



Karrie International Holdings Limited

嘉利國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1050)

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and investors that the consolidated first quarterly results of the Group for the three months ended 30 June 2007 will be significantly worse than general market expectation.

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

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of Karrie International Holdings Limited (the “**Company**”) wishes to announce that the consolidated first quarterly results of the Company and its subsidiaries (together the “**Group**”) for the three months ended 30 June 2007, scheduled to be announced around mid September 2007, will be significantly worse than general market expectation.

BUSINESS REVIEW

The total turnover of the Group for the three months ended 30 June 2007 is expected to decrease over the corresponding period in the last financial year owing to the pricing pressure from one of the Group’s major customers and delay in the launching of some new projects. The amount of consolidated net profit after tax of the Group for the three months ended 30 June 2007 is expected to be substantially lower than that for the corresponding period in the last financial year. This is attributed to the appreciation of Renminbi and the increased labour cost. The implementation of minimum wage requirement in the People’s Republic of China (the “**PRC**”) since the end of 2006 has resulted in an increase in the labour cost by more than 20%. The production cost has also increased dramatically as Renminbi has appreciated for more than 5% since the corresponding period in the last financial year.

PROSPECTS

The Group will take proactive action to seek for more business opportunities so as to drive for top line growth and to streamline its operation and fasten the automation process for lower cost platforms so as to improve the margins. Furthermore, all operating expenses will be subjected to a zero based review to identify opportunities for increased efficiency.

As stated in the annual report of the Company for the year ended 31 March 2007, the Group will continue its investment in the Phase II of Yu Quan Plant so as to expand the production capacity and set up manufacturing facilities in the eastern PRC to serve the needs of customers based in the region so as to give support for its long term growth strategy. However, in the short term, this will entail an increase in the Group’s operating expenses.

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

As at the date of this announcement, the executive Directors are Mr. Ho Cheuk Fai, Mr. Kwok Wing Kin Francis, Mr. Lee Shu Ki, Mr. Wong Shun Pang; the non-executive Director is Mr. Ho Cheuk Ming and the independent non-executive Directors are Mr. So Wai Chun, Mr. Chan Sui Sum Raymond and Mr. Fong Hoi Shing.

By Order of the Board
Lee Shu Ki
Director

Hong Kong, 27 August 2007

* *For identification only*

“Please also refer to the published version of this announcement in China Daily”