

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED**

**(泰盛實業集團有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1159)

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

After trading hours on 20 January 2009, the Company entered into the Subscription Agreements with each of the Subscribers for the subscription of an aggregate 50,000,000 new Shares for a total consideration of approximately HK\$5,000,000 at the Subscription Price of HK\$0.1 per Subscription Share.

The Subscription Shares of 50,000,000 new Shares represent about 7.66% of the existing issued share capital of the Company and about 7.12% of the enlarged share capital of the Company immediately after the Subscription. The Subscription Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares.

Completion of the Subscription pursuant to the Subscription Agreements is conditional upon the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares and (if required) the Bermuda Monetary Authority having granted permission for the issue of the Subscription Shares.

### **SUBSCRIPTION AGREEMENTS DATED 20 JANUARY 2009**

#### **Parties:**

Issuer : The Company

Subscribers : Yue Wai Keung (subscribing 30,000,000 Subscription Shares) and Chung Chi Shing (subscribing 20,000,000 Subscription Shares), being individual investors who are Independent Third Parties. It is expected that none of the Subscribers will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Subscription.

#### **Number of Subscription Shares subscribed for:**

50,000,000 new Shares, representing about 7.66% of the Company's existing issued share capital and about 7.12% of its enlarged issued share capital immediately after the Subscription. The aggregate nominal value of such 50,000,000 new Shares is HK\$5,000,000.

*\* For identification purposes only*

**Subscription Price:**

HK\$0.10 per Subscription Share, representing:

- (a) a discount of approximately 16.67% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.67% to the average closing price of HK\$0.12 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day; and
- (c) a discount of approximately 16.67% to the average closing price of approximately HK\$0.12 per Share as quoted on the Stock Exchange from 6 January 2009 to 19 January 2009, both dates inclusive, being the last ten trading days immediately prior to the Last Trading Day.

Based on estimated expenses of about HK\$200,000 for the Subscription, the Company will be able to raise about HK\$5,000,000 gross proceeds and HK\$4,800,000 net proceeds from the Subscription. On this basis, the net price per Subscription Share is approximately HK\$0.096. The Subscription Price is determined at arm's length basis and the Directors consider that the terms of the Subscription Agreements are fair and reasonable and are in the interest of the Company. The Subscription Price of the Subscription Shares will be paid to the Company at completion of the Subscription. Either of the Subscription Agreements may proceed to completion regardless of whether or not the other Subscription Agreement will be completed in accordance with its terms and conditions.

**Mandate to issue the Subscription Shares:**

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at its annual general meeting held on 27 May 2008, at which the Board has been granted by the Shareholders a general mandate to allot, issue and deal in up to 130,471,200 Shares. Since the date of the said annual general meeting and up to the Last Trading Day, no new Shares have been issued under such general mandate.

**Ranking:**

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with all other Shares presently in issue and at the time of issue and allotment of the Subscription Shares.

**Conditions of the Subscription:**

The Subscription is conditional on the granting of a listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange and (if required) the Bermuda Monetary Authority having granted permission for the issue of the Subscription Shares. The issue of the Subscription Shares pursuant to the General Mandate is not subject to the approval of the shareholders of the Company.

**If the conditions are not fulfilled on or before 6 February 2009 (or such other date as the Subscribers and the Company may agree), the Subscription Agreements will lapse.**

## Non-disposal undertakings:

Under the Subscription Agreements, each of the Subscribers undertakes to the Company that in the event of any disposal of Shares at any time after the date of completion of the Subscription, all reasonable steps will be taken to ensure that such disposal will not create a disorderly or false market nor will such disposal be deemed to have effect on the Company as if the Company had offered its Shares to the public within the meaning of the Companies Ordinance, Chapter 32 of the laws of Hong Kong.

## Completion of Subscription:

The Business Day immediately after the condition of the Subscription has been fulfilled (or such other date as the parties may agree).

## APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Subscription Shares.

## REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors believe that the Subscription can provide an opportunity to broaden the Shareholder base and strengthen its capital base and financial position for the Group's future business developments. Further, the Company considers that the Subscription is currently a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved. The Company will use the net proceeds of the Subscription as general working capital for the Group. The Directors (including the independent non-executive Directors) consider the terms of the Subscription Agreements and the Subscription to be fair and reasonable and are in the best interests of the Company and its Shareholders.

## EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Subscription, the shareholding structure of the Company immediately before and after the Subscription will be as follows:

Shareholders	Immediately before the Subscription		Immediately after the Subscription	
	Shares	%	Shares	%
Golden Mount Limited (Note 1)	151,181,000	23.17	151,181,000	21.52
Perfect Treasure Investments Limited (Note 2)	90,416,000	13.86	90,416,000	12.87
<b>The Subscribers</b>				
(a) Yue Wai Keung	—	—	30,000,000	4.27
(b) Chung Chi Shing	—	—	20,000,000	2.85
Other public Shareholders	410,759,000	62.97	410,759,000	58.49
Total	<u>652,356,000</u>	<u>100.00</u>	<u>702,356,000</u>	<u>100.00</u>

*Notes:*

1. Golden Mount Limited, which has become a substantial and the single largest Shareholder since 27 July 2007, is wholly-owned by Mr Chim Pui Chung, who does not hold any position in the Company and is the father of Mr Chim Kim Lun, Ricky, an executive Director. Based on the corporate substantial shareholder notice dated 21 February 2008 and filed for and on behalf of Golden Mount Limited received by the Company, Golden Mount Limited and its parties acting in concert hold approximately 23.17% of the issued share capital of the Company as at the Last Trading Day.
2. Perfect Treasure Investment Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of Sing Tao News Corporation Limited, a company incorporated in Bermuda and whose securities are listed on the Stock Exchange. It was stated in the corporate substantial shareholder notice of Perfect Treasure Investment Limited filed on 29 February 2008 that it was interested in 87,800,000 Shares (representing 13.45% of the total issued Shares). To the best knowledge and belief of the Directors, Perfect Treasure Investment Limited was interested in 90,416,000 Shares (representing 13.86% of the total Shares) as at the Last Trading Day.

**Public Float**

The Company will be able to comply with the public float requirement under the Listing Rules immediately after completion of the Subscription.

**FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS**

As announced by the Company on 11 February 2008, the Company entered into a placing agreement and a subscription agreement both dated 6 February 2008. Such top-up placing arrangement for 108,000,000 then new Shares at a price of HK\$0.30 per Share were completed on 18 February 2008, while the gross proceeds and net proceeds (i.e. gross proceeds net of related expenses) raised were approximately HK\$32.4 million and HK\$31 million respectively.

Part of the net proceeds raised from the above previous top-up placing exercise was used by the Group for part consideration in connection with the very substantial acquisition of the Company as referred to in its circular dated 28 November 2008. On the other hand, part of the net proceeds were used by the Group for settling bank loans, while the remaining net proceeds were used for paying professional parties fees incurred for the said very substantial acquisition and the very substantial disposal of the Company as referred to in its circular dated 30 September 2008. As at the date of this announcement, there is no unutilized amount of the above net proceeds.

## DEFINITIONS

In this announcement, the following terms shall, unless the context otherwise requires, have the respective meanings assigned to them below:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“Company”	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at its annual general meeting held on 27 May 2008
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	such person(s) who is(are) independent of and not connected with the Company or its connected persons
“Last Trading Day”	20 January 2009, being the date of this announcement, which is a Stock Exchange trading day
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Subscribers”	the subscribers of the Subscription Shares under the Subscription Agreements, namely Yue Wai Keung and Chung Chi Shing
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreements
“Subscription Agreements”	collectively, the two several subscription agreements both dated 20 January 2009 and made between the Company and each of the Subscribers
“Subscription Price”	HK\$0.1 per Subscription Share

“Subscription Shares”	a total of 50,000,000 new Shares to be placed by the Company to the Subscribers (with Yue Wai Keung subscribing 30,000,000 new Shares and Chung Chi Shing subscribing 20,000,000 new Shares) pursuant to the Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For and on behalf of the Board  
**Karce International Holdings Company Limited**  
**Tong Shek Lun**  
*Chairman and Managing Director*

Hong Kong, 20 January 2009

*As at the date of this announcement, the Board consists of three executive Directors, Mr. Tong Shek Lun, Mr. Chim Kim Lun, Ricky and Mr. Cheng Kwok Hing, Andy, 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. Goh Gen Cheung and Mr. Wan Hon Keung.*