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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)

**TERMINATION OF (1) THE VERY SUBSTANTIAL ACQUISITION
OF THE ENTIRE INTEREST IN
SILVERWAY PACIFIC (S) LIMITED
IN RELATION TO KHULDIIN NORTH AND KHULDIIN SOUTH
AND TN COAL MINES
INVOLVING ISSUE OF CONSIDERATION SHARES,
PROMISSORY NOTE AND CONVERTIBLE BONDS;
(2) PLACING OF NEW SHARES; AND
(3) INCREASE IN AUTHORIZED SHARE CAPITAL**

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

The Board announced that after trading hours on 5 February 2008 the Purchaser (and the Company) entered into the Termination Agreement with the Vendor and the Warrantor. Pursuant to the Termination Agreement, the parties thereto have agreed that the Acquisition Agreement is cancelled and shall terminate with immediate effect.

Since completion of the Placing Agreement is conditional on the Acquisition Agreement becoming unconditional and the Company has no immediate needs to increase its authorized share capital as a result of the Termination, both the Placing and increase in authorized share capital of the Company will not be proceeded with.

In addition, the Group is in discussions with the Warrantor for other mining projects which negotiations are still at preliminary stage and no concrete terms and agreement have been reached by the parties. Such negotiations, if materialize, is expected to result in a notifiable transaction for the Company. The Company will make further announcement and comply with the relevant Listing Rules as and when required.

Shareholders are advised to exercise caution in dealing in the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 6 February 2008 pending the release of this announcement. Trading in the Shares will remain suspended pending the release of an announcement in relation to a placing agreement and a subscription agreement entered into by the Company on 6 February 2008.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

** For identification purposes only*

Reference is made to the Company's announcement (the "Announcement") dated 10 October 2007 regarding, among other things, (i) a very substantial acquisition of the entire interest in the Target Company involving the issue of Consideration Shares, Promissory Note and Convertible Bonds; (ii) placing of new Shares; and (iii) increase in authorized share capital of the Company and the Company's announcement dated 20 December 2007 regarding further delay in despatch of the circular. Capitalised terms used in this announcement shall have the same respective meanings as those defined in the Announcement, unless the context requires otherwise.

Pursuant to the terms of the Acquisition Agreement, completion of the Acquisition is subject to the fulfillment of a number of conditions precedent (or, where applicable, waived by the Purchaser) which include, inter alia, the Purchaser having obtained a technical report issued by the Technical Adviser that indicates the Target Mines have an inferred coal resources of not less than 140 million tonnes. During the course of preparation of a technical report by the Technical Adviser, it is estimated by the Technical Adviser that the inferred coal resources of the Target Mines are likely to be less than 140 million tonnes. In view of the above, the Board considers that it is not in the interests for the Group to proceed with the Acquisition. As such, after trading hours on 5 February 2008, the Purchaser (and the Company) entered into a termination agreement (the "Termination Agreement") with the Vendor and the Warrantor. Pursuant to the Termination Agreement, the parties thereto have agreed that the Acquisition Agreement is cancelled and shall terminate (the "Termination") with immediate effect and all parties shall be released and discharged from their respective obligations under the Acquisition Agreement.

Since completion of the Placing Agreement is conditional on the Acquisition Agreement becoming unconditional and the Company has no immediate needs to increase its authorized share capital as a result of the Termination, both the Placing and increase in authorized share capital of the Company will not be proceeded with.

The Board is of the view that each of the Termination and the adjournment of the Placing and increase in authorized share capital of the Company will not have any material adverse effect on the business or financial position of the Group.

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

Hong Kong, 6 February 2008

As at the date of this announcement, the Board consists of five executive Directors, Mr. Tong Shek Lun, Ms. Ko Lai King, Kinny, Ms. Chung Wai Yu, Regina, 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. Chan Ho Man.