



KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

(泰 盛 實 業 集 團 有 限 公 司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

ANNOUNCEMENT

The board of directors has noted the increases in the price and volume of trading of the shares of Karce International Holdings Company Limited today and wishes to state that, save as disclosed below, the board of directors is not aware of any reasons for such increases.

Reference is made to the announcement (“**Announcement**”) made by Karce International Holdings Company Limited (“**Company**”) and together with its subsidiaries, the “**Group**”) on 15th November, 2004. Unless otherwise specified, terms used herein shall have the same meanings as used in the Announcement.

As disclosed in the Announcement, Ascalade Communications Inc. (“**Ascalade Inc.**”), an associated company of the Company was preparing for its proposed listing on the Toronto Stock Exchange and/or similar fund raising exercise (“**Proposed Listing**”). The Group intends to assign a loan and advances owed by a wholly-owned subsidiary of Ascalade Inc. to Ascalade Inc. in consideration for the issue of certain common shares and convertible securities in Ascalade Inc. (“**Assignment and Subscription**”). The Assignment and Subscription are part of the reorganization to prepare for the Proposed Listing. The terms of the Assignment and Subscription are still under negotiations and no definitive agreement or letter of intent has yet been signed by the relevant parties. The Company will make further announcement(s) in respect of the Assignment and Subscription and comply with the relevant provisions of the Listing Rules as and when appropriate.

Save as disclosed above, the board of directors (“**Board**”) of the Company confirms that they are not aware of any negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, nor is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules which is or may be of a price-sensitive nature.

As at the date of this announcement, the Board consists of four executive Directors, Mr. Tong Shek Lun, Mr. Li Ka Fai, Fred, Ms. Ko Lai King, Kinny and Ms. Chung Wai Yu, Regina, two non-executive Directors, Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey and three independent non-executive Directors, Mr. Sun Yaoquan, Mr. Tsao Kwang Yung, Peter and Mr. Goh Gen Cheung.

By order of the Board
Karce International Holdings Company Limited
Tong Shek Lun
Chairman

Hong Kong, 25 February 2005

* for identification only

Please also refer to the published version of this announcement in The Standard.