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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

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

Reference is made to the July Announcement regarding, among other things, the lapse of the Formal Agreement in connection with the sale of the Disposal Target. Up to the date of this announcement, the Company and Good Choice Development Ltd. are still in negotiation on the Purchaser's request for return or retention of the Deposit, which was stated under the Formal Agreement to be non-refundable. In view of the uncertain outcome of such negotiation, the possible legal proceedings which may or may not follow and for prudence sake, it is expected that the Company would make, in the unaudited consolidated financial results of the Group for HY2011, an impairment loss, which would be equivalent to the partial or full amount of the Deposit received from the Purchaser pursuant to the Formal Agreement. The impairment loss, if made, is expected to have a material negative impact on the 2011 Interim Results. After taking into account the Impairment Loss (on the assumption that it will be made), the unaudited loss of the Company for HY2011 may increase substantially as compared with that for the six months ended 30 June 2010 and that for FY2010.

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

* For identification purposes only

This announcement is made by Karce International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

Reference is also made to the Company’s announcement (“**July Announcement**”) dated 7 July 2011 regarding, among other things, the lapse of the Formal Agreement in connection with the sale of the Disposal Target. Capitalized terms used in this announcement shall, unless the context otherwise requires, have the same meaning as those defined in the July Announcement.

Subsequent to the July Announcement, the Company and Good Choice Development Ltd. have been in negotiation on the Purchaser’s request for return or retention of the Deposit, which was stated to be non-refundable under the Formal Agreement. In view of the uncertain outcome of such negotiation, the possible legal proceedings which may or may not follow and for prudence sake, it is expected that the Company would make, in the unaudited management accounts of the Group (“**2011 Interim Results**”) for the six months ended 30 June 2011 (“**HY2011**”), an impairment loss of intangible assets (“**Impairment Loss**”), which would be equivalent to the partial or full amount of the Deposit received from the Purchaser pursuant to the Formal Agreement. The Impairment Loss, if made, is expected to have a material negative impact on the 2011 Interim Results. After taking into account the Impairment Loss (on the assumption that it will be made), the unaudited loss and total liability of the Group for HY2011 may increase substantially as compared to that for the six months ended 30 June 2010 and that for the year ended 31 December 2010 (“**FY2010**”).

This announcement is made based on the preliminary assessment by the Company in accordance with the draft unaudited management accounts of the Group for HY2011. The unaudited consolidated financial results of the Group for HY2011 have not been finalised and are subject to review by the audit committee of the Company. The results announcement of the Company for HY2011 is scheduled to be released on 29 August 2011.

The Company will, where necessary, make further announcement in relation to the return or retention of the Deposit in accordance with the Listing Rules.

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

By order of the board of directors of
Karce International Holdings Company Limited
Sun Ying Chung
Chairman

Hong Kong, 17 August 2011

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