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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 CHANGE OF AUDITOR

The Board announces that Deloitte decided to resign as the auditor of the Group with effect from 22 February 2013. The Board proposes to appoint BDO as the new auditor of the Group to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval by the Shareholders at the SGM.

The board (the “**Board**”) of directors (the “**Directors**”) of Karce International Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that the Company received the resignation letter from Deloitte Touche Tomatsu (“**Deloitte**”) on 26 February 2013. After taking into account of many factors including the professional risk associated with the audit, the level of audit fees and its available internal resources in light of current work flows, Deloitte decided to resign as the auditor of the Group with effect from 22 February 2013 for the financial year ended 31 December 2012.

The Board was informed by Deloitte that the resignation was made after careful consideration and the Board’s attention was drawn to the disclaimer of opinion issued in relation to the limitation of its work, details of which are set out in the Independent Auditor’s Report dated 28 March 2012 on the consolidated financial statements of the Company for the year ended 31 December 2011 as incorporated in the Company’s 2011 annual report.

* *For identification purposes only*

Deloitte has confirmed that there were no circumstances connected with its resignation which it considered should be brought to the attention of the shareholders of the Company (the “**Shareholders**”). Both the Board and the audit committee of the Company have confirmed that there was no disagreement between the Company and Deloitte and there are no circumstances in respect of the resignation of Deloitte that needs to be brought to the attention of the Shareholders.

The Board proposes to appoint BDO Limited (“**BDO**”) as the new auditor of the Group to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company (the “**Change of Auditor**”). Pursuant to the bye-laws of the Company, such appointment has to be approved by the Shareholders by way of an ordinary resolution at the special general meeting of the Company (the “**SGM**”). The Change of Auditor shall come into effect upon the passing of such ordinary resolution by Shareholders at the SGM.

The Board would like to take this opportunity to thank Deloitte for their professional services and support to the Company in the past years.

A circular containing, among other things, details of the Change of Auditor together with the notice of the SGM will be despatched to Shareholders as soon as practicable.

By Order of the Board
Karce International Holdings Company Limited
Sun Ying Chung
Chairman

Hong Kong, 26 February 2013

As at the date of this announcement, the board of Directors consists of two Executive Directors, Mr. Sun Ying Chung and Mr. Chan Sung Wai; 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. Mak Ka Wing, Patrick and Mr. Shum Kai Wing.