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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)

### **DISCLOSURE PURSUANT TO RULE 13.14 OF THE LISTING RULES**

In accordance with the requirements under rule 13.14 of the Listing Rules, the Directors announce the aggregate amount of advances to and guarantees given to banks for loans granted to an associate of the Group, Ascalade Group as at the Latest Practicable Date. Such advances and guarantees provided by the Group exceed 3% of one or more of the Percentage Ratios since 22nd September, 2003, being the last reporting date pursuant to rule 13.20 of the Listing Rules. Pursuant to rule 13.14 of the Listing Rules, the Company discloses the advances and guarantees subsequent to the announcement of the Company dated 6th August, 2003 and the Company's interim report for the six months ended 30th June, 2003 in relation to the aggregate advances and guarantees given by the Group to Ascalade Group as at 31st July, 2003.

Under rule 13.14 of the Listing Rules, a general disclosure obligation will arise where the relevant advance to an entity increases from that previously disclosed under rule 13.13 of the Listing Rules and any of the Percentage Ratios for the amount of the increase since the previous disclosure is 3% or more. As at the Latest Practicable Date, a summary of aggregate financial assistance given by the Group to Ascalade Group is as follows:

		Approximate amount
(1) Outstanding balance of the Loan	:	HK\$32,448,000
(2) Advances	:	HK\$52,611,000
(3) Corporate Guarantee	:	HK\$184,800,000 (note)

*Note:* The Corporate Guarantee represents facilities (mainly in the form of general trade facilities and finance lease facilities) which may be utilised collectively by the Group and Ascalade Group with a limit of approximately HK\$184,800,000. As at the Latest Practicable Date, approximately HK\$56,693,000 of the facilities has been utilised by Ascalade Group.

The Loan of an aggregate amount of US\$5,000,000 (equivalent to approximately HK\$39,000,000 based on the exchange rate of US\$1.00 = HK\$7.8) was granted by the Group to Ascalade Group pursuant to a loan agreement dated 14th August, 2002.

Under the loan agreement, the Loan is unsecured, bears interest at the London Interbank Offer Rate and is repayable by monthly instalments of US\$280,000 (equivalent to approximately HK\$2,184,000 based on the exchange rate of US\$1.00 = HK\$7.8) upon first written demand by the Group. Though no written demand has been made by the Group, Ascalade Group has repaid approximately US\$840,000 (equivalent to approximately HK\$6,552,000 based on the exchange rate of US\$1.00 = HK\$7.8) as at the date of this announcement.

The Advances were granted by the Group to Ascalade Group for its general working capital purpose and are unsecured and bear interest at prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited at the end of each month and has no fixed terms of repayment. The Directors confirmed that the terms of the Advances are made on normal commercial terms which are not less favorable to the Group than terms available to or from independent third parties.

The Corporate Guarantee represents bank facilities obtained upon normal commercial terms and at interest rate prevailing in the lending market. In consideration of the Corporate Guarantee granted by the Group, Ascalade Communications Holdings Limited will provide a counter corporate guarantee to the Group with no maximum liability stipulated .

The Loan and Advances to Ascalade Group were funded by internal resources and by bank borrowings of the Group for its general working capital purposes. As at the Latest Practicable Date, the aggregate of the Loan and Advances to Ascalade Group together with the facilities utilised by Ascalade Group under the Corporate Guarantee amounted to approximately HK\$141,752,000, representing an increase of more than 3% of one or more of the Percentage Ratios since 22nd September, 2003, being the date of the Company's interim report for the six months ended 30th June, 2003 and the last reporting date pursuant to rule 13.20 of the Listing Rules subsequent to the announcement of the Company dated 6th August, 2003. Taking into account of the facilities which may be utilised by Ascalade Group under the Corporate Guarantee, the total estimated loans, advances and facilities under the Corporate Guarantee to Ascalade Group may be increased to approximately HK\$269,859,000 upon full utilization of the Corporate Guarantee.

Ascalade Group is principally engaged in the design, manufacture and distribution of cordless phones and other telecommunications products for markets in Hong Kong, Europe and North America. The Loan, Advances and Corporate Guarantee were granted by the Group to Ascalade Group to facilitate its general working capital and to cope with its expansion in the telecommunication business.

Disclosure will be included in the interim and annual reports of the Company according to rule 13.20 of the Listing Rules for so long as the obligation continues to exist.

As at the date of this announcement, the board of Directors consists of four executive Directors, Mr. Tong Shek Lun, Mr. Li Ka Fai, Fred, Ms. Ko Lai King, Kinny and Ms. Chung Wai Yu, Regina, 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. Tsao Kwang Yung, Peter and Mr. Goh Gen Cheung.

Save as disclosed above, the Directors are not aware of any matter which is discloseable under the general disclosure obligations imposed by Rules 13.12 to 13.19 of the Listing Rules as at the date of this announcement.

Definitions:

“Advances”	advances granted by the Group to Ascalade Group for, inter alia, Ascalade Group’s general working capital purpose
“Ascalade Group”	Ascalade Communications Holdings Limited, an associated company of the Company which is indirectly owned as to 49% by the Company, and/or its subsidiaries
“Company”	Karce International Holdings Company Limited
“Directors”	directors of the Company
“Corporate Guarantee”	facilities which may be utilised collectively by the Group and Ascalade Group
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	31st March, 2004
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan granted by the Group to Ascalade Group pursuant to a loan agreement dated 14th August, 2002
“Percentage Ratios”	the “percentage ratios” as set out in rule 14.04(9) of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the board of  
**Karce International Holdings Company Limited**  
**Tong Shek Lun**  
*Chairman*

Hong Kong, 8th April, 2004

\* *for identification only*

“Please also refer to the published version of this announcement in The Standard”