

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, 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 Karce International Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED**

**(泰盛實業集團有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1159)

**PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
PROPOSED RE-ELECTION OF DIRECTORS  
AND  
PROPOSED AMENDMENTS TO THE BYE-LAWS**

---

29 April 2005

\* *for identification only*

---

## CONTENTS

---

	Page
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
A. Introduction .....	2
B. Proposed general mandates to repurchase and issue shares.....	2
C. Explanatory statement.....	3
D. Proposed re-election of Directors.....	3
E. Proposed amendments to the Bye-laws .....	3
F. Responsibility statement .....	3
G. General information .....	4
H. Recommendation .....	4
<b>Appendix – Explanatory Statement</b> .....	5

---

## DEFINITIONS

---

*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“Annual General Meeting” or “AGM”	the annual general meeting of the Company for the year ended 31 December 2004 to be held on 31 May 2005
“Annual Report”	annual report of the Company in respect of the year ended 31 December 2004
“associates”	having the meaning as ascribed in the Listing Rules
“Bye-laws”	the bye-laws of the Company
“Code”	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
“Company”	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	as defined under the section headed “Proposed general mandates to repurchase and issue shares”
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Share and a “Shareholder” shall be construed accordingly
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time) and a “Share” shall be construed accordingly
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

---

## LETTER FROM THE BOARD

---



### **KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED**

(泰盛實業集團有限公司\*)

(Incorporated in Bermuda with limited liability)

*Directors:*

Mr. Tong Shek Lun  
Mr. Li Ka Fai, Fred  
Ms. Ko Lai King, Kinny  
Ms. Chung Wai Yu, Regina

*Principal Office:*

Units 1 and 2  
29th Floor  
Cable TV Tower  
9 Hoi Shing Road  
Tsuen Wan  
New Territories  
Hong Kong

*Non-executive Directors:*

Mr. Lee Kwok Leung  
Mr. Yang Yiu Chong, Ronald Jeffrey

*Independent non-executive Directors:*

Mr. Sun Yaoquan  
Mr. Tsao Kwang Yung, Peter  
Mr. Goh Gen Cheung

29 April 2005

To the Shareholders

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
PROPOSED RE-ELECTION OF DIRECTORS  
AND  
PROPOSED AMENDMENTS TO THE BYE-LAWS**

**A. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for the proposed (i) granting of general mandates to repurchase Shares and to allot, issue and deal with new Shares; (ii) re-election of the Directors who are due to retire and (iii) amendments to the Bye-laws.

**B. PROPOSED GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted a general mandate (the “**Repurchase Mandate**”) to exercise all powers of the Company to repurchase issued and fully paid Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution. The Repurchase Mandate allows the Company to make or agree to make

\* for identification only

---

## LETTER FROM THE BOARD

---

repurchases only during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the date by which the next annual general meeting of the Company is required to be held by law or by the Bye-laws or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

Ordinary resolutions will also be proposed at the Annual General Meeting to (i) grant the Directors a general mandate to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution and (ii) extend the general mandate granted to the Directors to allot, issue and deal with new Shares as mentioned in paragraph (i) above by the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the Repurchase Mandate.

### **C. EXPLANATORY STATEMENT**

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

### **D. PROPOSED RE-ELECTION OF DIRECTORS**

In accordance with the Bye-laws, the Directors retiring by rotation at the Annual General Meeting are Mr. Lee Kwok Leung, Mr. Yang Yiu Chong, Ronald Jeffrey and Mr. Tsao Kwang Yung, Peter, who, being eligible, offer themselves for re-election. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in the Annual Report.

### **E. PROPOSED AMENDMENTS TO THE BYE-LAWS**

To enhance good corporate governance practices and to comply with the Code which came into effect on 1 January, 2005, the Directors propose to put forward to the Shareholders for approval resolutions to amend the existing Bye-laws at the Annual General Meeting. The amendments are mainly to bring the Bye-laws in line with the Code which requires that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In view of the current Listing Rules in force, the Directors also wish to seek approval of the Shareholders at the Annual General Meeting for further amendments to the existing Bye-laws in relation to voting at general meetings of the Company.

The full text of the proposed amendments to the Bye-laws is set out in the notice of the Annual General Meeting incorporated in the Annual Report.

### **F. RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The information contained herein relating to the Company has been supplied by the Directors, who jointly and severally accept

---

## LETTER FROM THE BOARD

---

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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement contained herein misleading insofar as it relates to the Company.

### G. GENERAL INFORMATION

The notice for the Annual General Meeting is set out in the Annual Report of the Company. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the head office of the Company at Units 1 and 2, 29th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

Pursuant to the existing Bye-law No.66 of the Bye-laws, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### H. RECOMMENDATION

The Directors consider that the granting of the general mandates, the re-election of Directors and the amendments to the Bye-laws proposed are in the interest of the Company. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
By Order of the Board  
**Karce International Holdings Company Limited**  
**Tong Shek Lun**  
*Chairman and Managing Director*

This Appendix serves as an explanatory statement given to all the Shareholders, as required by the Listing Rules, to provide requisite information of the Repurchase Mandate.

## **1. LISTING RULES FOR REPURCHASES OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares subject to certain restrictions, the more important of which are summarised below:

### **(a) Share capital**

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolutions granting the Repurchase Mandate. The Company's authority is restricted to purchases in accordance with the Listing Rules. On the Latest Practicable Date, there were in issue an aggregate of 550,776,000 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the Annual General Meeting, would accordingly result in up to 55,077,600 Shares being repurchased by the Company. The Shares repurchased by the Company shall, subject to applicable law, be automatically cancelled upon such repurchase.

### **(b) Reasons for repurchase**

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchase when appropriate and is beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share. As compared with the financial position of the Company as at 31 December 2004 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. In the circumstances, the Directors do not propose to exercise the Repurchase Mandate to such an extent that would have a material adverse impact on the working capital or gearing ratio of the Company.

### **(c) Funding of repurchases**

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum of association and bye-laws of the Company and the applicable laws of Bermuda.

### **(d) Directors, their associates and connected persons**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

**(e) Undertaking of the Directors**

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in the proposed resolution in accordance with the Listing Rules, the memorandum of association and bye-laws of the Company and the applicable laws of Bermuda.

**(f) Effect of the Takeovers Code**

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 26 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the register of the substantial Shareholders maintained by the Company pursuant to Section 336 under Part XV of the SFO showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of Shareholder	Number of Shares held	Approximate percentage of the shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Sapphire Profits Limited (Note 1)	231,180,000	42.0%	46.6%
Perfect Treasure Investment Limited (Note 2)	88,100,000	16.0%	17.8%

*Notes:*

1. Mr. Tong Shek Lun, Mr. Li Ka Fai, Fred, Ms. Ko Lai King, Kinny and Ms. Chung Wai Yu, Regina own 90.41%, 3.46%, 3.46% and 2.67% of the issued share capital of Sapphire Profits Limited respectively.
2. Perfect Treasure Investment Limited is an indirectly wholly owned subsidiary of Sing Tao News Corporation Limited, a listed company on the Stock Exchange.



In the event that the Directors shall exercise in full the Repurchase Mandate and assuming that no Shares are issued or repurchased between the Latest Practicable Date and the date of repurchase, the total interests of the above substantial Shareholders would be increased to approximately the respective percentages shown in the last column above and such increases may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors have no current intention to exercise the Repurchase Mandate to such extent as would give rise to such obligation.

## 2. SHARE PURCHASE MADE BY THE COMPANY

The Company has not repurchased any of its Shares on the Stock Exchange during the six months preceding the Latest Practicable Date.

## 3. SHARE PRICES

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2004</b>		
April	0.270	0.207
May	0.230	0.201
June	0.255	0.210
July	0.260	0.232
August	0.260	0.230
September	0.250	0.220
October	0.249	0.210
November	0.260	0.211
December	0.250	0.215
<b>2005</b>		
January	0.260	0.212
February	0.335	0.238
March	0.455	0.265
Latest Practicable Date	0.350	0.345