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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)

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors of the Company that due to a series of recent events relating to a company under the Company's profile of available-for-sale investment, the annual results of the Group for the year ended 31 December 2007 may record an impairment loss on available-for-sale investment with the total amount of approximately HK\$51,534,000 and consequently probably a net loss for the year.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the announcement of the Company dated 4 March 2008 in relation to Ascalade's filing of creditor protection under the CCAA with the Court.

Since 4 March 2008, the management of the Group has been reviewing the movement of Ascalade and noted the following from the recent news releases by Ascalade:

- (1) On 3 March 2008 (Canadian time), Ascalade obtained an order from the Court granting Ascalade and its subsidiaries, Ascalade Technologies Inc protection pursuant to the provisions of the CCAA for an initial period of 30 days expiring on 2 April 2008 (Canadian time). On 2 April 2008 (Canadian time), the Court extended period of the CCAA protection from 2 April 2008 (Canadian time) to 4 June 2008 (Canadian time).
- (2) As announced by Ascalade on 11 March 2008 (Canadian time), Ascalade's Chief Technology Officer (also member of the executive team and a director of Ascalade and its subsidiaries) will leave Ascalade on 30 April 2008.

- (3) On 13 March 2008 (Canadian time), ACL filed a scheme arrangement under section 166 of the Companies Ordinance (Chapter 32, Laws of Hong Kong). In addition, Ascalade provided notice to substantially all of its remaining employees in Richmond that their employment will cease on 15 May 2008. The operations of Ascalade's factory in China also began focusing on the orderly wind down of operations and the disposition of its inventory and other assets. Ascalade has ceased taking new orders as of 31 March 2008 (Canadian time).
- (4) On 28 March 2008 (Canadian time), the Court granted an order authorising and approving the sale of Ascalade's property located in Richmond, British Columbia and the sale of the property closed on 31 March 2008.

As per the interim results for the six months ended 30 June 2007, the Group recognized an impairment loss of approximately HK\$16,000,000 in respect to its investment in Ascalade. The carrying value of the Group's investment in Ascalade after such impairment loss was HK\$41,549,000 as at 30 June 2007. The share price of Ascalade has dropped from C\$1.50 as at 14 September 2007 (being the latest practicable date of the 2007 interim results) to C\$0.10 as at 7 April 2008 (Canadian time). It is expected that further impairment loss of HK\$35,534,000, in addition to the HK\$16,000,000 already recognized during the six months ended 30 June 2007 would have been recognized for the year ended 31 December 2007. Due to this impairment loss, it is also expected that the Group's results for the year ended 31 December 2007 is adversely affected. In order to give a fair view on the exact amount of the impairment loss for the year ended 31 December 2007, the Board, with consultation of the Company's auditors, will further disclose the details in the annual results of the Group for the year ended 31 December 2007.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Ascalade”	Ascalade Communications Inc, a company listed in the Toronto Stock Exchange
“ACL”	Ascalade Communications Limited, a subsidiary of Ascalade in Hong Kong
“Board”	the board of Directors
“CCAA”	Companies' Creditors Arrangement Act
“Company”	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Court”	the British Columbia Supreme Court, Canada
“Director(s)”	the director(s) of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder of the Shares

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

Hong Kong, 8 April 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.

** For identification purposes only*