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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
THE MEMORANDUM OF UNDERSTANDING
IN RELATION TO
THE PROPOSED ACQUISITION OF
55% EQUITY INTEREST IN A PRC COMPANY**

Reference is made to the Company's announcement dated 4 June 2010.

On 6 August 2010, Long Trinity Limited and the Vendors entered into the Termination Agreement to terminate the MOU, pursuant to which the MOU shall be terminated and cease to be effective as from 6 August 2010.

Shareholders and potential investors shall exercise extreme caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 4 June 2010. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the said announcement.

On 1 June 2010, Long Trinity Limited, a wholly owned subsidiary of the Company, and the Vendors entered into the MOU in relation to the Proposed Acquisition of 55% equity interest in 珠海和盛特材股份有限公司 (Zhuhai Hoston Special Materials Co., Ltd.).

* *For identification purposes only*

As no progress has been made in relation to the Proposed Acquisition and no formal agreement has been entered into between Long Trinity Limited and the Vendors, on 6 August 2010, Long Trinity Limited and the Vendors entered into an agreement to terminate the MOU (the “**Termination Agreement**”), pursuant to which the MOU shall be terminated and cease to be effective as from 6 August 2010.

The Board considers that the termination of the MOU has no material adverse impact on the existing business operations of the Group. After the termination of the MOU, the Board is actively seeking other potential investment opportunities.

Shareholders and potential investors shall exercise extreme caution when dealing in the Shares.

By Order of the Board
Karce International Holdings Company Limited
Sun Ying Chung
Chairman

Hong Kong, 6 August 2010

As at the date of this announcement, the Board consists of three executive directors namely Mr. Sun Ying Chung, Mr. Chan Sung Wai and Mr. Wong King Lam, Joseph, two non-executive directors, namely Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey, and three independent non-executive directors namely Mr. Lum Pak Sum, Mr. Law Chun Choi and Mr. Mak Ka Wing, Patrick.