THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other appropriate independent adviser.

If you have sold or transferred all your shares in Karce International Holdings Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

(泰 盛 實 業 集 團 有 限 公 司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

DISCLOSEABLE TRANSACTIONS

(i) THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF JET MASTER AND (ii) THE SUBSCRIPTION OF SHARES OF KFE JAPAN

Financial adviser to the Company

Nuada Limited

Corporate Finance Advisory

17 October 2008

** For identification purpose only*

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DEFINITIONS

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

"Announcement"	the announcement dated 26 September 2008 made by the Company, in relation to, among other things, the Disposal and the KFE Japan Shares Subscription
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
"Company"	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the S&P Agreement in accordance with the terms and conditions of the S&P Agreement
"Completion Date"	30 September 2008, being the date on which the Completion took place
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal by the Vendor of the Sale Shares to the Purchaser pursuant and subject to the S&P Agreement
"Disposal Group"	Jet Master and its wholly-owned subsidiary, namely Dongguan Tai Shan
"Dongguan Tai Shan"	Dongguan Tai Shan Electronics Co., Ltd. (東莞泰山電子有限公司), a company established in the PRC and an indirect wholly owned subsidiary of the Group
"Enlarged Group"	the Group and company(ies) agreed to be acquired as disclosed in the announcement of the Company dated 22 May 2008
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Jet Master"	Jet Master Limited, a wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company
"KFE Japan"	KFE Japan Co., Ltd., a company incorporated in Japan whose shares are listed on the Nagoya Stock Exchange
"KFE Japan Shares Subscription"	the subscription of KFE Japan Subscription Shares by the Vendor as part payment of the consideration pursuant to the S&P Agreement
"KFE Japan Subscription Shares"	shares of KFE Japan subscribed by the Vendor and allotted and issued by KFE Japan to the Vendor in accordance with the terms of the S&P Agreement
"Latest Practicable Date"	15 October 2008, being the latest practicable date for ascertaining certain information included in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 October 2008 or such later date as the parties to the S&P Agreement may agree in writing
"Nagoya Stock Exchange"	Centrex Market of Nagoya Stock Exchange of Japan
"Purchaser" or "KFE H.K."	KFE Hong Kong Co., Limited, a company wholly and beneficially owned by KFE Japan
"PRC"	the People's Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Sale Shares"	100 ordinary shares of US$1.00 par value each in the issued share capital of Jet Master, being the entire issued share capital of Jet Master
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"S&P Agreement"	the conditional sale and purchase agreement dated 12 September 2008 (as supplemented by the supplemental agreement dated 26 September 2008) entered into between the Vendor, the Purchaser and KFE Japan relating to the Disposal and the KFE Japan Shares Subscription

"Share(s)"	ordinary share(s) of HK$0.10 each in issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Term Sheet"	a non-binding term sheet dated 30 July 2008 in relation to a possible disposal
"Vendor" or "China Ample"	China Ample Investments Limited, a company wholly and beneficially owned by the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United State dollars
"JPY"	Japanese yen, the lawful currency of Japan
"%"	per cent.

For illustrative purpose, this circular contains conversion between US$ and HK$ at US$1 = HK$7.78, and between JPY and HK$ at JPY 1 = HK$0.072311 unless defined otherwise. Such conversions should not be taken as a representation that the relevant currency could actually be converted into HK$ at such rates or at all.

KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED
(泰盛實業集團有限公司*)
(Incorporated in Bermuda with limited liability)
(Stock Code: 1159)

Executive Directors:
Mr. Tong Shek Lun
Mr. Chim Kim Lun, Ricky
Mr. Cheng Kwok Hing, Andy

Non-executive Directors:
Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

Independent non-executive Directors:
Mr. Sun Yaoquan
Mr. Goh Gen Cheung
Mr. Wan Hon Keung

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business:
Units 1 and 2, 29th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan, New Territories
Hong Kong

17 October 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS

(i) THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF JET MASTER AND (ii) THE SUBSCRIPTION OF SHARES OF KFE JAPAN

INTRODUCTION

On 30 July 2008, the Company entered into a Term Sheet in relation to the intention of the disposal of the Disposal Group.

* *For identification purposes only*

On 26 September 2006, the Board announced in the Announcement that on 12 September 2008, the Vendor entered into the S&P Agreement with the Purchaser and KFE Japan to finalise the terms and conditions in relation to the Disposal. Pursuant to S&P Agreement, the Vendor has conditionally agreed to dispose of and the Purchaser has conditionally agreed to acquire the Sale Shares for a total consideration of US$3,000,000. In addition, the Vendor has conditionally agreed to subscribe the KFE Japan Subscription Shares as part of the consideration payable by the Purchaser under the S&P Agreement. The total consideration under the S&P Agreement is US$3,000,000 (or equivalent to approximately HK$23,340,000), to be satisfied by cash and the KFE Japan Subscription Shares.

The purpose of this circular is to provide your with further information in relation to the Disposal.

THE S&P AGREEMENT

Date

12 September 2008

Parties

China Ample, as vendor
KFE H.K., as purchaser
KFE Japan, as warrantor of the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, KFE H.K. and KFE Japan and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company. The Group has no prior transactions (other than the S&P Agreement) with KFE H.K., KFE Japan and their respective ultimate beneficial owners which would require to be aggregated with the S&P Agreement pursuant to the Rule 14.22 of the Listing Rule.

Assets to be disposed

The Sale Shares represent the entire issued share capital of the Jet Master. Jet Master is an investment holding company which owns the entire registered capital of Dongguan Tai Shan, a company which carries on the business of manufacture and sale of printed circuit boards.

Consideration

The consideration for the Sale Shares is US$3,000,000 (equivalent to approximately HK$23,340,000), which shall be paid to the Company by the Purchaser in the following manner:

(a) as to US$300,000 (as deposit) in cash paid in a bank account held by the Vendor (or such other subsidiary of the Company as may be nominated by the Vendor) . As at the date of the Announcement, the said deposit has already been paid to the Vendor by the Purchaser;

(b) as to US$2,700,000 in cash paid on the Completion Date in a bank account held by the Vendor (or other subsidiary of the Company as may be nominated by the Vendor) with a licensed bank in Hong Kong or in such other manner as may be agreed between the Vendor and the Purchaser; and

(c) on the next Business Day following the Completion Date (or such later date as the parties may agree), US$1,000,000 (subject to downward adjustment, if any) in cash paid on behalf of the Vendor to a bank account held by the Purchaser and/or the KFE Japan with a licensed bank in Hong Kong (or in such other manner as may be agreed between the Vendor and the Purchaser) for the subscription by the Vendor (or such other party(ies) as may be nominated by the Vendor) for such number of the KFE Japan Subscription Shares (equivalent to the value of US$1,000,000 (or such smaller amount if adjusted downward as mentioned below) as computed based on the formula below), and the Purchaser shall procure KFE Japan to allot and issue such KFE Japan Subscription Shares to the Vendor (or such other party(ies) as may be nominated by the Vendor).

The number of the KFE Japan Subscription Shares as referred to in paragraph (c) above equals to US$1,000,000 (subject to downward adjustment, if any) x (Average exchange rate of JPY to US$ as quoted on Reuters for the 10-Business-Day period immediately before (and excluding) the relevant date of allotment of the KFE Japan Subscription Shares) ÷ (Average closing price (in JPY) per share of KFE Japan as quoted on the Nagoya Stock Exchange for such Business Days falling within the 10-Business-Day period immediately before (and excluding) the date of allotment of the KFE Japan Subscription Shares). Completion of the S&P Agreement has already taken place on 30 September 2008. The Vendor has already received US$3,000,000 in total from the Purchaser and the Vendor has already subscribed for 2,676 KFE Japan Subscription Shares.

The Vendor undertakes not to (or, if the KFE Japan Subscription Shares are issued and allotted to parties as nominated by the Vendor other than the Vendor, the Vendor shall procure such party not to), unless with prior written consent from the Purchaser and/or KFE Japan (which consent shall not be unreasonably withheld or refused), dispose or agree to dispose of the KFE Japan Subscription Shares for a period of two years following the date of allotment and issue of the relevant KFE Japan Subscription Shares ("**Lock-up Period**"), provided that the Lock-up Period shall end immediately in the event that KFE Japan is subject to winding up petition which is not withdrawn within 7 Business Days from when the winding up petition is brought, in the event of which the Purchaser shall, and KFE Japan shall procure the Purchaser to, pay any outstanding Purchase Price under the S&P Agreement forthwith in cash by depositing the same in a bank account held by the Vendor (or such other subsidiary of the Company as may be nominated by the Vendor) with a licensed bank in Hong Kong or in such other manner as may be agreed between the Vendor and the Purchaser.

Pursuant to the S&P Agreement, the Vendor has, among others, warranted to the Purchaser that as at the Completion Date, the non-current asset value of Dongguan Tai Shan, prepared in accordance with Hong Kong Financial Reporting Standards, shall not fall below RMB53,000,000. In the event of there being a shortfall ("**Shortfall**") between the non-current asset value of Dongguan Tai Shan at the Completion Date and RMB53,000,000, the consideration as mentioned above shall be reduced by an amount equal to the Shortfall.

In the event of any dispute as to whether there is any Shortfall, the parties to the S&P Agreement shall jointly appoint an independent firm of certified public accountants in Hong Kong to carry out such appropriate procedure and steps to determine the value of the non-current assets of Dongguan Tai Shan, and the determination of such value by such certified public accountants shall (unless with manifest error) be final and conclusive. The Shortfall (if any) shall be satisfied by way of deducting from the amount of US$1,000,000 payable under the S&P Agreement thereby also reducing the number of KFE Japan Subscription Shares to be subscribed for by the Vendor. On 30 September 2008 when the S&P Agreement proceeded to Completion, the non-current asset value of Dongguan Tai Shan did not fall below RMB53,000,000 and accordingly, no adjustment to the consideration as mentioned above was made.

As at 2 October 2008 when the KFE Japan Subscription Shares were allotted and issued pursuant to the S&P Agreement, the KFE Japan Subscription Shares represents approximately 12.04% of the total issued shares of KFE Japan as enlarged by such number of KFE Japan Subscription Shares allotted and issued.

The consideration was determined after arm's length negotiations and with reference to the capital investment cost saved and operating loss cut in the foreseeable future to the Group. According to the consolidated management account of the Disposal Group, the operating profit after taxation of the Disposal Group recorded approximately HK$1.48 million for the year ended 31 December 2007 and the net asset value of HK$40.26 million was recorded by the Disposal Group as at 31 December 2007. Although the consideration is below the net asset value of the Disposal Group as at 31 December 2007 (with a deficit of around HK$16.92 million), the Directors are of the view that the terms of the Disposal is fair and reasonable and on normal commercial terms, as the Disposal Group's existing assets are no longer adequate to cope with the keen competition in the market. The profit attributable to the Disposal Group may not be maintained unless the Group substantially invests new equipment, which will bring great financial pressure on to the Group in view of the increasing operating costs in the PRC. As such, the Directors decide to make the best out of the Group's existing investment in the Disposal Group by selling it to the Purchaser.

On 26 September 2008, the Vendor, the Purchaser and KFE Japan entered into the supplemental agreement to the S&P Agreement dated 12 September 2008, pursuant to which, the Company shall not subscribe more than 19% equity interest in KFE Japan. For the avoidance of doubt, excess of the subscription proceeds shall be paid to the Vendor if the above subscription shall exceed 19% of the total issued shares of KFE Japan. As disclosed above, as at 2 October 2008 when the KFE Japan Subscription Shares were allotted and issued pursuant to the S&P Agreement, such KFE Japan Subscription Shares represented about 12.04% of the total issued shares of KFE Japan, as enlarged by such KFE Japan Subscription Shares allotted and issued.

Conditions Precedent:

Completion of the S&P Agreement is subject to the following conditions being fulfilled (or waived by the Purchaser on or before the Long Stop Date):

(a) receipt by the Vendor of a Japan legal opinion (in such form and substance to its reasonable satisfaction) from the Purchaser covering, among others, the following major issues:

  (i) KFE Japan having been duly established and validly subsisting;

  (ii) the Vendor (or such other parties as may be nominated by the Company) not being prohibited or unduly restricted under the laws, regulations and/or rules of Japan and/or Nagoya Stock Exchange from subscribing, holding or dealing in the KFE Japan Subscription Shares;

  (iii) (if required) all necessary approval, authorisation, consent, registration and filings required having been obtained and effected by KFE Japan (where applicable) in relation to the S&P Agreement, and the transactions contemplated hereunder and thereunder, including KFE Japan's allotment and issue of the KFE Japan Subscription Shares; and

  (iv) such other aspects of Japan law as the Vendor may reasonably consider appropriate or relevant to the transactions contemplated by the S&P Agreement;

(b) the Purchaser being reasonably satisfied with the results of the due diligence results on the Disposal Group;

(c) the Purchaser being reasonably satisfied with the performance of the pre-completion undertakings given by the Vendor under the S&P Agreement;

(d) (where applicable) the Company complying with (or, as the case may be, obtaining waiver from) any requirement under the Listing Rules as may be applicable in connection with the S&P Agreement and the transactions contemplated hereby;

(e) (where applicable) KFE Japan complying (or, as the case may be, obtaining waiver from) any requirement under the applicable laws and rules to which KFE Japan is subject in connection with the S&P Agreement and the transactions contemplated thereby;

(f) the Vendor being reasonably satisfied with the due diligence results on KFE Group; and

(g) none of the warranties and representations of the Purchaser, KFE Japan and of the Vendor contained in the S&P Agreement having been breached in any material respect (or, if capable of being remedied, not having been remedied) or being misleading or untrue in any material respect.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions precedent (b), (c), (f) and (g) above (regarding breach on the part of the Vendor) above (to the extent it is capable of waiving) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser.

The Vendor may at its absolute discretion at any time waive in writing any of the conditions precedent (a), (f) and (g) above (regarding breach on the part of the Purchaser and/or KFE Japan) above (to the extent it is capable of waiving) and such waiver may be made subject to such terms and conditions as are determined by the Vendor.

If the conditions precedent are not fulfilled (or, as the case may be, waived) on or before the Long Stop Date, the S&P Agreement shall lapse and no party to the S&P Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the S&P Agreement. As at the Latest Practicable Date, all of the above conditions precedent have been fulfilled and Completion has taken place on 30 September 2008.

INFORMATION ON KFE JAPAN

KFE Japan is listed on Nagoya Stock Exchange of Japan, and is principally engaged in development, trading and manufacture of electronic products in Japan. As informed by KFE Japan, it has establishment in Japan, Hong Kong, Vietnam, Thailand and Shenzhen, the PRC. According to the financial results provided by KFE Japan, for the two financial years ended 31 March 2007 and 2008, KFE Japan recorded total assets value of approximately JPY 4,566.7 million (equivalent to approximately HK$330.2 million) and approximately JPY 4,343.8 million (equivalent to approximately HK$314.1 million) respectively, profit before taxation of approximately JPY 240.7 million (equivalent to approximately HK$17.4 million) and approximately JPY 73.0 million (equivalent to approximately HK$5.3 million) respectively and profit after taxation of approximately JPY 205.9 million (equivalent to approximately HK$14.9 million) and approximately JPY 27.9 million (equivalent to approximately HK$2.0 million) respectively.

REASONS FOR THE DISPOSAL AND KFE JAPAN SHARES SUBSCRIPTION

The Group is principally engaged in the manufacture and marketing of electronic products (mainly electronic calculators and organizers), conductive silicon rubber keypads and printed circuit boards. As stated in the annual report 2007 of the Company, the revenue derived from printed circuit boards business decreased from approximately 22% of the total revenue of the Group in year 2004 to approximately 14% of the total revenue of the Group in year 2007. For the six months ended 30 June 2008, the revenue derived from printed circuit boards business had further decreased to approximately 11% of the total revenue of the Group.

Based on the latest audited financial statement of the Company for the year ended 31 December 2007, the turnover of printed circuit boards business segment decreased from approximately HK$127,995,000 in year 2006 to approximately HK$98,922,000 in year 2007, representing approximately 13.4% of the turnover of the Group. As a result, operating losses for the printed circuit boards segment recorded HK$13,421,000 for the financial year ended 31 December 2007 (excluding the change in fair value of derivative financial instrument and the management fee paid to the Company). For the six months ended 30 June 2008, turnover derived from printed circuit boards segment reported approximately HK$42,196,000 with a decrease as compared with prior year of approximately HK$45,826,000, representing approximately 11.2 % of the turnover of the Group. The decrease in turnover was mainly due to the decreasing orders from both existing and new customers.

The Disposal Group is principally engaged in manufacture and sales of printed circuit boards and is a manufacturing arms of the Group for printed circuit boards business. The printed circuit boards business segment comprises of (i) manufacture and sales; and (ii) trading department. As one of the components of printed circuit boards segment business within the Group, the Disposal Group recorded a net profit before and after taxation of approximately HK$864,356 and HK$521,563 respectively for the year ended 31 December 2006 and of approximately HK$1.81 million and HK$1.48 million respectively for the year ended 31 December 2007 according to the management account of the Disposal Group. Upon Completion, the trading department as well as the sale teams will remain in the Group for inter-company sale activities.

The Company has been selling printed circuit boards to KFE Japan which is principally engaged in development, trading and manufacture of electronic products in Japan. In view of the long-term business relationship between the Company and KFE Japan, the corporate profile and business development of KFE Japan, the Board is optimistic about the future prospects of KFE Japan and considers the KFE Japan Shares Subscription represents an opportunity to explore other possible investment to diversify the Group's revenue streams in order to enhance shareholder's returns and the investment value of the Group.

Taking into account the decrease in turnover and the segment results of the Disposal Group attributable to the Group in recent year, the Directors are of the view that the Disposal provides the Company with an opportunity to realize the loss-making business for immediate cash inflow for financing its existing business operations and general working capital of the Group.

Following the Completion, the Group has become a shareholder of KFE Japan by subscribing for the KFE Japan Subscription Shares, which is listed on Nagoya Stock Exchange. KFE Japan's share price performs relatively stable and the Directors believe the KFE Japan Shares Subscription would be a better investment than running the Disposal Group. The Disposal and the KFE Japan Shares Subscription will not result in changing the composition of the Board upon Completion.

In view of the above factors, the Directors are of the view that the Disposal and the KFE Japan Shares Subscription are in the interests of the Company and its Shareholders as a whole and that the terms of the S&P Agreement are fair and reasonable and on normal commercial terms.

FINANCIAL EFFECTS OF THE DISPOSAL AND THE KFE JAPAN SHARES SUBSCRIPTION

Following the Completion of the Disposal, the Group has received the consideration of US$3,000,000 and would recognize a loss on disposal of approximately HK$75.2 million (calculated as sale proceeds of approximately HK$23.34 million less investment cost of the Disposal Group of approximately HK$98.52 million), mainly consisting of the past-year operating loss of the Disposal Group. The Company currently intends to apply all the sale proceeds received from the Disposal for financing its existing business operations and general working capital of the Group.

Upon Completion, each of Jet Master and Dongguan Tai Shan has ceased to be a subsidiary of the Company. The Group will cease to consolidate the financial results of the Disposal Group into the financial results of the Group. The value of KFE Japan Subscription Shares will be accounted for available-for-sale investment under the non-current asset item of the Group.

Upon Completion and following the KFE Japan Shares Subscription, the consolidated total assets, liabilities and earnings of the Group would decrease by approximately HK$83.2 million, approximately HK$8.0 million and approximately HK$75.2 million (being the loss on disposal) respectively.

LISTING RULES REQUIREMENTS

Given that the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Disposal under the S&P Agreement are less than 25% but greater than 5%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules which is subject to the reporting, publication of announcement and circular requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

In addition, the relevant percentage ratios under Rule 14.07 of the Listing Rules for the KFE Japan Shares Subscription as part of the consideration payable under the S&P Agreement are less than 25% but greater than 5%, the KFE Japan Shares Subscription also constitutes a discloseable transaction of the Company under the Listing Rules which is subject to the reporting, publication of announcement and circular requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Since the aggregate consideration under the S&P Agreement involves both an acquisition and a disposal and the transaction is classified by reference to the larger of the acquisition or the disposal in accordance with Rule 14.24 of the Listing Rules, the Disposal and the KFE Japan Shares Subscription constitute discloseable transactions for the Company under Rule 14.06(2) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS

(a) Directors' and chief executive's interests in the securities of the Company and its associated corporation

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and short positions in which they were deemed or taken to have under such provisions of the SFO) to be notified to the Company and the Stock Exchange, or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Directors' interests in service contracts

As at the Latest Practicable Date, none of the Directors nor proposed Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Company or the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

3. DISCLOSURE OF INTERESTS BY PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Interests in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate shareholding percentage
Golden Mount Limited *(Note 1)*	Beneficial owner	151,180,000	23.17%
Perfect Treasure Investment Limited *(Note 2)*	Beneficial owner	87,800,000 *(Note 3)*	13.45% *(Note 3)*

Notes:

1. Golden Mount Limited 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. As the entire issued share capital of Golden Mount Limited is held by Mr. Chim Pui Chung, Mr. Chim Pui Chung is deemed to be interested in the Shares in which Golden Mount Limited is interested by virtue of the SFO.

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.

3. 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 13.85% of the total Shares) as at the Latest Practicable Date.

(b) Interests in the underlying Shares

Name of Shareholder	Capacity	Number of Shares	Approximate shareholding percentage
China Eagle Development Limited *(Note 1)*	Beneficial owner	6,712,500,000	1,028.96% *(Note 2)*
Fairtime International Limited *(Note 3)*	Beneficial owner	787,500,000	120.72%

Notes:

1. As at the Latest Practicable Date, China Eagle Development Limited was owned as to 51% by Pacific Zone Enterprises Limited and as to 49% by Goldsino Development Limited. Pacific Zone Enterprises Limited and Goldsino Development Limited were wholly-owned by Lam Suk Fong and Hsu Ming Shan respectively. Lam Suk Fong and Hsu Ming Shan are deemed to be interested in the underlying Shares in which China Eagle Development Limited is interested by virtue of the SFO.

2. The approximate shareholding percentage disclosed in the corporate substantial shareholder notice of China Eagle Development Limited filed on 5 May 2008 is 999.99%, which to the best knowledge and belief of the Directors, should be 1,028.92% instead (based on the total issued Shares of 652,356,000 as at the Latest Practicable Date).

3. As at the Latest Practicable Date, Fairtime International Limited was wholly-owned by Chan Shun Yuen, a proposed Director, Chan Shun Yuen is deemed to be interested in the underlying Shares in which Fairtime International Limited is interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date and so far as is known to the Directors or chief executive of the Company, no other person (not being a Director or chief executive of the Company) had an interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date and save and except that Chan Shun Yuen, a proposed Director, is deemed to be interested in the underlying Shares in which Fairtime International Limited is interested as disclosed in paragraph 3(b) above, none of the Directors or proposed Director held any directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had an interest in a business apart from the Company's business which competes, or is likely to compete, either directly or indirectly, with the Company's business.

6. MISCELLANEOUS

(i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(ii) The head office and principal place of business of the Company in Hong Kong is at Units 1 and 2, 29th Floor Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

(iii) The company secretary as well as the qualified accountant of the Company is Mr. Kwong Ping Man who holds a bachelor's degree in Commerce Accounting from Curtin University of Technology in Australia and a master degree in Professional Accountancy from the Hong Kong Polytechnic University. He is a Certified Public Accountant of the Australia Society of Certified Practising Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

(iv) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Read East, Wanchai, Hong Kong.

(v) In the event of inconsistence, the English text of this circular shall prevail over the Chinese text.