500,000	–	–	500,000	0.04%	1/1/2008 to 8/3/2016	*2, 5, 6*
	1.18	–	250,000	–	250,000	0.02%	1/1/2009 to 4/5/2018	*3, 5, 6*
	1.18	–	250,000	–	250,000	0.02%	1/1/2010 to 4/5/2018	*4, 5, 6*
Lu Yungang	2.38	200,000	–	–	200,000	0.02%	1/1/2007 to 8/3/2016	*1, 5, 6*
	2.38	200,000	–	–	200,000	0.02%	1/1/2008 to 8/3/2016	*2, 5, 6*
	1.18	–	300,000	–	300,000	0.03%	1/1/2009 to 4/5/2018	*3, 5, 6*
	1.18	–	300,000	–	300,000	0.03%	1/1/2010 to 4/5/2018	*4, 5, 6*
Chow Joseph	2.38	200,000	–	–	200,000	0.02%	1/1/2007 to 8/3/2016	*1, 5, 6*
	2.38	200,000	–	–	200,000	0.02%	1/1/2008 to 8/3/2016	*2, 5, 6*
	1.18	–	300,000	–	300,000	0.03%	1/1/2009 to 4/5/2018	*3, 5, 6*
	1.18	–	300,000	–	300,000	0.03%	1/1/2010 to 4/5/2018	*4, 5, 6*

Notes:

1. Pursuant to 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, these share options were granted 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 represent personal interest held by the relevant participants as beneficial owner.

6. Up to the Latest Practicable Date, none of these share options were exercised, cancelled nor lapsed.

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 stated in "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures") 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:

(1) 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 Enterprises Limited[2]	Beneficial owner	–	503,292,635	503,292,635	43.25%
Warburg Pincus & Co.[1]	Interest of controlled corporation	–	185,989,966	185,989,966	15.98%
Warburg Pincus Partners LLC.[1]	Interest of controlled corporation	–	185,989,966	185,989,966	15.98%
Warburg Pincus Private Equity VIII L.P.[1]	Beneficial owner	–	90,120,988	90,120,988	7.74%
Warburg Pincus International Partners L.P.[1]	Beneficial owner	–	89,137,811	89,137,811	7.66%

Notes:

1. Warburg Pincus International Partners, L.P., and Warburg Pincus Private Equity VIII L.P. are part of the Warburg Pincus Funds. The general partner of the Warburg Pincus Funds is Warburg Pincus Partners LLC, which is a subsidiary of Warburg Pincus & Co. Each of Warburg Pincus Partners LLC and Warburg Pincus & Co. is therefore deemed to be interested in the shares held by the Warburg Pincus Funds, which includes Warburg Pincus International Partners, L.P. and Warburg Pincus Private Equity VIII L.P. as well as four other funds consisted in the Warburg Pincus Funds.

2. Joyview Enterprises Limited is a company beneficially owned as to 100% by Mr. Zhu Zhangjin. Mr. Zhu Zhangjin is the director of Joyview Enterprises Limited.

(2) 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
海寧中國皮革城股份有限公司 (Haining China Leather Market Company Limited*)	海寧皮革產業投資開發有限公司[3] (Haining Leather Industry Investment and Development Co., Ltd.*)	Beneficial	25%

Note:

1. The Company has 75% indirect interest in 海寧皮革產業投資開發有限公司 (Haining Leather Industry Investment and Development 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. MATERIAL CONTRACTS

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

(i) the agreement dated 29 January 2007 entered into among 海寧高點投資發展有限公司 (Haining Higher Point Investment and Development Co., Ltd.*), a wholly-owned subsidiary of the Company, Cardina International Co., Ltd., a wholly-owned subsidiary of the Company, 海寧市中誠貿易有限公司 (Haining Zhongchen Trading Co., Ltd.*) and Global Furniture Pty. Ltd., both of which are independent third parties, in relation to the sale of entire equity interest in 海寧家藝傢俱有限公司 (Haining Home Craft Furniture Co., Ltd.*), a wholly owned subsidiary of the Company, for a cash consideration of RMB44,700,000;

(ii) the land use right contract dated 29 January 2007 entered into between Changsha Municipal Bureau of State Land and Resources (長沙市國土資源局), an independent third party, and 湖南高點 – 海寧中國皮革城投資有限公司 (Hunan Higher Point Haining China Leather City Investment Co., Ltd.*), a non-wholly owned subsidiary of the Company, in relation to acquisition of land in Changsha for a cash consideration of RMB250,000,000;

(iii) the agreement dated 15 March 2007 and the revised oral agreement dated 29 June 2007 entered into among 海寧卡森皮革有限公司 (Haining Kasen Leather Co., Ltd.*), a wholly-owned subsidiary of the Company, 海寧高點投資發展有限公司 (Haining Higher Point Investment and Development Co., Ltd.*), a wholly-owned subsidiary of the Company, 海寧浙江皮革服裝城投資開發有限公司 (Haining Zhejiang Leather and Garment Market Investment and Development Co., Ltd.*), and 海寧正揚貿易有限公司 (Haining Zhengyang Trading Co., Ltd.*), both of which are independent third parties, in relation to the formation of 海寧皮革產業投資開發有限公司 (Haining Leather Industry Investment & Development Co., Ltd.*), a non-wholly owned subsidiary of the Company, with a capital contribution by the Group of approximately RMB249,240,000;

(iv) the letter of intent dated 5 July 2007 entered into among 上海禾美傢俱有限公司 (Shanghai La Kassa Furniture Co., Ltd.*) ("La Kassa"), a wholly-owned subsidiary of the Company, the Company and 上海捷恩傢俱有限公司 (Shanghai JCH Home Furnishings Co., Ltd.*), an independent third party, for the lease of the property assets of La Kassa at a rent of RMB3,000,000, and the sale of the entire equity interest in La Kassa at a consideration of RMB102,310,000;

(v) the agreement dated 3 August 2007 entered into among Zhejiang Kasen Industrial, Cardina International Co., Ltd., a wholly-owned subsidiary of the Company, 海寧市華達紡織有限公司 (Haining Huada Textile Co., Ltd.*) and Global Furniture Pty. Ltd., both of which are independent third parties, in relation to the sale of entire equity interest in 海寧家典傢俱有限公司 (Haining Home Point Furniture Co., Ltd.*), a wholly-owned subsidiary of the Company, for a cash consideration of RMB41,500,000;

(vi) the agreement dated 7 August 2007 entered into between Zhejiang Kasen Industrial, and Future Foam Asia Inc., the 50% joint venture partner of 海寧美景海綿有限公司 (Haining Future Foam Co., Ltd.*) and an independent third party, in relation to the sale of entire equity interest in 海寧美景海綿有限公司 (Haining Future Foam Co., Ltd.*), a joint venture enterprise owned as to 50% by the Company, for a cash consideration of RMB12,000,000;

(vii) the capital increase agreement dated 30 September 2007 entered into amongst 海寧市資產經營公司 (Haining City Assets Operation Co., Ltd.*), 海寧市市場開發服務中心 (Haining City Market Development Services Centre*), 浙江宏達經編股份有限公司 (Zhejiang Hongda Warp Knitting Co., Ltd.*), 海寧浙江皮革服裝城投資開發有限公司管理層入股聯合體 (Haining Zhejiang Leather and Garment Market Investment and Development Company Limited Management Share Association*), all of which are independent third parties, Zhejiang Kasen Industrial, in relation to the acquisition of 4.92% equity interest in 海寧浙江皮革服裝城投資開發有限公司 (Haining Zhejiang Leather and Garment Market Investment and Development Co., Ltd.*) for a cash consideration of RMB42,333,400;

(viii) the agreement dated 8 October 2007 entered into amongst 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*), a wholly-owned subsidiary of the Company, 海寧芝村皮業有限公司 (Haining Zhicun Leather Co., Ltd.*) and Top Fortune Asia Pacific Limited, the two existing shareholders of 海寧歐意美沙發有限公司 (Haining Oyimay Sofa Co., Ltd.*), a non-wholly owned subsidiary of the Company, in relation to the sale of entire equity interest in 海寧歐意美沙發有限公司 (Haining Oyimay Sofa Co., Ltd.*) for a cash consideration of RMB24,507,500;

(ix) the agreement dated 20 November 2007 entered into between Investwise International Limited, a wholly-owned subsidiary of the Company, and 海寧市中遠房產有限公司(Haining Zhongyuan Real Estate Co., Ltd.*), an independent third party, in relation to the acquisition of 55% equity interest in 鹽城市蘇嘉房地產開發有限公司 (Yancheng Sujia Real Estate Development Co., Ltd.*) for a cash consideration of RMB31,532,550;

(x) the agreement dated 20 December 2007 entered into between 海寧卡森皮革有限公司 (Haining Kasen Leather Co., Ltd.*), a wholly owned subsidiary of the Company, and 上海复泰房地產開發有限公司 (Shanghai Futai Real Estate Development Co., Ltd.*), an independent third party, in relation to the acquisition of 99% equity interest in 琼海博地置業有限公司 (Qionghai Bodi Real Estate Co., Ltd.*) for a cash consideration of RMB100,062,372;

(xi) the agreement dated 19 February 2008 entered into between 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*), a wholly-owned subsidiary of the Company, and 成都立申實業有限公司 (Chengdu Lishen Industrial Co., Ltd.*), an independent third party, in relation to the acquisition of 49.5% equity interest in 成都隆騰鞋城投資開發有限公司 (Chengdu Longteng Shoes Market Investment and Development Co., Ltd.*) for a cash consideration of RMB18,361,500 and capital commitment of RMB11,338,500;

(xii) the agreement dated 8 May 2008 entered into amongst 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*), a wholly-owned subsidiary of the Company, 海寧市經緯皮革有限責任公司 (Haining Jinwei Leather Co., Ltd.*), an independent third party, and 海寧強業針紡織經營部 (Haining Qiangye Textile Trading Operation*), 岳娜有限責任公司 (Yuena Co., Ltd.*), 海寧獵馬皮革服裝有限公司 (Haining Liema Leather Garment Co., Ltd.*), who are the three existing shareholders of 浙江獵馬傢俬有限公司 (Zhejiang Liema Furniture Co., Ltd.*) in relation to the sale of 5% equity interest in 浙江獵馬傢俬有限公司 (Zhejiang Liema Furniture Co., Ltd.*) for a cash consideration of RMB2,896,923;

(xiii) the agreement dated 26 May 2008 entered into between the Company, Joyview Enterprises Limited and Mr. Zhu Zhangjin in relation to the acquisition of the entire issued share capital of Investwise International Limited for a consideration of RMB209,002,021;

(xiv) the agreement dated 26 May 2008 entered into between 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*), a wholly-owned subsidiary of the Company, and 海寧市中遠房產有限公司 (Haining Zhongyuan Real Estate Co., Ltd.*), an independent third party, in relation to the acquisition of 45% equity interest in 鹽城市蘇嘉房地產開發有限公司 (Yancheng Sujia Real Estate Development Co., Ltd.*) for a cash consideration of RMB171,001,654;

(xv) the Supplemental Agreement dated 17 September 2008, pursuant to which 海寧正揚貿易有限公司 (Haining Zhengyang Trading Co., Ltd.*) has agreed to transfer its 5% equity interest in the Joint Venture to 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*) (formerly known as 海寧高點投資發展有限公司 (Haining Higher Point Investment Development Co., Ltd. *)) and 海寧卡森皮革有限公司 (Haining Kasen Leather Co., Ltd.*) at nil consideration and 浙江卡森置業有限公司 (Zhejiang Kasen Property Development Co., Ltd.*) and 海寧卡森皮革有限公司 (Haining Kasen Leather Co., Ltd.*) have agreed to take up the capital contribution obligation of 海寧正揚貿易有限公司 (Haining Zhengyang Trading Co., Ltd.*) under the joint venture agreement; and

(xvi) the Agreement.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. 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.

6. 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 2007, being the date to which the latest published audited financial statements of the Company were made up.

7. EXPERTS' QUALIFICATIONS AND CONSENTS

GF Capital and Jones Lang LaSalle Sallmanns Limited have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their respective letters and references to their respective names in the form and context in which they respectively appear.

The following are the qualifications of the experts who have given their respective opinion or advice which are contained in this circular:

Name	Qualification
GF Capital	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Sallmanns Limited	An independent professional property valuer

As at the Latest Practicable Date, GF Capital and Jones Lang LaSalle Sallmanns Limited did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2007, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. 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 to be pending or threatened by or against any member of the Group.

9. 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 2007, 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 qualified accountant and 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 Ltd.

(g) The principal share registrar of the Company is Butterfield Fulcrum Group (Cayman) Limited (formerly known as Butterfield Fund Services (Cayman) Limited).

(h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

10. 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 two years ended 31 December 2007;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 17 of this circular;

(d) the letter of advice from GF Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 24 of this circular;

(e) the valuation report issued by Jones Lang LaSalle Sallmanns Limited on the Land as set out in Appendix II to this circular;

(f) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(g) the written consents referred to in the paragraph headed "Experts' Qualifications and Consents" in this Appendix;

(h) the Agreement;

(i) the Renewed Starcorp Agreement;

(j) the circular of the Company dated 7 January 2008 in relation to certain continuing connected transactions;

(k) the circular of the Company dated 10 January 2008 in relation to the acquisition of equity interest in 琼海博地置業有限公司 (Qionghai Bodi Real Estate Co., Ltd.*);

(l) the circular of the Company dated 28 May 2008 in relation to the disposal of 5% interest in 浙江獵馬傢俬有限公司 (Zhejiang Liema Furniture Co., Ltd.*);

(m) the circular of the Company dated 30 June 2008 in relation to the acquisition of share in Investwise International Limited and the interest in 鹽城市蘇嘉房地產開發有限公司 (Yancheng Sujia Real Estate Development Co., Ltd.*); and

(n) this circular.

* *for identification purposes only*

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 IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Kasen International Holdings Limited (the "**Company**") will be held at 259 Qianjiang Road West, Haining, Zhejiang, China on 10 February 2009 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

(1) "**THAT**

(a) a conditional sale and purchase agreement (the "**Agreement**") dated 31 December 2008 (as supplemented by a supplemental agreement dated 7 January 2009 (the "**Supplemental Agreement**")) entered into between the five wholly-owned subsidiaries of the Company (i.e.: 浙江卡森實業有限公司 (Zhejiang Kasen Industrial Company Limited), 海寧家美家具有限公司 (Haining Home Impression Furniture Company Limited), 海寧恒森家具有限公司 (Haining Hengsen Furniture Company Limited), 海寧家值傢俬有限公司 (Haining Home Direct Furniture Company Limited) and 海寧卡森皮革有限公司 (Haining Kasen Leather Company Limited)) and 海寧市斜橋鎮城鎮建設開發有限公司 (Haining City Xieqiao Town Construction and Development Company Limited), a copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated under the Agreement, be and are hereby approved, ratified and confirmed; and

(b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute the Agreement, the Supplemental Agreement and all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement and the Supplemental Agreement."

(2) "**THAT**

(a) an agreement (the "**Renewed Starcorp Agreement**") dated 31 December 2008 entered into between the Company and Starcorp Corporation Pty. Ltd., a copy of which is tabled at the meeting and marked "B" and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated under the Renewed Starcorp Agreement (the "**Renewed Continuing Connected Transactions**"), be and are hereby approved, ratified and confirmed;

(b) the cap amounts of the Renewed Continuing Connected Transactions as set out in the circular of the Company dated 21 January 2009 for each of the financial years ending 31 December 2011 be and are hereby approved; and

(c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute the Renewed Starcorp Agreement and all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Renewed Starcorp Agreement."

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

Hong Kong, 21 January 2009

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office:
259 Qianjiang 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

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.

3. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).

5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.