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Karrie International Holdings Limited

嘉利國際控股有限公司*

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

Unaudited Result for the First Quarter of the Financial Year 2003/2004

The Board announces the unaudited result of the Group for the three months ended 30 June 2003.

With immediate effect, to increase the transparency of the Group, the Board has decided to publish the Group's operating results on a quarterly basis. Please also refer to our previous announcement dated 22 April 2003 regarding publishing turnover figure of the Group.

Shareholders and Investors of the Company are strongly advised to exercise caution in dealing in the shares of the Company.

The board (the "Board") of directors (the "Directors") of Karrie International Holdings Limited (the "Company") announces the unaudited result of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2003.

The unaudited turnover of the Group for the three months ended 30 June 2003 is approximately HK\$452,582,000 (the unaudited turnover of the Group for the three months ended 30 June 2002 was approximately HK\$379,078,000). The unaudited consolidated profits and loss account of the Group are listed below:

	(Unaudited)	
	For the three months	
	ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Turnover	452,582	379,078
Cost of Sales	(397,852)	(326,468)
Gross Profit	54,730	52,610
Other Revenue	1,174	2,437
Distribution and Selling Expenses	(6,716)	(4,473)
General and Administrative Expenses	(27,450)	(23,519)

Profit from Operations	21,738	27,055
Finance Costs	(2,255)	(2,469)
Profit before Taxation	19,483	24,586
Taxation	(1,667)	(1,948)
Profit Attributable to Shareholders	<u>17,816</u>	<u>22,638</u>

Management Discussion and Analysis

The Board announces that in spite of the rampage of the Severe Acute Respiratory Syndrome (“SARS”) between April and June this year, the turnover grew by 19.39% when comparing with the corresponding period of last financial year.

However, most of our customers were not able to come to Hong Kong and China during the SARS period. Likewise our engineers were not able to visit overseas customers. Through video-conferencing and emails, we worked hard to maintain the communication channel during that period. Unfortunately, they could not substitute for vital face-to-face communication. As a result, the progress of engineering works on some production models was delayed. As such, shipment in the period from July to September 2003 will be less than the corresponding period of last year by 10%.

Financial Resources

After payment of the final dividends for the financial year 2002/2003 of approximately HK\$61,000,000 in August this year, the Group still has a net bank balance (i.e. cash/bank balance minus bank borrowing) over HK\$10,000,000 as at 31 August 2003 (net bank balance as at 31 March 2003: approximately HK\$34,000,000). The Group considers its financial resources to be adequate to support the business development in the current year.

Prospect

Despite such challenges, the Board is optimistic on the turnover of the Group in 2004/2005 and has authorized an increase in capital expenditure from HK\$50,000,000 to HK\$60,000,000 (2002/2003: HK\$25,000,000) to build up the necessary capacity to cater for the vast increase in shipment volume in future.

By the time of the interim results announcement before 31 December 2003 and barring any unforeseen circumstance, the Board wishes to maintain the Group’s dividend payment policy.

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

By Order of the Board
Lee Shu Ki
Director

Hong Kong, 23 September 2003

* *For identification purpose only*

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