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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

The Directors wish to announce that on 27 August, 2004, the Group has entered into the Agreement with the Vendor to purchase the Property.

The Acquisition contemplated under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Acquisition will be sent to the Shareholders as soon as possible.

THE AGREEMENT

Date:

27 August, 2004

Parties:

Vendor: 東莞液視通半導體有限公司 (Dongguan Ye Shi Tong Semi-Conductor Company Limited). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry by the Directors, the Vendor and its ultimate beneficial owner are not connected persons (as defined in the Listing Rules) of the Company. To the understanding of the Directors, the Vendor is principally engaged in the businesses of property holding and letting.

Purchaser: 東莞德鉅電子有限公司 (Dongguan Tehsutec Electronic Company Limited), a company incorporated in the PRC and is an indirect wholly owned subsidiary of the Company.

Assets to be acquired:

The property and the underlying land use rights situated at 東莞市沙田鎮稔州管理區 (Dongguan City Shatin Town Ren Zhou Management Zone), the PRC with a total land use right area of approximately 4,768 sq.m. and a total building area of approximately 9,034 sq.m. as specified in the respective 《國有土地使用證》 (State-owned Land Use Right Certificate) and 《房地產權證》 (Real Estate Ownership Certificates) as referred to in the Agreement.

As advised by the PRC lawyer of the Company, the underlying land of the Property is 出讓地 (granted land) and the Property is transferable by the Purchaser after completion. To the understanding of the Directors, the land premium in relation to the Property had been settled.

Consideration:

The consideration of an aggregate amount of RMB11,180,000 (equivalent to approximately HK\$10,547,170) was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms by reference to the valuation of the Property conducted on 23 July, 2004 by a PRC valuer, 東莞市德正會計師事務所 (Dongguan City Diligent Certified Public Accountant), with a fair market value of RMB11,287,530 (equivalent to approximately HK\$10,648,613). To the best of the Directors' knowledge, information and belief, the valuer is not a connected person (as defined in the Listing Rules) of the Company.

The consideration is payable in 36 monthly installments (“**Installments**”) before the end of each month commencing from the subsequent month of signing of the Agreement (i.e. September, 2004). An aggregate sum of RMB311,000 (equivalent to approximately HK\$293,396) shall be payable for each of the first 35 installments and the remaining balance of RMB295,000 (equivalent to approximately HK\$278,302) shall be payable for the last installment.

Completion:

Before the payment of the 5th Installment, the Vendor shall transfer the 《國有土地使用證》 (State-owned Land Use Right Certificate) and 《房地產權證》 (Real Estate Ownership Certificates) to the Purchaser. In the event where the Vendor fails to transfer the title documents as mentioned above, the Purchaser shall have the right to terminate the Agreement, to demand the repayment of all installments paid and to claim for compensation.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the businesses of manufacturing and distribution of electronic calculators and organizers, conductive silicon rubber keypads, printed circuit boards, electronic toys products and cordless telephone products.

The setup of the Property is a factory and the Group has been leasing the Property from the Vendor for the past approximately 5 years with the most current monthly rental payment of HK\$85,000 to engage in the one of its core businesses, manufacturing of conductive silicon rubber keypads (“**Business**”). The Group acquires the Property mainly to cope with its expansion in the conductive silicon rubber keypads business as it believes that such acquisition can secure the place of production and thus provide a platform to secure orders from its customers. The Directors believe that the Acquisition is for the best interests of the Shareholders because it will sustain the growth momentum of the Group by diversifying its businesses as well as generating additional profits for the Group.

The net profits before taxation and extraordinary items of the Group attributable to the Business operated in the Property for the two years ended 31 December, 2002 and 31 December, 2003 amounted to approximately HK\$5,273,000 and HK\$321,000 respectively and the net profits after taxation and extraordinary items of the Group attributable to the Business operated in the Property for the two years ended 31 December, 2002 and 31 December, 2003 amounted to approximately HK\$4,635,000 and HK\$321,000 respectively.

The Directors consider that the terms of the Agreement are arrived at after arm's length negotiations based on normal commercial terms and are considered to be fair and reasonable.

GENERAL

The Acquisition contemplated under the Agreement constitutes a discloseable transaction of the Company

under the Listing Rules. A circular containing details of the Acquisition will be sent to the Shareholders as soon as possible.

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.

DEFINITIONS

The following defined terms are used in this announcement:

“Acquisition”	the acquisition of the Property pursuant to the Agreement
“Agreement”	the 《房地產轉讓合同》 (Property Transfer Contract) dated 27 August, 2004 entered into between the Vendor and the Purchaser for the acquisition of the Property
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Karce International Holdings Company Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	the property and the underlying land use rights situated at 東莞市沙田鎮稔州管理區 (Dongguan City Shatin Town Ren Zhou Management Zone), the PRC with a total land use right area of approximately 4,768 sq.m. and a total building area of approximately 9,034 sq.m. as specified in the respective 《國有土地使用證》 (State-owned Land Use Right Certificate) and 《房地產權證》 (Real Estate Ownership Certificates) as referred to in the Agreement
“Purchaser”	東莞德鉅電子有限公司 (Dongguan Tehsutec Electronic Company Limited)
“Shares”	ordinary shares of HK\$0.10 in the capital of the Company
“Shareholders”	holders of the Share(s)
“Vendor”	東莞液視通半導體有限公司 (Dongguan Ye Shi Tong Semi-Conductor Company Limited)
“sq.m.”	square meters

“HK\$” the lawful currency of Hong Kong

“RMB” the lawful currency of the PRC. For information only, RMB has been translated to HK\$ as to HK\$1 to RMB1.06. No representation is made that such amounts were or could be exchanged at such rates

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

Hong Kong, 31 August, 2004

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