



INTERIM RESULTS

The Directors of Karrie International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2000, together with the comparative figures for the corresponding period in 1999, the unaudited consolidated balance sheet of the Company as at 30th September, 2000 together with comparative audited figures for the immediate preceding year end (31st March, 2000), and unaudited condensed consolidated cash flow statement for the six months ended 30th September, 2000 together with the comparative figures for the corresponding period in 1999 (collectively “Unaudited Interim Financial Statements”) as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2000
(Expressed in Hong Kong dollars)

	Note	For the six months ended 30th September,	
		2000 \$'000 (Unaudited)	1999 \$'000 (Unaudited)
Turnover	2	398,100	326,197
Cost of sales		(310,080)	(242,905)
Gross profit		88,020	83,292
Other revenue		1,277	323
Distribution and selling expenses		(24,167)	(26,007)
General and administrative expenses		(41,430)	(38,755)
Profit from operations		23,700	18,853
Finance expenses, net		(5,755)	(2,606)
Profit before taxation	4	17,945	16,247
Taxation	5	(2,500)	(1,883)
Profit attributable to shareholders		15,445	14,364
Dividends	6	(4,382)	(7,922)
Earnings per share			
— Basic	7	4.15 cents	3.99 cents
— Diluted	7	4.12 cents	3.95 cents

A separate statement of recognised gains and losses is not presented because there were no recognised gains and losses other than the profit attributable to shareholders.



CONSOLIDATED BALANCE SHEETS

AS AT 30TH SEPTEMBER, 2000
(Expressed in Hong Kong dollars)

	Note	30th September, 2000 \$'000 (Unaudited)	31st March, 2000 \$'000 (Audited)
NON-CURRENT ASSETS			
Fixed assets	8	<u>308,579</u>	<u>276,352</u>
CURRENT ASSETS			
Inventories		214,289	131,266
Trade and other receivables	9	206,836	126,261
Amounts due from related companies	3	579	205
Prepaid tax		82	82
Cash and bank deposits		<u>48,500</u>	<u>55,201</u>
Total current assets		<u>470,286</u>	<u>313,015</u>
CURRENT LIABILITIES			
Short-term bank borrowings		(129,187)	(64,892)
Finance lease obligations, current portion		(11,388)	(6,987)
Trade and other payables	10	(256,128)	(158,399)
Taxation payable		(3,511)	(1,657)
Amounts due to related companies	3	(353)	(249)
Proposed dividend		<u>(4,115)</u>	<u>(7,963)</u>
Total current liabilities		<u>(404,682)</u>	<u>(240,147)</u>
Net current assets		<u>65,604</u>	<u>72,868</u>
Total assets less current liabilities		<u>374,183</u>	<u>349,220</u>
NON-CURRENT LIABILITIES			
Finance lease obligations, non-current portion		(15,512)	(6,138)
Provision for long service payments		(6,771)	(6,771)
Deferred taxation		<u>(5,822)</u>	<u>(5,322)</u>
Total non-current liabilities		<u>(28,105)</u>	<u>(18,231)</u>
MINORITY INTERESTS			
Net assets		<u>345,654</u>	<u>330,565</u>
CAPITAL AND RESERVES			
Share capital	11	37,409	36,195
Reserves	12	<u>308,245</u>	<u>294,370</u>
Shareholders' equity		<u>345,654</u>	<u>330,565</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2000
(Expressed in Hong Kong dollars)

	For the six months ended 30th September,	
	2000	1999
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Net cash (outflow) inflow from operating activities	(26,852)	30,870
Net cash outflow from returns on investments and servicing of finance	(13,985)	(2,606)
Taxation paid	(146)	(289)
Net cash outflow from investing activities	<u>(47,814)</u>	<u>(26,913)</u>
Net cash (outflow) inflow before financing	(88,797)	1,062
Net cash inflow from financing	<u>38,302</u>	<u>12,240</u>
(Decrease) Increase in cash and cash equivalents	(50,495)	13,302
Cash and cash equivalents, beginning of period	<u>30,913</u>	<u>76,908</u>
Cash and cash equivalents, end of the period	<u>(19,582)</u>	<u>90,210</u>

Analysis of cash and cash equivalents:

	30th September, 2000	30th September, 1999
	\$'000	\$'000
Cash and bank deposits	48,500	128,558
Bank overdrafts	(19)	(22)
Trust receipts bank loans	<u>(68,063)</u>	<u>(38,326)</u>
	<u>(19,582)</u>	<u>90,210</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting", and on the basis consistent with accounting principles adopted in the preparation of the Group's annual financial statements for the year ended 31st March, 2000.

2. TURNOVER

Analysis of turnover is as follows:

	For the six months ended 30th September,			
	Turnover		Contribution to gross profit	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
By principal products categories—				
Computer and server casings	263,146	198,049	55,720	55,760
Office automation products	70,778	57,062	20,728	14,949
Video cassette housings	24,884	45,598	492	6,959
Moulds and other plastic and metal parts	39,292	25,488	11,080	5,624
	<u>398,100</u>	<u>326,197</u>	<u>88,020</u>	<u>83,292</u>
Less : Distribution, selling, general, administrative and finance expenses, and other revenue			<u>(70,075)</u>	<u>(67,045)</u>
Profit before taxation			<u>17,945</u>	<u>16,247</u>
By geographical locations —				
West Europe	137,671	101,778	37,730	29,776
Japan	79,213	71,620	12,780	14,479
North America	97,217	69,772	20,206	21,964
Asia (excluding Japan)	83,999	83,027	17,304	17,073
	<u>398,100</u>	<u>326,197</u>	<u>88,020</u>	<u>83,292</u>
Less : Distribution, selling, general, administrative and finance expenses, and other revenue			<u>(70,075)</u>	<u>(67,045)</u>
Profit before taxation			<u>17,945</u>	<u>16,247</u>



3. RELATED PARTY TRANSACTIONS

- a. The Group had the following transactions with related parties:

	For the six months ended 30th September	
	2000 \$'000	1999 \$'000
Sales to Kar-Info Company Limited*	2	891
Rental income earned from Kar-Info Company Limited*	190	190
Rental charged by Kings Lion Development Limited*	<u>527</u>	<u>663</u>

* Kar-Info Company Limited and Kings Lion Development Limited are beneficially owned and controlled by the family of Mr. Ho Cheuk Fai, a director of the Company.

- b. The balances with related parties were unsecured, non-interest bearing and without pre-determined repayment terms.

4. PROFIT BEFORE TAXATION

Profit before taxation was determined after charging and crediting the following:

	For the six months ended 30th September	
	2000 \$'000	1999 \$'000
After Charging —		
Depreciation of fixed assets	18,031	15,142
Interest expense on		
— bank overdrafts and loans wholly repayable within one year	4,264	1,882
— finance leases	1,006	510
— factoring of trade receivables	1,691	1,398
— others	<u>32</u>	<u>31</u>
After Crediting —		
Rental Income	<u>1,277</u>	<u>323</u>



5. TAXATION

Taxation consisted of:

	For the six months ended 30th September	
	2000	1999
	\$'000	\$'000
Hong Kong profits tax		
— Current taxation	2,000	1,883
— Deferred taxation	500	—
	<u>2,500</u>	<u>1,883</u>

Hong Kong profits tax was provided at the rate of 16% (1999 — 16%) on the estimated assessable profit arising in or derived from Hong Kong.

6. DIVIDENDS

Dividends consisted of:

	For the six months ended 30th September	
	2000	1999
	\$'000	\$'000
Interim dividend — 1.1 cents per share (1999 — 2.2 cents)	4,115	7,922
Prior year dividend in respect of share options exercised prior to the dividend payment date	267	—
	<u>4,382</u>	<u>7,922</u>

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the consolidated profit attributable to shareholders of approximately \$15,445,000 (1999 — \$14,364,000) and on the weighted average number of approximately 372,407,000 shares (1999 — 360,000,000 shares) in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to shareholders of approximately \$15,445,000 (1999 — \$14,364,000) and on the weighted average number of 374,810,097 shares (1999 — 363,834,604 shares) in issue after adjusted for the effects of all dilutive potential shares. A reconciliation of the weighted average number of shares used in calculating the basic earnings per share and the diluted earnings per share is as follows:

	30th September 2000	30th September 1999
Weighted average number of shares used in calculating basic earnings per share	372,406,601	360,000,000
Adjustment for potential dilutive effect in respect of employees' share options	<u>2,403,496</u>	<u>3,834,604</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>374,810,097</u>	<u>363,834,604</u>



8. FIXED ASSETS

Movements of fixed assets (consolidated) were:

	30th September 2000 \$'000	31st March 2000 \$'000
<u>Cost/Valuation</u>		
Beginning of period/ year	538,579	484,858
Additions	50,259	56,595
Disposals	(31)	(2,874)
End of period/ year	<u>588,807</u>	<u>538,579</u>
<u>Accumulated Depreciation</u>		
Beginning of period/ year	262,227	232,869
Provision for the period/ year	18,031	32,215
Disposals	(30)	(2,857)
End of period/ year	<u>280,228</u>	<u>262,227</u>
<u>Net book value</u>		
End of period/ year	<u><u>308,579</u></u>	<u><u>276,352</u></u>
Beginning of period/ year	<u><u>276,352</u></u>	<u><u>251,989</u></u>

9. TRADE AND OTHER RECEIVABLES

The total trade and other receivables of \$206,836,000 (at 31st March, 2000 — \$126,261,000) includes trade receivables of \$162,050,000 (at 31st March, 2000 — \$93,218,000). An aging analysis of trade receivables is as follows:

	30th September 2000 \$'000	31st March 2000 \$'000
0 — 90 days	192,167	138,723
91 — 180 days	12,983	8,038
181 — 365 days	501	3,976
	<u>205,651</u>	<u>150,737</u>
Less: Trade receivables factored, with recourse	<u>(42,489)</u>	<u>(56,407)</u>
	<u>163,162</u>	<u>94,330</u>
Less: Provision for bad and doubtful debts	<u>(1,112)</u>	<u>(1,112)</u>
	<u><u>162,050</u></u>	<u><u>93,218</u></u>



10. TRADE AND OTHER PAYABLES

The total trade and other payables of \$256,128,000 (at 31st March 2000 — \$158,399,000) includes trade payables of \$134,744,000 (at 31st March 2000 — \$96,330,000). An aging analysis of trade payables as at the reporting dates is as follows:

	30th September 2000 \$'000	31st March 2000 \$'000
0 — 90 days	129,318	90,418
91 — 180 days	3,734	5,433
181 — 365 days	1,233	50
366 — 540 days	459	429
	<u>134,744</u>	<u>96,330</u>

11. SHARE CAPITAL

	30th September, 2000		31st March, 2000	
	Number of shares '000	Nominal value \$'000	Number of shares '000	Nominal value \$'000
Authorised (Ordinary shares of \$0.1 each)	<u>800,000</u>	<u>80,000</u>	<u>800,000</u>	<u>80,000</u>
Issued and fully paid				
(Ordinary shares of \$0.1 each)				
Beginning of period/year	361,950	36,195	360,000	36,000
Issued upon exercise of employees' share options	13,050	1,305	1,950	195
Repurchase of shares (a)	(910)	(91)	—	—
End of period/year	<u>374,090</u>	<u>37,409</u>	<u>361,950</u>	<u>36,195</u>

Note —

- a. During the period, the Company repurchased 910,000 of its shares, all of which were then cancelled, for an aggregate consideration of approximately \$347,000 at prices ranging from \$0.335 to \$0.415 per share. The nominal value of the cancelled shares was transferred from retained profit to capital redemption reserve.



12. RESERVES

Movements of reserves during the six months ended 30th September, 2000 were:

	Share premium \$'000	Capital reserve \$'000	Capital redemption reserve \$'000	Fixed assets revaluation reserve \$'000	Retained profit \$'000	Total \$'000
As at 1st April, 2000	53,424	5,900	—	44,165	190,881	294,370
Premium arising from issue of shares upon exercise of employees' share options	3,067	—	—	—	—	3,067
Repurchase of shares	(255)	—	91	—	(91)	(255)
Profit attributable to shareholders	—	—	—	—	15,445	15,445
Interim dividend (Note 6)	—	—	—	—	(4,115)	(4,115)
Prior year dividend in respect of share options exercised prior to the dividend payment date	—	—	—	—	(267)	(267)
As at 30th September, 2000	<u>56,236</u>	<u>5,900</u>	<u>91</u>	<u>44,165</u>	<u>201,853</u>	<u>308,245</u>

13. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the unaudited interim financial statements are:

	30th September 2000 \$'000	31st March 2000 \$'000
Unprovided long service payments under the Hong Kong Employment Ordinance	6,771	6,771
Trade receivables factored, with recourse	42,489	56,407
Shipping guarantees	4,373	5,846
	<u>53,633</u>	<u>69,024</u>

INTERIM DIVIDEND

The Directors declared an interim dividend of HK1.1cents per share for the six months ended 30th September, 2000 (1999: HK2.2cents) payable in cash on or about 15th January, 2001 to shareholders whose names appear on the Register of Members on 12th January, 2001.



CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 8th January, 2001 to Friday, 12th January, 2001 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Central Registration Hong Kong Limited, Rooms 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 5th January, 2001.

BUSINESS REVIEW

The Group recorded a total turnover of HK\$398,100,000 for the six months ended 30th September, 2000, representing a growth of 22% over the same period last year. This was largely attributable to the continuous adoption of the policy "mass production and low prices with good quality" which is proven to be an effective business philosophy in enhancing the Group's turnover. Growth in sales also owed much to our efforts in expanding our core business in computer & server casings.

Despite keen competition, the Group continued to maintain profitability. Profit from operations rose to HK\$23,700,000, 26% higher than the corresponding six months last year as a result of growth in turnover and implementation of effective cost containment strategies. Profit attributable to shareholders for the period grew 7.5% against last year to reach HK\$15,445,000.

With the increased popularity of Internet applications, greater emphasis has been placed on the production of computer and server casings as well as moulds and parts which accounted for 76% of the Group's total turnover for the 6 months ended 30th September, 2000. Additionally, the Group is increasingly stepping down the production of video cassette housings which made up 6% of the Group's total turnover for the period, compared to 14% for the same period last year.

For the period under review, the economies of Northern America and Western Europe continued to exhibit vibrant growth resulting in higher demand for computers and office automation products. With our established strengths and the committed efforts of our marketing division, we were able to expand sales to our overseas markets. Sales to Western Europe went up from 31% of total turnover to 35% whilst sales to North America rose from 21% to 24% in the two respective periods. Sales to Asian countries exhibited growth of 5.5% in real terms but overall contribution to sales dropped from 48% last year to 41% for the 6 months ended 30th September, 2000.

The operating environment for the period remained challenging as the price of petroleum-based raw materials and diesel have gone up significantly due to the increase in oil prices. However, with the prompt adaptive measures initiated by our management and purchasing division, the impact of rising material prices has been kept at a minimum to maintain our profitability at a satisfactory level.



The constantly changing marketplace requires enterprises to make a serious and ongoing commitment to excellence. We strongly believe in maintaining our lead in the industry through quality services and products. For the period under review, the Group continued to make capital investment on fixed assets. The investments were geared towards shortening the production cycle by raising operational efficiencies and building up JIT (Just In Time) stocks. The Group also aimed to enhance customized value-added services with the setting up of service centres in the U.S., Europe and Japan. These investments are of strategic importance to the Group in the long term though the management is well aware that this will inevitably exert some pressure on short term profitability.

Anticipating such increase in capital requirements, the Directors has started to develop additional financing from existing banks and other banks since the beginning of the year. As at 30th September, 2000, the Group's total banking facilities amounted to HK\$407 million, rose 31% as compared to HK\$309 million as at 31st March, 2000. Subsequent to the period under review, the Group is able to raise the total banking facilities further to HK\$440 million as at 30th November, 2000. These clearly demonstrate the Group's good credit standing. Nevertheless, the Directors will continue to exercise prudence in its financial management in accommodating future growth of the Group.

PROSPECTS

Looking ahead, the Group will continue to maximize the value of its business in an industry environment with considerable challenges. Emphasis will be placed on the core businesses in casings and office automation products. While the growth rate of personal computer market may slow down, demand for server and related products are still healthy with the increasing popularity of the Internet. Computer and server casings will remain our core business and will contribute a significant portion of our revenue. With rising demand for barebone assembly from our customers, the Group is contemplating to further developing this business in 2001. It is expected that this will generate higher sales and profitability and the general outlook for our core business activities remain promising.

Our core business sector is also well-positioned to benefit from the capital investment made in the first half of the year. Our improved production facilities, backed by highly skilled engineers, offer a surety for high product quality. These high levels of quality have helped tremendously in the development of our business. After active negotiation, the Group has reached commitments with a number of reputable multinationals in a variety of business areas. Trial production of hi-tech storage products for one of our major new customers has commenced in early December. In addition, existing customers are planning to embark on a series of product launches. We expect these new products to contribute positively to the Group's development in the near future.

All in all, the Group will continue to follow a strategy of long term profitability and competitiveness. In view of the fast changing of the computer casing industry, the Group is evolving from a mere component manufacturer to a business partner working closely with customers. In addition, the management believes that our progress in opening up new product segments on a selective basis will lead to higher business growth. With China's accession to WTO, the management is confident that business growth will be maintained and shareholder returns will be maximized.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30th September, 2000, the interests of the Directors and chief executives in the shares of the Company and any associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) The Company

	Number of ordinary shares of HK\$0.10 each			
	Personal interests	Family interests	Corporate/ Other interests	Number of outstanding share options
Mr. Ho Cheuk Fai	—	33,570,000 (Note 1)	232,200,000 (Note 2)	3,000,000
Mr. Ho Cheuk Ming	1,000,000	—	232,176,780 (Note 3)	8,000,000
Mr. Li Cheuk Sum	1,500,000	—	—	500,000
Mr. Tam Wing Hung	1,500,000	—	—	1,500,000
Mr. Lee Shu Ki	800,000	—	—	—
Mr. Kwok Wing Kin	—	—	—	1,200,000
Ms. Ho Po Chu, Scandy	33,570,000	—	232,200,000 (Note 4)	2,500,000

Note:

- 1 Mr. Ho Cheuk Fai is deemed to be interested in these Shares by virtue of the fact that his wife, Ms Ho Po Chu, Scandy has a personal interest in these Shares.
- 2 232,200,000 Shares are held by Pearl Court Company Limited ("Pearl Court") as trustee for a unit trust known as the Ho Cheuk Fai Family Trust ("HCF Trust"). Mr. Ho Cheuk Fai is deemed to be interested in these Shares through Pearl Court by virtue of (i) his wife being the only shareholder of Pearl Court and controlling one-third or more of the voting power at general meeting of Pearl Court, and (ii) Mr. Ho Cheuk Fai and his wife being two of the three directors of Pearl Court. Mr. Ho Cheuk Fai is also deemed to be interested in these Shares by virtue of the fact that one of 10,000 units of the HCF Trust is held by his wife and that the beneficiaries of a discretionary trust known as the Ho Wai Leung Memorial Trust ("HWL Trust") (see note 3 below) included his wife and children under 18.



- 3 These Shares are held by Pearl Court as trustee for the HCF Trust. 9,999 of 10,000 units of the HCF Trust are held by HSBC International Trustee Limited (“HITL”) as trustee for the HWL Trust. Mr. Ho Cheuk Ming is deemed to be interested in these Shares by virtue of the fact that he is one of the beneficiaries of the HWL Trust.
- 4 Disregarding the interests of her husband, Mr. Ho Cheuk Fai, who is the President and Director of the Company and whose interests are separately disclosed, Ms. Ho Po Chu, Scandy is deemed to be interested in these shares through Pearl Court by virtue of the facts that she is the only shareholder of Pearl Court and holds one unit of the HCF Trust and the beneficiaries of the HWL Trust includes her children under 18.

(b) Associated Corporations

(i) *Karrie Industrial Company Limited*

	Number of non-voting deferred shares of HK\$100 each			
	Personal interests	Family interests	Corporate/ Other interests	Total interests
Mr. Ho Cheuk Fai	43,000	—	—	43,000
Ms. Ho Po Chu, Scandy	7,000	—	—	7,000

(ii) *Karpo Technologies Limited*

	Number of non-voting deferred shares of HK\$100 each			
	Personal interests	Family interests	Corporate/ Other interests	Total interests
Mr. Ho Cheuk Fai	10,000	—	—	10,000

(iii) *Karrie Industrial Holdings Limited*

	Number of non-voting deferred shares of HK\$1 each			
	Personal interests	Family interests	Corporate/ Other interests	Total interests
Mr. Ho Cheuk Fai	1	—	—	1
Ms. Ho Po Chu, Scandy	1	—	—	1



Save as disclosed above and under the heading “Arrangement to Purchase Shares and Debentures”, none of the Directors, chief executives or their associates had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30th September, 2000.

ARRANGEMENT TO PURCHASE SHARES AND DEBENTURES

A Share Option Scheme is maintained by the Company under which eligible employees of the Group, including Executive Directors and chief executives of the Company, may be granted options to subscribe for shares in the Company. Each share option entitles the holder to subscribe for one share of HK\$0.10 each in the Company at a pre-determined price. Details of outstanding share options as at 30th September, 2000 granted to and accepted by Executive Directors and chief executives under the scheme were as follows:

Name	Date of grant	Exercise Price HK\$	Outstanding at 31.3.2000	Number of Share Options		
				Granted during the period	Exercised during the period	Outstanding at 30.9.2000
Mr. Ho Cheuk Fai	19.6.1999	0.335	3,000,000	—	—	3,000,000
Mr. Ho Cheuk Ming	19.6.1999	0.335	8,000,000	—	—	8,000,000
Mr. Li Cheuk Sum	19.6.1999	0.335	1,500,000	—	1,500,000	—
	20.9.2000	0.300	—	500,000	—	500,000
Mr. Tam Wing Hung	19.6.1999	0.335	1,500,000	—	1,500,000	—
	20.9.2000	0.300	—	1,500,000	—	1,500,000
Mr. Lee Shu Ki	19.6.1999	0.335	1,000,000	—	1,000,000	—
Mr. Kwok Wing Kin	20.9.2000	0.300	—	1,200,000	—	1,200,000
Ms. Ho Po Chu, Scandy	19.6.1999	0.335	2,500,000	—	—	2,500,000

All of these share options will expire on 30th November, 2006.

Except for the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.



SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2000, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, the persons (other than a Director or chief executive of the Company) who were, directly or indirectly, interested and/or deemed to be interested in 10 per cent. or more of the nominal value of the issued share capital of the Company were as follows:

	Number of ordinary shares of HK\$0.10 each		
	Personal interests	Corporate/ Other interests	Shareholding percentage
Pearl Court *	—	232,200,000 <i>(Note 1)</i>	62.07%
HITL	—	232,176,780 <i>(Note 2)</i>	62.06%
HSBC Holdings plc ("HHUK")	—	232,176,780 <i>(Note 2)</i>	62.06%
HSBC Finance (Netherlands) ("HFN")	—	232,176,780 <i>(Note 2)</i>	62.06%
HSBC Holdings B.V. ("HHBV")	—	232,176,780 <i>(Note 2)</i>	62.06%
HSBC Investment Bank Holdings B.V. ("HIB")	—	232,176,780 <i>(Note 2)</i>	62.06%

Note:

- 1 Pearl Court is a trustee of the HCF Trust.
 - 2 HITL is the trustee of the HWL Trust. HITL is wholly-owned subsidiary of HHUK through HFN, HHBV and HIB, which are also wholly-owned subsidiaries of HHUK. HHUK, HFN, HHBV and HIB are deemed to be interested in these shares by virtue of the interest of HITL. The interests of HITL, HHUK, HFN, HHBV and HIB duplicate each other.
- * The corporate/other interests in Shares of each substantial shareholder duplicate the family interests and corporate/other interests of Mr. Ho Cheuk Fai, Mr. Ho Cheuk Ming and Ms. Ho Po Chu, Scandy as stated in the section headed "Directors' and chief executives' interests in the Shares".

Save as disclosed above, there were no other interests as recorded on the register kept by the Company under Section 16(1) of the SDI Ordinance as at 30th September, 2000.



PURCHASE, SALE OR REDEMPTION OF SHARES

In June 2000, the Company purchased 910,000 of its own shares for an aggregate consideration of HK\$346,550 on the Stock Exchange at prices ranging from HK\$0.335 to HK\$0.415 per share. Details of these transactions are set out in note 11 to the unaudited interim financial statements. Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

AUDIT COMMITTEE

The Company has an audit committee comprising two independent non-executive directors. The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group and reviewing and supervising internal control and financial reporting matters to protect the interests of the shareholders.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period for the six months ended 30th September, 2000 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

On behalf of the Board of Directors,
HO CHEUK FAI
President

Hong Kong, 11th December, 2000



CORPORATE INFORMATION

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10th Floor
Southeast Industrial Building
611-619 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

WEB SITE

<http://www.karrie.com.hk>

BOARD OF DIRECTORS

Mr. HO Cheuk Fai (*President*)
Mr. HO Cheuk Ming
Mr. LI Cheuk Sum (*Vice-President*)
Mr. TAM Wing Hung
Mr. LEE Shu Ki
Mr. KWOK Wing Kin
Mr. CHAN Sui Sum, Raymond *
Mr. LEUNG Wai Ho *

* *Independent non-executive director*

AUDIT COMMITTEE

Mr. CHAN Sui Sum, Raymond (*Chairman*)
Mr. LEUNG Wai Ho

COMPANY SECRETARY

Mr. CHENG Chai Fu



CORPORATE INFORMATION *(cont'd)*

AUDITORS

Arthur Andersen & Co
21st Floor Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

The China State Bank Ltd
39-41 Des Voeux Road Central
Hong Kong

The Bank of East Asia Limited
10 Des Voeux Road Central
Hong Kong

Standard Chartered Bank
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Central Registration Hong Kong Limited
Rooms 1712-6, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong