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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)

**(1) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE SHAREHOLDING INTEREST IN AND
SHAREHOLDERS' LOANS DUE FROM THE TARGET COMPANY
INVOLVING ISSUE OF CONVERTIBLE BONDS
AND PROMISSORY NOTE;
AND
(2) INCREASE IN AUTHORIZED SHARE CAPITAL
FURTHER DELAY IN DESPATCH OF CIRCULAR**

VSA CIRCULAR

On 31 July 2008, the Company announced in the July Announcement for delay in despatch of the VSA Circular to on or before 30 September 2008.

As the Company will require more time to finalise the VSA Circular for the reasons set out below, an application has been made with the Stock Exchange for a waiver from strict compliance with Rule 14.38 of the Listing Rules and for a further extension of time to despatch the VSA Circular to on or before 30 November 2008.

VSD CIRCULAR

As the Acquisition and the Disposal are not inter-conditional with each other, the Company will issue the VSD Circular separately. The VSD Circular will be despatched to the Shareholders on or before 30 September 2008.

Reference is made to the announcement (“**Announcement**”) of Karce International Holdings Company Limited (“**Company**”) dated 22 May 2008 in relation to, among other matters, the Acquisition, and the announcement (“**July Announcement**”) of the Company dated 31 July 2008 in relation to, among others, the delay in despatch of the circular in relation to the Acquisition (“**VSA Circular**”) and the circular in relation to the Disposal (“**VSD Circular**”) to on or before 30 September 2008. Unless the context otherwise requires, words defined in the Announcement have the same meanings when used in this announcement.

* For identification purposes only

VSA CIRCULAR

The Company will require more time to finalise the VSA Circular because more time is required for collating the information to be contained in the valuation report of the TMDC Sale Patents and the preparation of the accountants' reports on (1) the Target Company (as consolidated with Gold Pioneer); (2) Precise Media (as consolidated with the PRC Subsidiary); (3) Starwick Development (as consolidated with Precise Media and the PRC Subsidiary); and (4) Sheenway in accordance with Rule 14.69(4)(a)(i) of the Listing Rules.

After the July Announcement, the Group has been discussing with TMDC and the Vendors in respect of certain patents held by TMDC but not forming part of the TMDC Sale Patents. To the best knowledge of the Company, after the Company entered into the Acquisition Agreement, TMDC and Sheenway (a company wholly owned by the Target Company) have entered into (1) an exclusive licence agreement dated 4 September 2008 pursuant to which TMDC licensed a patent registered in the PRC for the use of Sheenway and/or Sheenway's nominee(s) from 4 September 2008 to 11 August 2015; and (2) an exclusive licence agreement dated 4 September 2008 pursuant to which TMDC licensed five patents registered in Taiwan for the exclusive use of Sheenway and/or Sheenway's nominee(s) from 4 September 2008 to the respective expiry date of the said patents, being 26 July 2015, 8 February 2014, 9 January 2015, 25 May 2014 and 25 May 2014 respectively. In addition, on 5 September 2008, among others, TMDC and Starwick Development (a company wholly owned by the Target Company) entered into a supplemental agreement to the TMDC Agreement.

As (1) the Acquisition Completion is conditional upon, among other things, the Reorganisation being completed in such manner to the reasonable satisfaction of Sourcestar Profits (including without limitation the TMDC Agreement being completed in accordance with its terms and conditions); and (2) the agreements entered into by TMDC, Sheenway and Starwick Development mentioned above may affect the completion of the Reorganisation and the exclusive licences granted to Sheenway, the Group has been still discussing with the Vendors possible changes to terms of the Acquisition Agreement. Should there be any material change to the terms of the Acquisition Agreement, the Company will issue an announcement pursuant to Rule 14.36 of the Listing Rules. It is also expected that more time is required to finalise the valuation report of the TMDC Sale Patents.

In light of the above, an application has been made with the Stock Exchange for a waiver from strict compliance with Rule 14.38 of the Listing Rules and for a further extension of time to despatch the VSA Circular to on or before 30 November 2008.

VSD CIRCULAR

As the Acquisition and the Disposal are not inter-conditional with each other, the Company will issue the VSD Circular separately. The VSD Circular will be despatched to the Shareholders on or before 30 September 2008.

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

Hong Kong, 26 September 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. Wan Hon Keung.