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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)

Progress on the LCoS Television Business

Reference is made to the circular of the Company dated 28 November 2008, and the announcements of the Company dated 15 January 2009, 20 April 2009, 5 January 2010 and 12 February 2010 respectively.

NEGOTIATIONS FOR PROPOSED DISPOSAL OF THE TARGET COMPANY

As the original production plan has not been realised and certain terms/undertakings of the Acquisition Agreement to be performed on the part of the Vendors have not been performed, despite the Acquisition Completion in January 2009, and despite continual requests by the Group's management seeking the Target Group's assistance and fulfillment of the agreed terms, the Group on 5 March 2010 issued a demand letter to the Vendors and the Warrantors requesting them to provide satisfactory explanations and to suggest remedial actions. Up to the date of this announcement, no reply has been received from the Vendors or the Warrantors.

* *for identification purpose only*

At the Board meeting on 20 April 2010, it was resolved that the Company would first negotiate with the Vendors and the Warrantors for a proposal to sell the Target Company back to the Vendors. Subject to the terms of the proposed disposal to be agreed, Convertible Bonds granted to the Vendors (or their nominee(s)) as part of the Acquisition Consideration (to the extent not redeemed) may be required to be cancelled, while the promissory notes issued to the First Vendor (or its nominee(s)) as part of the Acquisition Consideration (to the extent not yet redeemed) may be required to be tendered back to the Company for cancellation.

DE-CONSOLIDATION OF THE RESULTS OF THE TARGET COMPANY/TARGET GROUP

At the Board meeting held on 20 April 2010, it was acknowledged by the Board that the results of the Target Group/Target Company shall be treated as having been de-consolidated from that of the Group with effect from 1 December 2009.

Shareholders are reminded that it is only the Company's plan to proceed with the above proposed disposal, and no terms in such connection have been negotiated or agreed at this stage. Such proposed disposal may or may not proceed. Further announcement will be made by the Company should any definitive agreement be entered into or should there be any material development in this regard. Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Reference is made to the circular of the Company dated 28 November 2008 (the “**Circular**”), and the announcements of the Company dated 15 January 2009, 20 April 2009, 5 January 2010 and 12 February 2010 respectively. Terms defined in the Circular shall, unless otherwise defined in this announcement or the context otherwise requires, have the same respective meanings when used in this announcement.

NEGOTIATION FOR PROPOSED DISPOSAL OF THE TARGET COMPANY

In connection with the Acquisition, the Board note that notwithstanding completion of the Acquisition Agreement in January 2009, the original production plan has not been realised for various reasons, which constitute breaches of certain undertakings on the part of the Vendors under the Acquisition Agreement. These include: despite employment contracts being entered into between certain officers from TMDC and the PRC Subsidiary at the time of the Acquisition Completion, such officers so far have not gone to the Suzhou Plant to render services to the Group for the purpose of carrying on the Business. Trial production at the Suzhou Plant has not yet commenced. Up to the date of this announcement, the pledge by TMDC in favour of certain banks over the TMDC Sale Machineries has not been released, and title to the TMDC Sale Machineries without encumbrance has not been transferred to the Group. Notwithstanding repeated requests, none of the Vendors have provided any justifiable reasons for the failure to release the pledge created on the TMDC Sale Machineries within one year from the Acquisition Completion. No sales have been generated from the Business.

On 5 March 2010, the Group issued a demand letter to the Vendors and the Warrantors under the Acquisition Agreement requesting them to provide satisfactory explanations and to suggest remedial actions to address the above breaches. Up to the date of this announcement, no reply has been received from the Vendors or the Warrantors.

At the meeting held on 20 April 2010, the Board resolved that the Company would first negotiate with the Vendors and the Warrantors for a proposal to sell the Target Company back to the Vendors. Other alternatives such as disposing the Target Company to other third parties as potential buyers may also be explored by the Company. If such proposed disposal turns out to be unsuccessful, the Board would then re-consider other measures to be taken, which do not exclude bringing legal proceedings against the Vendors and/or the Warrantors.

Subject to the terms of the proposed disposal to be agreed, Convertible Bonds granted to the Vendors (or their nominee(s)) as part of the Acquisition Consideration (to the extent not redeemed) may be required to be cancelled, while the promissory note issued to the First Vendor (or its nominee(s)) as part of the Acquisition Consideration (to the extent not yet redeemed) may be required to be tendered back to the Company for cancellation.

In this connection, the Company has engaged Stirling Appraisals Limited as their valuer. Based on the latest draft valuation report prepared by Stirling Appraisals Limited, as of 30 November 2009, the fair value of the Target Group is nil. The Company has also engaged Donvex Capital Limited as financial advisers in connection with the above proposed disposal.

DE-CONSOLIDATION OF THE RESULTS OF THE TARGET COMPANY/ TARGET GROUP

Since the end of November 2009, despite efforts made, the Company has not been able to obtain record of the PRC Subsidiary for audit purpose. Neither could the Company obtain the use of the production machinery and solid cooperation from the management of the Target Company/Target Group/PRC Subsidiary particularly on the operation (if any) of the PRC Subsidiary.

The Company considered that the PRC Subsidiary/Target Company/Target Group is not under control by the Company given (among others) (i) the machinery, equipment and technology for the production of LCoS TV have never been delivered to the Company for further development despite demand letters sent by or on behalf of the Group; and (ii) the management of the Suzhou Plant have never complied with the request of the Company concerning its operation and production. In light of such and the Board's decision for the proposed disposal of the Target Company set out in this announcement, at the Board meeting held on 20 April 2010, it was acknowledged by the Board that the results of the PRC Subsidiary shall be treated as having been de-consolidated from that of the Group with effect from 1 December 2009.

Shareholders should note that it is only the Company's plan to proceed with the above proposed disposal, and no terms in such connection have been negotiated or agreed at this stage. Such proposed disposal may or may not proceed. Further announcement will be made by the Company should any definitive agreement be entered into or should there be any material development in this regard. Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made in accordance with paragraph Rule 13.09 (1) of the Listing Rules.

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

Hong Kong, 23 April 2010

As at the date of this announcement, the executive Directors of the Company are Mr Sun Ying Chung, Mr Chan Sung Wai and Mr Wong King Lam, Joseph, non-executive Directors are Mr Lee Kwok Leung and Mr Yang Yiu Chong, Ronald Jeffrey, and the independent non-executive Directors are Mr Lum Pak Sum, Mr Law Chun Choi and Mr Mak Ka Wing, Patrick.