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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)

**PROPOSED PLACING OF EXISTING SHARES AND  
SUBSCRIPTION FOR NEW SHARES  
UNDER EXISTING ISSUE MANDATE**

**RESUMPTION OF TRADING**

**Placing Agent**



**Guotai Junan Securities (Hong Kong) Limited**

**BEST EFFORT PLACING AND SUBSCRIPTION**

On 6 February 2008, Golden Mount entered into the Best Effort Placing Agreement with the Company and the Placing Agent, and Golden Mount and the Company entered into the Subscription Agreement on the principal terms and conditions as summarized below for the purpose of securing financial resources for the Company's ongoing operation and future business expansion.

The terms of the Best Effort Placing Agreement and the Subscription Agreement have been arrived at after arm's length negotiations between the parties. The Directors consider those terms to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Subscription Shares under the Subscription Agreement will be allotted and issued pursuant to the Existing Issue Mandate granted to the Directors at the 2006 AGM. Assuming that the Subscription Agreement has been completed whereby all the Subscription Shares will have been issued, the maximum net proceeds from the Subscription will be approximately HK\$31 million.

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 6 February 2008 pending the release of an announcement in relation to, inter alia, price-sensitive information of termination of the very substantial acquisition as mentioned in the Company's announcement dated 6 February 2008 and has remained suspended from 9:30 a.m. on 11 February 2008 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 12 February 2008.

\* For identification purposes only

On 6 February 2008, Golden Mount entered into the Best Effort Placing Agreement with the Company and the Placing Agent, and Golden Mount and the Company entered into the Subscription Agreement.

## THE BEST EFFORT PLACING AGREEMENT

The principal terms of the Best Effort Placing Agreement are summarised below:

**Date** : 6 February 2008

**Parties** : The Company, Golden Mount and the Placing Agent.

As at the date of this announcement, Golden Mount is a substantial shareholder of the Company, which owns 151,180,000 Shares, representing approximately 27.8% of the existing issued share capital of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are independent of and not connected persons of the Company.

**Placees** : It is expected that the Best Effort Placing Shares will be placed to not less than six placees. The choice of placees will be solely determined by the Placing Agent (which are expected to be professional, institutional or private investor(s) and none of them will become substantial Shareholder immediately after the Best Effort Placing), subject to the requirements of the Listing Rules.

The Placing Agent has undertaken to use its reasonable endeavours to ensure that each placee and (where a corporation) their ultimate beneficial owner will be third parties independent of the Company and its subsidiaries and is/are not connected person(s) of the Company and its subsidiaries.

**Number of Best Effort Placing Shares** : A maximum of 108,000,000 existing Shares currently beneficially owned by Golden Mount, which will be placed by the Placing Agent on a best effort basis.

The Best Effort Placing Shares represent approximately 19.9% of the Company's existing issued share capital as at the date of this announcement and approximately 16.6% of its existing issued share capital as enlarged by the Subscription Shares.

**Placing price** : HK\$0.3 per Best Effort Placing Share, which was agreed after arm's length negotiations between the Company and the Placing Agent, represents:

- (i) a discount of approximately 13.0% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.3% to the average closing price of approximately HK\$0.350 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 16.9% to the average closing price of approximately HK\$0.361 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 60.3% to the unaudited consolidated net assets value per Share of approximately HK\$0.756 as at 30 June 2007.

- Rights attached to the Best Effort Placing Shares** : The Best Effort Placing Shares will rank equally with the existing Shares.
- Placing commission** : A placing commission of 3% of the aggregate placing price of the Best Effort Placing Shares placed by the Placing Agent and all such costs and fees as the Placing Agent may properly and reasonably incur in connection with the Best Effort Placing.
- Completion of the Best Effort Placing** : Completion of the Best Effort Placing is expected to take place on 18 February 2008 (or such other date as the parties to the Best Effort Placing Agreement may agree in writing).

## THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarised below:

- Date** : 6 February 2008
- Parties** : Golden Mount and the Company
- Number of Subscription Shares** : The Company will issue to Golden Mount such number of new Shares as is equal to the number of Best Effort Placing Shares actually sold pursuant to the Best Effort Placing up to a maximum of 108,000,000 new Shares with a maximum aggregate nominal value of HK\$10,800,000.
- Subscription Price** : HK\$0.3 per Subscription Share, which is the same as the placing price per Best Effort Placing Share under the Best Effort Placing.
- Subject to the Subscription being completed, the Company will bear the costs and expenses in connection with the Best Effort Placing and the Subscription which are estimated to be approximately HK\$1.4 million. The net price per Subscription Share to the Company is approximately HK\$0.287.
- General mandate** : The Subscription Shares will be allotted and issued under the Existing Issue Mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to the resolution passed by the Shareholders at the 2006 AGM.
- As at the date of the 2006 AGM, the total number of issued Shares was 544,356,000. The Existing Issue Mandate has not been utilized since it was granted. Accordingly, the maximum number of new Shares which can be issued pursuant to the Existing Issue Mandate is 108,871,200 (representing 20% of the issued share capital of the Company as at the date of the 2006 AGM).
- Ranking of the Subscription Shares** : The Subscription Shares, when issued and fully paid, will rank pari passu in all respect with the existing Shares in issue on the date of allotment including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

- Conditions to the Subscription** : (i) the Listing Committee granting the listing of, and permission to deal in, the Best Effort Placing Shares placed under the Best Effort Placing Agreement; and
- (ii) completion of the Best Effort Placing.

There is no provision for waiver of the above conditions in the Subscription Agreement.

- Listing** : An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

- Completion of the Subscription** : Completion of the Subscription is expected to take place on the business day next following the fulfillment of all of the conditions set out above and in any event shall not be later than 20 February 2008.

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Best Effort Placing Agreement, that is, on or before 20 February 2008. In the event that the conditions to the Subscription Agreement are not fulfilled by 20 February 2008, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

## EFFECTS OF THE BEST EFFORT PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the Best Effort Placing; and (iii) upon completion of the Best Effort Placing and the Subscription assuming there is no other change to the shareholding structure after the date of this announcement except for the issue of the Best Effort Placing Shares and the Subscription Shares and that a maximum of 108,000,000 Best Effort Placing Shares are successfully placed by the Placing Agent under the Best Effort Placing Agreement:

	As at the date of this announcement		Upon completion of the Best Effort Placing		Upon completion of the Best Effort Placing and Subscription	
	Shares	%	Shares	%	Shares	%
Golden Mount ( <i>Note 1</i> )	151,180,000	27.8%	43,180,000	7.9%	151,180,000	23.2%
Perfect Treasure Investment Limited ( <i>Note 2</i> )	88,100,000	16.2%	88,100,000	16.2%	88,100,000	13.5%
Public						
Places	—	0.0%	108,000,000	19.9%	108,000,000	16.6%
Other public Shareholders	305,076,000	56.0%	305,076,000	56.0%	305,076,000	46.7%
	<b>544,356,000</b>	<b>100.0%</b>	<b>544,356,000</b>	<b>100.0%</b>	<b>652,356,000</b>	<b>100.0%</b>

*Note:*

1. Golden Mount 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, a Director.
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.

## **REASONS FOR AND BENEFITS OF THE BEST EFFORT PLACING AGREEMENT AND SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider that the Best Effort Placing Agreement and the Subscription Agreement represent an opportunity for the Group to broaden the shareholder base and strengthen its capital base and financial position for its future business developments.

Assuming that the Best Effort Placing Agreement and the Subscription Agreement have been completed and 108,000,000 Best Effort Placing Shares have been placed by the Placing Agent pursuant to the Best Effort Placing Agreement, the gross and net proceeds (net of any expenses, which are estimated to be approximately HK\$1.4 million, to be borne by the Company) from the Subscription will be approximately HK\$32.4 million and approximately HK\$31 million respectively. The net proceeds from the Subscription will be used by the Group for its ongoing operation and future business expansion.

The Directors (including the independent non-executive Directors) consider that the terms of the Best Effort Placing Agreement (including the placing price of the Best Effort Placing Shares and the placing commissions payable to the Placing Agent under the Best Effort Placing Agreement) and the Subscription Agreement (including the Subscription Price), which were arrived at after arm's length negotiations between the parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A conditional placing agreement was entered into on 28 September 2007 between the Company and the Placing Agent in respect of the placing of 455,000,000 new Shares (but which was not proceeded as stated in the announcement issued by the Company dated 6 February 2008). Further, the Group has not raised any funds by issue of equity securities or convertible notes of the Company in the twelve months immediately preceding the date of this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 6 February 2008 pending the release of an announcement in relation to, inter alia, price-sensitive information of termination of the very substantial acquisition as mentioned in the Company's announcement dated 6 February 2008 and has remained suspended from 9:30 a.m. on 11 February 2008 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 12 February 2008.

*Shareholders are advised to exercise caution in dealing in the Shares.*

## DEFINITIONS

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

“2006 AGM”	the annual general meeting of the Company held on 29 May 2007
“Best Effort Placing”	the placing of the Best Effort Placing Shares through the Placing Agent pursuant to the Best Effort Placing Agreement
“Best Effort Placing Agreement”	the conditional placing agreement dated 6 February 2008 entered into between the Company, Golden Mount and the Placing Agent in respect of the placing of the Best Effort Placing Shares on a best effort basis
“Best Effort Placing Shares”	up to 108,000,000 existing Shares beneficially owned by Golden Mount and to be placed under the Best Effort Placing Agreement
“Board”	the board of Directors
“Company”	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Existing Issue Mandate”	the general mandate granted to the Directors at the 2006 AGM to allot, issue and otherwise deal in up to 108,871,200 Shares
“Golden Mount”	Golden Mount Limited, a company incorporated in British Virgin Islands with limited liability
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	5 February 2008, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinances (Chapter 571 of the laws of Hong Kong)
“PRC”	the People’s Republic of china which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary Share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Subscription”	the subscription of the Subscription Shares by Golden Mount pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 6 February 2008 entered into between the Company and Golden Mount in relation to the Subscription
“Subscription Price”	HK\$0.3 per Subscription Share
“Subscription Shares”	up to 108,000,000 Share, which is equivalent to the aggregate number of Best Effort Placing Shares actually placed to the places under the Best Effort Placing pursuant to the Best Effort Placing Agreement, to be subscribed by Golden Mount pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 11 February 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.*