
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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KASEN INTERNATIONAL HOLDINGS LIMITED

卡森國際控股有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 496)

MAJOR TRANSACTION

Financial adviser to the Company

AmCap

Ample Capital Limited

豐盛融資有限公司

A notice convening the Extraordinary General Meeting (“EGM”) to be held at 259 Qianjiang Road West, Haining, Zhejiang, China on 15 May 2009 at 9:30 a.m. is set out on pages N-1 to N-2 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.

29 April 2009

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DEFINITIONS

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 10 April 2009 entered into between Hunan Kasen and Changsha Yuhua City in relation to the Disposal;
“associate”	has the same meaning as given to it under the Listing Rules;
“Board”	the board of Directors;
“Changsha Yuhua City”	長沙市雨花城市建設投資有限責任公司 (Changsha City Yuhua City Construction Investment Company Limited), the nominee of the Local Government;
“Company”	Kasen International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“Completion”	Completion of the Disposal;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the sale of the Land by Hunan Kasen to Changsha Yuhua City pursuant to the Agreement;
“EGM”	the extraordinary general meeting of the Company to be held on 15 May 2009 to consider and approve the Agreement and the transaction contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Haining China Leather”	海寧中國皮革城股份有限公司 (Haining China Leather Market Company Limited), a company owned as to 4.92% by the Company and as to the remaining 95.08% by third parties independent of the Group and its connected persons as at the Latest Practicable Date;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Hunan Kasen”	湖南卡森置業有限公司 (Hunan Kasen Property Company Limited), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company;
“Land”	a parcel of land located at the northern side of Qutang Road, the western side of Litou Road, the southern side of Laodong East Road and the eastern side of Jingzhu Highway, Changsha City, Hunan Province, the PRC (中國湖南省長沙市京珠高速以東、勞動東路以南、黎托路以西、曲塘路以北) with an aggregate area of approximately 212,483.03 sq.m.;
“Latest Practicable Date”	27 April 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”	長沙市雨花區人民政府 (The People’s Government of Yuhua District, Changsha City), the local People’s Government for Yuhua District, Changsha City, Hunan Province, the PRC;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	shareholders of the Company;
“Shares”	ordinary shares of US\$0.00015 each in the capital of the Company;
“sq.m.”	square metre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

LETTER FROM THE BOARD



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

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

29 April 2009

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION

INTRODUCTION

The Board announced that on 10 April 2009, Hunan Kasen, an indirect non wholly-owned subsidiary of the Company, entered into the Agreement with Changsha Yuhua City, pursuant to which Hunan Kasen has agreed to sell, and Changsha Yuhua City has agreed to purchase the Land for a consideration of RMB287,143,443.60.

LETTER FROM THE BOARD

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at a general meeting of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder is required to abstain from voting for the resolution to approve the Disposal.

The purpose of this circular is to provide you with information in respect of, among other things, the Disposal.

THE AGREEMENT

Date

10 April 2009

Parties

Vendor: Hunan Kasen, a wholly-owned subsidiary of Haining Leather Industry Investment Development Company Limited. As at the Latest Practicable Date, Haining Leather Industry Investment Development Company Limited is owned as to 75% by Zhejiang Kasen Property Development Company Limited, a wholly-owned subsidiary of the Company, and as to 25% by Haining China Leather.

Purchaser: Changsha Yuhua City, 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, Changsha Yuhua City and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons. To the best of the Directors' knowledge, each of Changsha Yuhua City and its associates does not hold any Share as at the Latest Practicable Date, and there are no other transactions between Changsha Yuhua City and Hunan Kasen that need to be aggregated with the Disposal in accordance with Rule 14.22 of the Listing Rules.

Asset to be disposed

Pursuant to the Agreement, Hunan Kasen will sell, and Changsha Yuhua City will purchase, the Land for a consideration of RMB287,143,443.60. The Land comprises a parcel of land located at the northern side of Qutang Road, the western side of Litou Road, the southern side of Laodong East Road and the eastern side of Jingzhu Highway, Changsha City, Hunan Province, the PRC (中國湖南省長沙市京珠高速以東、勞動東路以南、黎托路以西、曲塘路以北) with an aggregate area of approximately 212,483.03 sq.m..

As at the Latest Practicable Date, the Land has not yet been developed. Relocation of certain existing occupants are still in progress. Delivery of the Land will not be subject to the relocation of the remaining occupants.

LETTER FROM THE BOARD

Consideration

The consideration for the Disposal shall be RMB287,143,443.60, which will be payable in cash by Changsha Yuhua City to Hunan Kasen in the following manner:

- (1) a sum of RMB143,571,721.80, which has been paid to Zhejiang Kasen Property Development Company Limited on 16 April 2009, being a date within 6 working days from the date of delivery of all relevant documentations in respect of the application to the relevant land administration authority for the transfer of the Land to Changsha Yuhua City;
- (2) a further sum of RMB141,571,721.80 to be paid to Hunan Kasen on or before 30 April 2009 (or such other date as the parties may agree); and
- (3) the remaining balance of RMB2,000,000 to be paid within 6 working days upon completion of the relevant filing and registration procedures with the relevant land administration authority in respect of the transfer of the Land.

The consideration for the Disposal was arrived at after arm's length negotiations between Hunan Kasen and Changsha Yuhua City with reference to the valuation of the Land as at 10 April 2009 conducted by Jones Lang LaSalle Sallmanns Limited, a professional valuer independent of the Group and its connected person, in the amount of RMB322,000,000 and the estimated relocation costs of approximately RMB23,472,345 to be paid by Changsha Yuhua City. The consideration for the Disposal represents a discount of 3.54% of the market value of the Land as at 10 April 2009 after taking into account of the estimated relocation costs. The Directors consider the terms of the Agreement (including the consideration for the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal is conditional upon the Disposal being approved by the Shareholders at a general meeting to be convened to approve the Agreement and the transactions contemplated thereunder, if required under the Listing Rules.

If the condition set out above is not fulfilled or waived by the Company, (i) Hunan Kasen shall, within 6 working days after the date of the EGM, return the sum already paid by Changsha Yuhua City to Hunan Kasen without interest, to Changsha Yuhua City; and (ii) Changsha Yuhua City shall, within 6 working days after the date of the EGM, deliver all relevant documentations in respect of the application to the relevant land administration authority for the transfer of the Land back to Hunan Kasen and withdraw the relevant applications for the transfer of Land from the relevant land administration authority, if the filing and registration procedures with the relevant land administration authority in respect of the transfer of the Land have not been completed or cause the Land to be transferred back to Hunan Kasen, if the filing and registration procedures with the relevant land administration authority in respect of the transfer of the Land have been completed.

LETTER FROM THE BOARD

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, and the property development.

Although the Directors is optimistic about the long term potential of real estate market in Hunan, however, in view of the recent stagnation in the economy, the Directors believe that the Disposal will provide the Group with additional working capital for its existing manufacturing operations and investment in furniture retail business, which will provide a stable and favourable return and as a result enhancing the earning base and investment value of the Group.

Having considered the above mentioned reasons for the Disposal and the uncertainties prevailing the property market in the PRC, despite the consideration for the Disposal is at a slight discount to the valuation of the Land as at 10 April 2009, the Directors, including the independent non-executive Directors, consider that the terms of the Agreement (including the consideration for the Disposal) 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 net book value of the Land as shown in the Company's latest unaudited management accounts as at 31 March 2009 was RMB281,000,000, representing approximately 6.42% of the total assets of the Group as at 31 December 2008, being the Company's last audited financial year end date. The value of the Land as at 10 April 2009, as determined by an independent professional valuer, was RMB322,000,000. The net loss before and after taxation attributable to the Land for the year ended 31 December 2007 was approximately RMB1,716,000 and the net loss before and after taxation attributable to the Land for the year ended 31 December 2008 was approximately RMB16,782,000, comprising the amortization of the Land, preliminary expenses and administrative expenses for the acquisition of the Land and interest payments for loans provided by the Group to Hunan Kasen. It is estimated that the Disposal will record a gain of approximately RMB6,000,000, 75% of which will be attributable to the Company, which is calculated with reference to the net proceeds from the Disposal less the net book value of the Land as at 31 March 2009. Such estimated gain has not taken into account any PRC profits tax to be or may be charged. The actual gain will depend on the net book value of the Land 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 for the period from 1 April 2009 to the date of completion of the Disposal, which are yet to be determined as at the Latest Practicable Date. As the Land has not been developed yet, therefore there was no effect on the earnings of the Group as a result of the Disposal.

USE OF PROCEEDS

The net proceeds of the Disposal is currently intended to be used by the Group for general working capital purpose.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 259 Qianjiang Road West, Haining, Zhejiang, China on 15 May 2009 at 9:30 a.m. is set out on pages N-1 to N-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution 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 Rule 13.39(4) of the Listing Rules, 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 resolution set out in the notice of EGM be taken by way of poll.

RECOMMENDATION

The Directors 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, and accordingly recommend that all Shareholders should vote in favour of the ordinary resolutions in the notice of EGM.

GENERAL

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at a general meeting of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting for the resolution to approve the Disposal.

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

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

1. FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the year ended 31 December 2008, the Group recorded a consolidated turnover of RMB1,894.0 million, representing a decrease of 42.8% compared with RMB3,310.7 million for the year ended 31 December 2007. The Group's upholstered furniture sales experienced a decrease of 52.8%, from RMB2,573.9 million in 2007 to RMB1,216.0 million in 2008. The Group's external sales of furniture leather increased by 3.6%, from RMB461.3 million in 2007 to RMB478.1 million in 2008. The automotive leather operation recorded a 21.9% decrease in turnover for the year ended 31 December 2008. In 2008, the Group started entering into the commercial real estate sector. As delivery of some of the units of the residential buildings will only take place in mid 2009, therefore no revenue or profit has been recognized in the accounts of the Group in 2008 in respect of this sector. For the year ended 31 December 2008, the Group's sales to the US market declined by 60.7%, and the percentage of US sales to total turnover reduced to 42.4%, representing a 19.3 percentage points drop compared to the year of 2007. In 2008, the Group's European sales decreased by 11.7%, and this segment accounted for 13.7% of the Group's total turnover as compared to 8.9% in 2007. The Group's sales to Australian market was RMB13.7 million in 2008, as compared to RMB100.5 million in 2007, representing a decrease of 86.4%. The Group's sales to the PRC domestic market mainly involved furniture leather, automotive leather and designed upholstered furniture, the turnover of which represented 41.6% of its total sales in 2008.

The Group's gross profit margin in 2008 was 4.6%, representing a decrease of 4.4 percentage points as compared to 2007. During the year ended 31 December 2008, the global financial turmoil and economic crisis severely hit the furniture business all over the world. As a result, the Group's selling price was further squeezed by the customers, and also there were intense pricing competition in the industry. The Group then reduced its selling price during the year of 2008. Due to the anticipated deterioration of the business environment and declination of demand for leather and upholstered furniture, the Group made its impairment for inventory of RMB86.4 million in 2008 (2007: RMB99.6 million) as the net realizable value of certain types of leather was reduced due to a decline in market demand.

The net loss attributable to equity holders of the Company was RMB273.8 million in 2008, compared to the net loss RMB194.1 million in 2007.

The Group's cash and cash equivalent balance was RMB389.6 million as at 31 December 2008 (31 December 2007: RMB508.9 million). As at 31 December 2008, the Group's bank and other borrowings amounted to RMB1,442.6 million, accounted for a 8.7% decrease from RMB1,580.9 million as at 31 December 2007. This represents a gearing ratio of 72.3% as at 31 December 2008 (31 December 2007: 81.9%) and a net debt-to-equity ratio of 51.3% as at 31 December 2008 (31 December 2007: 55.4%).

As at 31 December 2008, the Group employed a total of approximately 5,400 full time employees (31 December 2007: 11,000). The Group's emolument policies for employees are formulated on the performance of individual employees, which are reviewed regularly every year.

Despite unfavorable market conditions, the Group remains committed to improve its OEM business performance and maintain its position as China's leading manufacturer of leather products and upholstered furniture. To overcome the challenges ahead and grasp potential business opportunities, the Group plans to implement a series of reforming measures including cost-saving, management optimization, business units reconstruction and incentive schemes. The Directors believe that such measures will bring to an overall reduction of costs and overheads of the Group. To develop more business opportunities and improve the profit, the Group will be implementing a comprehensive business consolidation plan. The Directors believe that such plan will help the Group to further control cost, improve operational efficiency and improve the Group's profit margins.

The Board has strong confidence in the Group's unique advantage in the vertically-integrated business model. The Group is aiming to develop more OEM business opportunities from worldwide market.

The Group has implemented its retail chain shops plan and opened two self-operating stores under its own brand name "Kasen Home Furnishing" in Hangzhou and Dalian, respectively. The Group also acquired a company incorporated and registered in England and is principally engaged in the sale of home furniture in end of February 2009. Together with the Group's flagship store in Shanghai, these stores will provide domestic customers with high quality furniture at a reasonable price. It is expected that it will take two to three years for the Group to build a strong own brand in the furniture retail business and increase the revenue base of the Group accordingly.

In May 2008, the Group entered into an agreement to acquire 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 ear-marked for the development of commercial and residential buildings. The construction of some of the units of the residential buildings will be completed and delivered by the mid of 2009. Upon delivery of such units, the pre-sale deposits received by the Group from its customers will be recognised as the Group's revenue and profit. The Group also owns land situated in Boao of Hainan Province, and Changsha of Hunan Province. The Group will regularly monitor the market trend, and assess the opportunities in making use of these land to contribute profits.

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 March 2009, 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 RMB1,119,083,000, details of which are set out below:

	As at 31 March 2009 RMB'000
Short term bank borrowings (repayable within one year or on demand)	1,110,337
Other borrowings (repayable after one year)	<u>8,746</u>
	<u>1,119,083</u>
Analysed as:	
Secured	659,381
Unsecured	<u>459,702</u>
	<u><u>1,119,083</u></u>

Pledge of assets

As at the close of business on 31 March 2009, 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 March 2009 is as follows:

	As at 31 March 2009 RMB'000
Building	425,240
Prepaid lease payment	61,124
Bank deposits	<u>123,000</u>
	<u><u>609,364</u></u>

Note: As at 31 March 2009, the Land had not been pledged to secure the borrowings of the Group.

Contingent liabilities

As at 31 March 2009, no contingent liabilities were noted by the Directors.

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 March 2009.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2009.

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 2008, being the date of which the latest audited financial statements of the Group were made up.

The following is the text of a letter and valuation certificate, 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 10 April 2009 of the property interest of the Group.



Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

29 April 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 property in which Kasen International Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have 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 value of the property interest as at 10 April 2009 (the "date of valuation").

Pursuant to a Conditional Sale and Purchase Agreement dated 10 April 2009 entered into between Hunan Kasen Property Company Limited ("Hunan Kasen", a 75% interest owned subsidiary of the Company) (湖南卡森置業有限公司) and Changsha City Yuhua City Construction Investment Company Limited ("Changsha Yuhua City") (長沙市花城市建設投資有限公司), Hunan Kasen has agreed to sell and Changsha Yuhua City will purchase the property at a consideration of RMB287,143,443.60.

Our valuation of the property interest 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".

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interest 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 value of the property interest.

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

In valuing the property interest, 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 the Group 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 Certificate relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Zhejiang Chaoxiang Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property 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 property. 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 property is 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 Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

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

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. 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.

Our valuation certificate is 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.

VALUATION CERTIFICATE

Property interest held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value on clear site status as at 10 April 2009 RMB
1.	A parcel of land located at the southern side of East Laodong Road and the eastern side of Jingzhu Highway Yuhua District Changsha City Hunan Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 145,078.24 sq.m. on which currently stand some buildings which will be demolished.</p> <p>As advised by the Company, the property is planned to be developed into a residential and commercial complex with a total planned gross floor area of approximately 511,401 sq.m.</p> <p>The land use rights of the property have been granted for terms of 40 years expiring on 29 January 2047 for commercial use and 70 years expiring on 29 January 2077 for residential use.</p>	The buildings standing on the property are currently occupied by residents who will be relocated prior to commencing of the development.	322,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 29 January 2007 entered into between the Land Resources Bureau of Changsha City and Hunan Kasen Property Company Limited (“Hunan Kasen”, a 75% interest owned subsidiary of the Company) (湖南卡森置業有限公司), the land use rights of the property with a site area of approximately 145,078.24 sq.m. were granted to Hunan Kasen for terms of 40 years expiring on 29 January 2047 for commercial use and 70 years expiring on 29 January 2077 for residential use. The total land premium is RMB37,715,527.
2. Pursuant to a State-owned Land Use Rights Certificate - Chang Guo Yong (2008) Di No. 042500 dated 19 August 2008 issued by the Land Resources Bureau of Changsha City, the land use rights of a parcel of land with a site area of approximately 145,078.24 sq.m. were granted to Hunan Kasen for terms of 40 years expiring on 29 January 2047 for commercial use and 70 years expiring on 29 January 2077 for residential use.
3. Pursuant to a Relocation and Compensation Supplementary Agreement dated 13 August 2008 entered between the Land Resources Bureau of Changsha City (“Party A”) and Hunan Kasen (“Party B”), Party B agreed to pay a total relocation cost of RMB46,472,345.76 to Party A. As advised by the Group, a total amount of RMB23,000,000 has been paid up to the date of valuation.
4. According to the information provided by the Company, the potential tax liability which would arise on the disposal of the property interest is PRC Enterprises Income Tax of 25% of net profit, PRC Land Appreciation Tax (ranging from 30% to 60% of the appreciated amount).
5. 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. Hunan Kasen is the legal owner of the property and has the rights to occupy, use or legally dispose of the land use rights of the property in accordance with the use and term as stipulated in the relevant title certificate; and
 - b. Pursuant to legal title document of the property and explanation provided by the Group, as at the date of valuation, the property is not subject to any mortgage or other parties’ rights. It is also not subject to litigation, administrative penalty, sequestration, disposal or other disputes.

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

Name of Directors	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total number of shares interested	
Zhu Zhangjin	1,604,000	503,292,635 <i>(Note)</i>	504,896,635	43.39%
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 the Latest Practicable Date	Percentage of total issued share capital	Exercisable period	Notes
		Outstanding as at 1 January 2009	Granted from 1 January 2009 to the Latest Practicable Date	Cancelled from 1 January 2009 to the Latest Practicable Date				
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:

- 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.
- 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.
- 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.
- 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 cancelled, exercised nor lapsed.

Interests in the associated corporation of the Company

Name of Director	Associated Corporation	Number of shares	Approximate percentage of shareholding in associated corporation
Zhu Zhangjin	Joyview Enterprises Limited	1	100%

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 as 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:

- 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.
- 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:

- 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:

- 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;
- 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;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) 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;
- (vii) 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 上海複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 瓊海博地置業有限公司 (Qionghai Bodi Real Estate Co., Ltd.*) for a cash consideration of RMB100,062,372;

- (viii) 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;
- (ix) 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;
- (x) 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;
- (xi) 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;
- (xii) 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;

(xiii) the agreement dated 31 December 2008 (as supplemented by a supplemental agreement dated 7 January 2009) entered into between five wholly-owned subsidiaries of the Company: 浙江卡森實業有限公司 (Zhejiang Kasen Industrial Company Limited*), 海寧家美傢俱有限公司 (Haining Home Impression Furniture Company Limited*), 海寧恒森傢俱有限公司 (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*) in relation to the surrendering of the Land to Haining Development Company by these five wholly-owned subsidiaries of the Company for a compensation of RMB503,498,885;

(xiv) the agreement dated 27 February 2009, pursuant to which Cardina International Company Limited, a wholly owned subsidiary of the Company, agreed to acquire from Emporio Holdings Plc, an independent third party, the entire issued share capital of Sofas UK Plc, a company incorporated and registered in England, for a consideration of £1.00. Cardina International Company Limited assumed all the liabilities of Sofas UK Plc in a total amount of £10,785,704 as of 31 January 2009; and

(xv) 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 2008, being the date to which the latest published audited financial statements of the Company were made up.

7. EXPERT'S QUALIFICATIONS AND CONSENT

Jones Lang LaSalle Sallmanns Limited has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which its appear.

The following are the qualifications of the expert who has given its opinion or advice which are contained in this circular:

Name	Qualification
Jones Lang LaSalle Sallmanns Limited	An independent professional property valuer

As at the Latest Practicable Date, Jones Lang LaSalle Sallmanns Limited did not have any direct or indirect interest in any asset 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 2008, 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 2008, 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 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 2008;
- (c) the valuation report issued by Jones Lang LaSalle Sallmanns Limited on the Land as set out in Appendix II to this circular;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (e) the written consents referred to in the paragraph headed "Expert's Qualifications and Consent" in this Appendix;
- (f) the Agreement;
- (g) the circular of the Company dated 7 January 2008 in relation to certain continuing connected transactions;
- (h) the circular of the Company dated 10 January 2008 in relation to the acquisition of equity interest in 瓊海博地置業有限公司 (Qionghai Bodi Real Estate Co., Ltd*);

- (i) 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.*);
- (j) 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.*);
- (k) the circular of the Company dated 21 January 2009 in relation to (1) the surrendering of the Land to Haining Development Company by these five wholly-owned subsidiaries of the Company; and (2) renewal of existing continuing connected transaction with Starcorp;
- (l) the circular of the Company dated 26 March 2009 in relation to certain continuing connected transactions; and
- (m) this circular.

* *For identification purposes only*

NOTICE OF THE EGM



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 15 May 2009 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) a conditional sale and purchase agreement (the “**Agreement**”) dated 10 April 2009 entered into between 湖南卡森置業有限公司 (Hunan Kasen Property Company Limited), a non wholly-owned subsidiary of the Company, and 長沙市雨花城市建設投資有限責任公司 (Changsha City Yuhua City Construction Investment Company Limited), the nominee of the Local Government, in relation to the sale of a parcel of land located at the northern side of Qutang Road, the western side of Litou Road, the southern side of Laodong East Road and the eastern side of Jingzhu Highway, Changsha City, Hunan Province, the PRC (中國湖南省長沙市京珠高速以東、勞動東路以南、黎托路以西、曲塘路以北) with an aggregate area of approximately 212,483.03 sq.m., 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 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.”

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

Hong Kong, 29 April 2009

NOTICE OF THE EGM

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.