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KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

泰盛實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1159)

**(1) SUPPLEMENTAL DEED TO TERMINATION DEED I
&
SUPPLEMENTAL AGREEMENT TO PATENTS TRANSFER
AGREEMENT RELATING TO
TERMINATION OF THE VERY SUBSTANTIAL ACQUISITION
AFTER COMPLETION ON 15 JANUARY 2009 –
VERY SUBSTANTIAL DISPOSAL
AND
(2) DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the Announcement in relation to the termination of the very substantial acquisition after completion on 15 January 2009, which constitutes a very substantial disposal of the Company.

SUPPLEMENTAL DEED & SUPPLEMENTAL AGREEMENT

Considering that more time is required to enable the Patents to be registered under the name of TMDC or its designated parties and it is impracticable to do so on or before the long-stop-date, TMDC and the Company agreed that the said conditions shall be regarded as fulfilled if TMDC has obtained the written undertaking of the Company to procure the relevant patent authorities and departments agreed and registered the rights of the Patents under the name(s) of TMDC or parties designated by TMDC.

* *For identification purposes only*

TMDC and the Company, therefore, entered into a supplemental deed and a supplemental agreement on 5 November 2012 to amend the terms and conditions of the Termination Deed I and the Patents Transfer Agreement respectively. The parties thereto also agreed to extend the long-stop-date to 31 January 2013.

DELAY IN DESPATCH OF CIRCULAR

As additional time is required to finalise certain information to be included in the Circular, the despatch date of the Circular will be further postponed to a date falling on or before 26 November 2012.

Reference is made to the announcement of Karce International Holdings Company Limited (the “**Company**”) dated 12 October 2012 (the “**Announcement**”) in relation to the termination of the very substantial acquisition after completion on 15 January 2009, which constitutes a very substantial disposal of the Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless stated otherwise.

Considering that more time is required to enable the Patents to be registered under the name of TMDC or its designated parties and it is impracticable to do so on or before the long-stop-date, TMDC and the Company agreed that the said conditions shall be regarded as fulfilled if TMDC has obtained the written undertaking of the Company to procure the relevant patent authorities and departments agreed and registered the rights of the Patents under the name(s) of TMDC or parties designated by TMDC.

TMDC and the Company, therefore, entered into a supplemental deed and a supplemental agreement on 5 November 2012 (after trading hour) to amend the terms and conditions of the Termination Deed I and the Patents Transfer Agreement respectively. The parties thereto also agreed to extend the long-stop-date to 31 January 2013.

SUPPLEMENTAL DEED TO TERMINATION DEED I

Date

5 November 2012

Parties

- (1) Starwick Development, an indirect wholly-owned subsidiary of the Company and an investment holding company
- (2) TMDC, an Independent Third Party
- (3) Mr. Qiu, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save that Mr. Qiu was the director and legal representative of the PRC Subsidiary and the director of TMDC, Mr. Qiu has no other relationship with the Vendors, TMDC and the Company. Mr. Qiu is an Independent Third Party.

Change of the Conditions Precedent

Pursuant to the supplemental deed to the Termination Deed I (the "**Supplemental Deed**"), the conditions precedent of the Termination Deed I will be changed to as follows:–

The Termination Deed I is subject to the fulfillment of the following conditions on or before 31 January 2013:

- (1) The board of directors and shareholders of the Company (if required under the Listing Rules) having granted all necessary approvals and consents in respect of the cancellation of the TMDC Agreement and the termination of the transactions contemplated thereunder, and Termination Deed I;
- (2) TMDC having tendered back the Convertible Bonds to the Company for cancellation;
- (3) Starwick Development having transferred the entire issued share capital of Precise Media to TMDC or its nominees; and
- (4) Starwick Development having procured Sheenway and TMDC to enter into a patents transfer agreement to transfer the Patents to TMDC or its designated parties and TMDC having obtained the written undertaking of the Company to procure the relevant patent authorities and departments (including the patent authorities and departments in the PRC, Taiwan and the United States) having agreed and registered the rights of the Patents under the name(s) of TMDC or parties designated by TMDC.

Save as disclosed, all other terms and conditions of the Termination Deed I will remain unchanged and continue to be in force.

SUPPLEMENTAL AGREEMENT TO PATENTS TRANSFER AGREEMENT

Date

5 November 2012

Parties

Transferor : Sheenway, an indirect wholly-owned subsidiary of the Company and an investment holding company

Transferee : TMDC, an Independent Third Party

Change of the Conditions Precedent

Pursuant to the supplemental agreement to the Patents Transfer Agreement (the “**Supplemental Agreement**”), the conditions precedent (5) of the Patents Transfer Agreement will be changed to as follows:–

“TMDC having obtained the written undertaking of the Company to procure the relevant patent authorities and departments (including the patent authorities and departments in the PRC, Taiwan and the United States) having agreed and registered the rights of the Patents under the name(s) of TMDC or parties designated by TMDC”

The long-stop-date of the Patent Transfer Agreement shall also be changed to 31 January 2013.

Save as disclosed, all other terms and conditions of the Patents Transfer Agreement will remain unchanged and continue to be in force.

Save as disclosed, neither Termination Deed II, Termination Deed III, Termination Deed IV nor Termination Deed V has a long-stop-date and requires extension.

The Directors consider that the terms and conditions of the Supplemental Deed and the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion is subject to the approval of the Shareholders and the fulfillment of various conditions precedents, the Disposal therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DELAY IN DESPATCH OF CIRCULAR

As stated in the Announcement, a circular containing, among others, further details of the Disposal, and the notice convening the SGM (the “**Circular**”) to approve the Disposal and the transactions contemplated thereunder will be despatched to the Shareholders on or before 5 November 2012 in accordance with the Listing Rules.

As additional time is required to finalise certain information to be included in the Circular, the despatch date of the Circular will be further postponed to a date falling on or before 26 November 2012.

By Order of the Board
Karce International Holdings Company Limited
Sun Ying Chung
Chairman

Hong Kong, 5 November 2012

As at the date of this announcement, the board of Directors consists of two Executive Directors, Mr. Sun Ying Chung and Mr. Chan Sung Wai; two Non-Executive Directors, Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey; and three Independent Non-executive Directors, Mr. Lum Pak Sum, Mr. Mak Ka Wing, Patrick and Mr. Shum Kai Wing.