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## **Karrie International Holdings Limited**

**嘉利國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1050)**

### **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2024**

<b>FINANCIAL HIGHLIGHTS</b>	<b>2024</b>	<b>2023</b>	<b>Changes in %</b>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue (HK\$'000)</b>	<b>2,915,981</b>	3,081,697	-5%
<b>Profit for the year (HK\$'000)</b>	<b>169,659</b>	182,318	-7%
<b>Basic earnings per share (HK cents)</b>			
— Continuing operations	<b>8.4</b>	9.0	-7%
Interim dividend per share (HK cents)	<b>1.5</b>	4.0	-63%
Final dividend per share (HK cents)	<b>4.0</b>	1.5	167%
<b>Total dividends per share for the year (HK cents)</b>	<b><u>5.5</u></b>	<b><u>5.5</u></b>	—

The board (the “**Board**”) of directors (the “**Directors**”) of Karrie International Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as “**we**” or the “**Group**”) announces the consolidated results of the Group for the year ended 31 March 2024 together with the comparative figures for 2023 as follows:

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

		<b>31 March</b>	31 March
		<b>2024</b>	2023
	<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>693,169</b>	670,648
Investment properties		<b>229,068</b>	281,865
Intangible assets		<b>3,824</b>	3,287
Investments in associates		<b>82,455</b>	82,810
Other financial assets		<b>19,465</b>	13,067
Other non-current assets	4	<b>29,353</b>	91,842
Deferred tax assets		<b>2,581</b>	8,951
		<b>1,059,915</b>	1,152,470
<b>Current assets</b>			
Inventories		<b>512,256</b>	633,168
Trade and bills receivable	4	<b>619,157</b>	558,114
Prepayments, deposits and other receivables	4	<b>53,509</b>	39,894
Amounts due from related companies		<b>3,345</b>	2,628
Current tax recoverable		<b>5,121</b>	5,060
Cash and bank deposits	5	<b>149,418</b>	159,445
		<b>1,342,806</b>	1,398,309
<b>Total assets</b>		<b>2,402,721</b>	<b>2,550,779</b>

		<b>31 March</b>	31 March
		<b>2024</b>	2023
	<i>Note</i>	<b>\$'000</b>	\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity shareholders of the Company</b>			
Share capital		<b>202,146</b>	202,146
Other reserves		<b>189,229</b>	244,285
Retained earnings		<b>601,629</b>	490,331
		<hr/>	<hr/>
<b>Total equity</b>		<b>993,004</b>	936,762
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	6	<b>462,793</b>	350,212
Accruals and other payables		<b>307,684</b>	481,179
Bank borrowings		<b>333,833</b>	422,372
Lease liabilities		<b>3,329</b>	6,611
Amount due to an associate		<b>2,331</b>	3,895
Amounts due to related companies		<b>3,696</b>	3,848
Current tax payable		<b>99,077</b>	109,583
		<hr/>	<hr/>
		<b>1,212,743</b>	1,377,700
		<hr/> <hr/>	<hr/> <hr/>

	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Non-current liabilities</b>		
Bank borrowings	<b>195,859</b>	230,000
Lease liabilities	<b>276</b>	3,126
Provision for long service payments	<b>638</b>	782
Deferred tax liabilities	<b>201</b>	2,409
	<u>196,974</u>	<u>236,317</u>
<b>Total liabilities</b>	<u>1,409,717</u>	<u>1,614,017</u>
<b>Total equity and liabilities</b>	<u>2,402,721</u>	<u>2,550,779</u>
<b>Net current assets</b>	<u>130,063</u>	<u>20,609</u>
<b>Total assets less current liabilities</b>	<u>1,189,978</u>	<u>1,173,079</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	7	<b>2,915,981</b>	3,081,697
Cost of revenue	8	<u>(2,545,842)</u>	<u>(2,744,532)</u>
<b>Gross profit</b>		<b>370,139</b>	337,165
Distribution and selling expenses	8	(22,556)	(31,205)
General and administrative expenses	8	(89,271)	(71,572)
Other net income	7	6,110	5,974
Net valuation losses on investment properties		<u>(36,050)</u>	<u>(29,577)</u>
<b>Operating profit</b>		<b>228,372</b>	210,785
Finance income		2,704	1,504
Finance costs		<u>(42,855)</u>	<u>(35,655)</u>
<b>Finance cost, net</b>	9	<b>(40,151)</b>	(34,151)
Share of (losses)/profits of associates		<u>(1,222)</u>	<u>15,157</u>
<b>Profit before taxation</b>		<b>186,999</b>	191,791
Income tax	10	<u>(17,340)</u>	<u>(9,473)</u>
<b>Profit for the year from continuing operations</b>		<b>169,659</b>	182,318
<b>DISCONTINUED OPERATIONS</b>			
Profit for the year from discontinued operations		<u>—</u>	<u>203,855</u>
<b>Profit for the year</b>		<b><u>169,659</u></b>	<b><u>386,173</u></b>

	<i>Note</i>	<b>2024</b> <b>\$'000</b>	2023 \$'000
<b>Profit attributable to equity shareholders of the Company arises from:</b>			
— Continuing operations		<b>169,659</b>	182,318
— Discontinued operations		<u>—</u>	<u>203,855</u>
		<b><u>169,659</u></b>	<b><u>386,173</u></b>
 <b>Earnings per share from continuing operations and discontinued operations attributable to equity shareholders of the Company</b>			
<b>Basic earnings per share (HK cents)</b>			
	<i>11</i>		
— Continuing operations		<b>8.4</b>	9.0
— Discontinued operations		<u>—</u>	<u>10.1</u>
		<b><u>8.4</u></b>	<b><u>19.1</u></b>
 <b>Diluted earnings per share (HK cents)</b>			
	<i>11</i>		
— Continuing operations		<b>8.4</b>	9.0
— Discontinued operations		<u>—</u>	<u>10.1</u>
		<b><u>8.4</u></b>	<b><u>19.1</u></b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	2024 \$'000	2023 \$'000
<b>Profit for the year</b>	<b>169,659</b>	386,173
<b>Other comprehensive income for the year:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of provision for long service payments	213	6,038
Changes in fair value of other financial assets	—	6,592
Share of other comprehensive income of an associate	2,070	—
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside Hong Kong	(55,159)	(98,714)
Changes in fair value of other financial assets	103	26
Release of the recycling fair value gain due to disposal of other financial assets	—	(100)
<b>Other comprehensive loss for the year</b>	<b>(52,773)</b>	(86,158)
<b>Total comprehensive income for the year</b>	<b>116,886</b>	300,015
<b>Total comprehensive income attributable to equity shareholders of the Company arises from:</b>		
— Continuing operations	116,886	141,182
— Discontinued operations	—	158,833
	<b>116,886</b>	300,015

## NOTES:

(Expressed in Hong Kong dollars)

### 1. BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2024 but are extracted from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules").

The consolidated financial statements for the year ended 31 March 2024 comprise the Group and its interest in associates. The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties, other financial assets and employee benefit liabilities which have been measured at fair value.

### 2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The above developments do not have significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies. In addition, the Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the abolition of offsetting mechanism effective from 1 May 2025. The abolition of the offsetting mechanism did not have a material impact on the Group's results and financial position.



### 3. SEGMENT REPORTING

The Group's chief operating decision-maker (“**Management**”) reviews the Group's internal reports periodically in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised on a worldwide basis into two (2023: two) major operating segments. They are (i) metal and plastic business and (ii) electronic manufacturing services business during the year ended 31 March 2024 and 2023.

Management considers the business from both a geographic and products and services perspective. From a products and services perspective, Management assesses the performance of metal and plastic business, electronic manufacturing services business and discontinued operations. In addition, there is further evaluation on a geographic basis (Japan, Hong Kong, Mainland China, Asia (excluding Japan, Hong Kong and Mainland China), North America and Western Europe). Management assesses the performance of the operating segments based on operating profit. Segment information provided to Management for decision making is measured in a manner consistent with that in the financial statements.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit is defined as the operating profit generated from the reportable segment before finance income, finance cost, share of profits of associates and income tax expense with inter segment profit being excluded.

In March 2023, KRP Development Holdings Limited (“**KRP**”) was spun-off and listed separately on the Main Board of the Stock Exchange by way of introduction through a distribution in specie to the Company's Shareholders.

After KRP's spin-off, a reportable and operating segment of the Group, namely “Real Estate Business” was classified as discontinued operations.

### 3. SEGMENT REPORTING (CONTINUED)

The segment results for the year ended 31 March 2024 are as follows:

	2024			
	Metal and plastic business \$'000	Electronic manufacturing services business \$'000	Others \$'000	Total \$'000
<b>Segment revenue</b>				
Revenue from external customers	1,725,255	1,190,648	78	2,915,981
Inter-segment revenue	20,791	—	—	20,791
Reportable segment revenue	<u>1,746,046</u>	<u>1,190,648</u>	<u>78</u>	<u>2,936,772</u>
Gross profit	335,988	34,151	—	370,139
Distribution and selling expenses and general and administrative expenses	(102,216)	(10,058)	447	(111,827)
Other net income	5,035	435	640	6,110
Valuation loss on investment properties	—	—	(36,050)	(36,050)
Segment profit	<u>238,807</u>	<u>24,528</u>	<u>(34,963)</u>	<u>228,372</u>
<b>Segment profit includes:</b>				
Depreciation and amortisation of property, plant and equipment	85,556	3,560	37	89,153
Amortisation of intangible assets	1,656	—	—	1,656
Write-down/(reversal of write-down) of obsolete and slow-moving inventories	2,579	(1,231)	—	1,348
Recognition of loss allowance for trade and bills receivable	<u>4,333</u>	<u>199</u>	<u>—</u>	<u>4,532</u>

### 3. SEGMENT REPORTING (CONTINUED)

The segment results for the year ended 31 March 2023 are as follows:

	2023			Total \$'000
	Metal and plastic business \$'000	Electronic manufacturing services business \$'000	Others \$'000	
<b>Segment revenue</b>				
Revenue from external customers	1,918,749	1,162,923	25	3,081,697
Inter-segment revenue	34,540	—	—	34,540
Reportable segment revenue	<u>1,953,289</u>	<u>1,162,923</u>	<u>25</u>	<u>3,116,237</u>
Gross profit	298,175	38,989	1	337,165
Distribution and selling expenses and general and administrative expenses	(93,958)	(8,390)	(429)	(102,777)
Other net income	4,962	372	640	5,974
Valuation loss on investment properties	—	—	(29,577)	(29,577)
Segment profit	<u>209,179</u>	<u>30,971</u>	<u>(29,365)</u>	<u>210,785</u>
<b>Segment profit includes:</b>				
Depreciation and amortisation of property, plant and equipment	97,378	3,245	125	100,748
Amortisation of intangible assets	1,553	—	—	1,553
Reversal of write-down of obsolete and slow-moving inventories	(9,445)	(365)	—	(9,810)
Recognition of loss allowance for trade and bills receivable	<u>145</u>	<u>248</u>	<u>—</u>	<u>393</u>

### 3. SEGMENT REPORTING (CONTINUED)

A reconciliation of segment profit to profit before taxation is provided as follows:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Operating profit from continuing operations	<b>228,372</b>	210,785
Finance income	<b>2,704</b>	1,504
Finance costs	<b>(42,855)</b>	(35,655)
Share of (losses)/profits of associates	<b>(1,222)</b>	15,157
Profit before taxation from continuing operations	<b><u>186,999</u></b>	<u>191,791</u>

The following table sets out information about the geographical location of (i) the Group's revenue and (ii) the Group's property, plant and equipment, investment properties, intangible assets and investments in associates ("specified non-current assets"). The geographical location of revenue is based on the country in which the final destination of shipment is located or services are provided and properties are located. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, investment properties and the location of the operations to which they are allocated, in the case of intangible assets and investments in associates.

	<b>The Group's revenue</b>		<b>Specified</b>	
	<b>(Continuing operations)</b>		<b>non-current assets</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Hong Kong (place of domicile)	<b>1,089,865</b>	1,021,279	<b>23,660</b>	27,081
Japan	<b>39,509</b>	61,064	—	—
Mainland China	<b>604,411</b>	717,603	<b>842,567</b>	908,081
Asia (excluding Japan, Hong Kong and Mainland China)	<b>221,396</b>	214,704	<b>142,289</b>	103,448
North America	<b>549,995</b>	666,401	—	—
Western Europe	<b>410,805</b>	400,646	—	—
Sub-total	<b><u>1,826,116</u></b>	<u>2,060,418</u>	<b><u>984,856</u></b>	<u>1,011,529</u>
	<b><u>2,915,981</u></b>	<u>3,081,697</u>	<b><u>1,008,516</u></b>	<u>1,038,610</u>

The Group's customer base includes four (2023: four) customers with whom transactions have exceeded 10% of the Group's revenue. For the year ended 31 March 2024, the total revenue from sales of merchandise in the metal and plastic business and electronic manufacturing services business, including sales to entities which are known to the Group to be under common control with these customers, amounted to approximately \$2,630,416,000 (2023: \$2,684,206,000) and arose in all geographical regions in which the businesses are active.

The Group's sales are made primarily to a few key customers. For the year ended 31 March 2024, the revenue derived from five largest customers accounted for approximately 92% (2023: 89%) of the Group's total revenue.

#### 4. TRADE AND BILLS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Trade and bills receivable	626,341	560,793
Less: Loss allowance for trade and bills receivable	<u>(7,184)</u>	<u>(2,679)</u>
	619,157	558,114
Prepayments, deposits and other receivables	<u>82,862</u>	<u>131,736</u>
	702,019	689,850
Less: Other non-current assets ( <i>Note</i> )	<u>(29,353)</u>	<u>(91,842)</u>
	<u><b>672,666</b></u>	<u><b>598,008</b></u>

#### Representing:

Trade and bills receivable, net of allowance	619,157	558,114
Prepayments, deposits and other receivables	<u>53,509</u>	<u>39,894</u>
	<u><b>672,666</b></u>	<u><b>598,008</b></u>
Other non-current assets	<u><b>29,353</b></u>	<u><b>91,842</b></u>

*Note:* Other non-current assets represent deposits paid for the purchase of property, plant and equipment and intangible assets amounted to approximately \$29,353,000 (2023: \$91,842,000).

The Group generally grants credit periods ranging from 30 to 90 days, except for six (2023: four) of the customers who were granted credit periods over 90 days. An ageing analysis of trade and bills receivable, based on invoice date, is as follows:

	2024 \$'000	2023 \$'000
0 to 90 days	599,932	538,647
91 to 180 days	24,886	19,430
181 to 360 days	1,518	2,520
Over 360 days	<u>5</u>	<u>196</u>
	<u><b>626,341</b></u>	<u><b>560,793</b></u>

## 5. CASH AND BANK DEPOSITS

	2024	2023
	\$'000	\$'000
Cash at bank and in hand	91,274	128,131
Deposits with banks with 3 months or less to maturity when placed	<u>58,144</u>	<u>31,314</u>
Cash and cash equivalents in the consolidated cash flow statement	<u><u>149,418</u></u>	<u><u>159,445</u></u>

### Notes:

The bank balances of RMB28,549,000 (equivalent to \$30,833,000) and RMB21,035,000 (equivalent to \$24,190,000) as at 31 March 2024 and 2023 respectively placed with banks in Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the People's Republic of China (the "PRC") Government.

## 6. TRADE PAYABLES

Trade payables ageing analysis, based on invoice date, is as follows:

	2024	2023
	\$'000	\$'000
0 to 90 days	416,208	318,066
91 to 180 days	42,881	28,540
181 to 360 days	3,378	2,501
Over 360 days	<u>326</u>	<u>1,105</u>
	<u><u>462,793</u></u>	<u><u>350,212</u></u>

7. REVENUE, OTHER NET INCOME/(LOSS)

	2024	2023
	\$'000	\$'000
<b>Continuing operations</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of merchandise		
— Metal and plastic business	1,725,255	1,918,749
— Electronic manufacturing services business	1,190,648	1,162,923
— Others	78	25
	<u>2,915,981</u>	<u>3,081,697</u>
<b>Continuing operations</b>		
<b>Other net income/(loss):</b>		
Fixed rental income	2,619	2,598
Gain/(loss) on disposal of property, plant and equipment	131	(56)
Loss on disposal of other financial assets	—	(576)
Loss on derecognition of other financial assets	—	(8,361)
Government grants received	2,033	10,666
Others	1,327	1,703
	<u>6,110</u>	<u>5,974</u>

## 8. EXPENSES BY NATURE

	2024	2023
	\$'000	\$'000
<b>Continuing operations</b>		
Cost of materials	2,137,094	2,307,667
Depreciation and amortisation of property, plant and equipment	89,153	100,748
Amortisation of intangible assets	1,656	1,553
Employee benefit expenses (including directors' remuneration)	358,426	389,139
Rental expenses of short-term leases	8,010	6,506
Net exchange gain	(1,828)	(14,886)
Auditors' remuneration	3,600	3,600
Recognition of loss allowance for trade and bills receivables	4,532	393
Write-down/(reversal of write-down) of obsolete and slow-moving inventories	1,348	(9,810)
Other expenses	55,678	62,399
	<u>2,657,669</u>	<u>2,847,309</u>
<b>Representing:</b>		
Cost of revenue	2,545,842	2,744,532
Distribution and selling expenses	22,556	31,205
General and administrative expenses	89,271	71,572
	<u>2,657,669</u>	<u>2,847,309</u>



## 9. FINANCE COST, NET

	2024	2023
	\$'000	\$'000
<b>Continuing operations</b>		
Finance costs		
— Interest expenses from financial liabilities measured at amortised cost	44,463	39,626
— Interest expenses on lease liabilities	343	701
Less: interest expenses capitalised into property, plant and equipment ( <i>note</i> )	(1,951)	(4,672)
	<u>42,855</u>	<u>35,655</u>
Finance income		
— Interest income from financial assets measured at amortised cost	(2,323)	(1,183)
— Other interest income from financial assets measured at fair value through other comprehensive income (recycling)	(381)	(321)
	<u>(2,704)</u>	<u>(1,504)</u>
Finance cost, net	<u><u>40,151</u></u>	<u><u>34,151</u></u>

*Note:* The borrowing costs have been capitalised at a rate of 5.79% (2023: 4.04%) per annum.

## 10. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The amount of taxation charged to consolidated statement of profit or loss represents:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Continuing operations</b>		
<b>Current taxation</b>		
Hong Kong Profits Tax		
— Current year	<b>16,348</b>	15,841
— Under/(over) provision in prior years	<b>3,011</b>	(197)
PRC taxes		
— Corporate Income Tax	<b>(5,898)</b>	2,247
<b>Deferred taxation</b>	<b>3,879</b>	(8,418)
	<b>17,340</b>	9,473

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year for all Group companies incorporated in Hong Kong.

The Group's operations in the PRC are subject to Corporate Income Tax Law of the PRC at the standard tax rate of 25% (2023: 25%), except for one PRC subsidiary of the Group was rewarded with Certificate of High and New Technology Enterprise and entitled to a tax reduction from 25% to 15%. The entitlement is subject to review every three years.

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue after adjusting the potential dilutive effect of the outstanding options during the year.

	2024	2023
Profit attributable to equity shareholders of the Company arises from ( <i>\$'000</i> )		
— Continuing operations	169,659	182,318
— Discontinued operations	—	203,855
	<u>169,659</u>	<u>386,173</u>
Weighted average number of ordinary shares in issue ( <i>in thousand shares</i> )	2,026,997	2,021,318
Effect of outstanding share options ( <i>in thousand shares</i> )	—	797
Weighted average number of ordinary shares (diluted) in issue ( <i>in thousand shares</i> )	<u>2,026,997</u>	<u>2,022,115</u>
Basic earnings per share ( <i>HK cents</i> )		
— Continuing operations	8.4	9.0
— Discontinued operations	—	10.1
	<u>8.4</u>	<u>19.1</u>
Diluted earnings per share ( <i>HK cents</i> )		
— Continuing operations	8.4	9.0
— Discontinued operations	—	10.1
	<u>8.4</u>	<u>19.1</u>

## 12. DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the year

	2024 \$'000	2023 \$'000
Interim dividend declared and paid of HK1.5 cents per ordinary share (2023: HK 4.0 cents per ordinary share)	30,322	80,852
Final dividend proposed after the end of the reporting period of HK4.0 cents per ordinary share (2023: HK1.5 cents per ordinary share)	<u>80,858</u>	<u>30,322</u>
	<u><u>111,180</u></u>	<u><u>111,174</u></u>

The final dividend proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1.5 cents per ordinary share (2023: HK4.0 cents per ordinary share)	<u>30,322</u>	<u>80,852</u>

## PRINCIPAL ACTIVITIES AND RESULTS

**For the year ended 31 March 2024, the Group was principally engaged in:**

- Metal and Plastic Business (“**M&P**”): providing mechanical engineering solutions, manufacturing and sales of metal and plastic parts, mainly including moulds and the relevant plastic and metal parts products for information and communication technology industry, etc.; and
- Electronic Manufacturing Services Business (“**EMS**”): manufacturing and sales of magnetic tape data storage, point-of-sale system, and other computer peripherals, etc.

### **(I) Business Review**

#### *I. Results*

- (a) For the year ended 31 March 2024, the revenue of the Group from continuing operations was HK\$2,915,981,000, representing a decline of approximately 5% as compared to the corresponding period last year (for the year ended 31 March 2023: HK\$3,081,697,000). Profit attributable to the equity shareholders of the Company amounted to HK\$169,659,000 (for the year ended 31 March 2023: HK\$182,318,000), which decreased by approximately 7% as compared to the corresponding period in 2023. The above changes were mainly due to the uncertain macro-economic environment and negative factors such as inflation pressure and rising interest rate, leading to a shift to conservative attitude towards capital expenditure by enterprises and customers, as well as a slowdown in the growth of demand in the server market in 2023 caused by the delay in the launch of the new generation processor platform.
- (b) The revenue of M&P for the year ended 31 March 2024 was HK\$1,725,255,000 (for the year ended 31 March 2023: HK\$1,918,749,000). The revenue of M&P was substantially in line with market performance during the year.
- (c) The revenue of EMS for the year ended 31 March 2024 increased by approximately 2% to HK\$1,190,648,000 when compared with the corresponding period last year (for the year ended 31 March 2023: HK\$1,162,923,000). The revenue of EMS was fairly stable this year.

- (d) During the year, the Group has been facing various challenges. As the recovery of global economy was not as rapid as expected, corporate investment remained weak despite the gradual normalization of global supply chain. In addition global economy was still in an environment of high interest rates, inflation pressure and geopolitical tensions continued to intensify, all of which posed significant challenges to the business environment. However, market conditions have improved since the end of 2023, with enterprises aggressively investing in artificial intelligence (“AI”) deployments, driving significant growth in the market demand for servers.
- (e) In the face of the onslaught of various challenges and the complex and volatile business environment, the Group remained resolute in understanding the needs of its customers through the close collaboration among the Group’s teams, including the relevant departments of marketing, engineering, numerical control, procurement and logistics, and responding to the challenges by enhancing the efficiency of its operations and production. At the same time, we continued to strengthen technical training, enhance technological research ability and development competence, and develop the application of new process so as to maintain and bolster the Group’s core competitiveness.

The newly constructed integrated production building “Karrie Craftmanship Building” has been officially opened, and advanced equipment such as large straight type punch press and high-speed cut-to-length machine line have been installed one after another. Warehousing and quality control departments have also been stationed, and the layout adjustment of each production department has been completed, making the production process smoother. Internal logistics operation time has been greatly shortened with efficiency significantly improved, which reduced production costs and improved product quality at the same time.

- (f) In addition, the Group has been proactively building its PRC marketing team to expand its market share by opening up the market for well-known brands in PRC. At the same time, the Taiwan team assisted customers in designing and developing products and co-developed moulds for branded customers in the early stage of product development, thereby expanding our scope of business and building a competitive edge. With the efforts of our teams, the Group has enhanced its operational capabilities and strengthened its core competitiveness. For example, we have obtained manufacturing licenses for new generation machine models from certain important customers and promptly completed the development of moulds for new projects of our customers.

- (g) The Group continued to strengthen its automated and intelligent production by perfecting packaging optimization during the year, covering areas of welding, bending, grinding, screen printing, laser engraving and assembly, etc., which greatly improved production efficiency and product quality.
- (h) Against the backdrop of intensifying trade conflicts and political friction between China and the United States, the Group has adopted the “China Plus One” strategy to cope with the situation by setting up a plant in Thailand. The Thailand plant has passed the RBA, ISO9001 and ISO14001 certifications and commenced production with the first batch of orders and shipments completed. The Group is continuously improving its plant facilities and expanding its local team by deploying additional professional and technical staff. In addition, the Thailand plant and T. Krungthai Industries Public Co., Ltd, our associate in Thailand, will utilize their synergies to capture the opportunities arising from the Regional Comprehensive Economic Partnership and jointly develop the market.
- (i) The Group organizes regular training courses covering the aspects of systematic thinking, administration, environmental protection and energy conservation, production technology and so on, enriching the knowledge, awareness, mindset and techniques of its staff and infusing momentum into the Group’s multi-dimensional development.
- (j) The Group is committed to exploring new markets, enriching its overseas and PRC customer portfolios and developing different products. In addition to its core products, the Group has been actively exploring different areas such as AI products, 5G products, individual consumer goods, automotive parts and medical products, etc., making great improvement in a steady progress. In terms of complementing the AI development of various well-known branded customers, the Group has successfully developed a variety of AI server-related moulds and has secured orders for major models from several internationally renowned customers, laying a solid foundation for future turnover. Moreover, the Group has acquired new Numerical Control Turret (NCT) Punch Press to strengthen its ability to cater for high-mix low-volume production.
- (k) Customers’ positive reviews are the greatest encouragement to the Group. The Group has repeatedly received “excellent quality awards” from our customers, which represents their recognition of the Group’s quality control, technology standards and service capability.

- (l) The Group regards “corporate social responsibility” as its long-term corporate mission and is committed to sustainable development, covering various areas such as green production, saving energy and reducing emissions, caring for the society, corporate governance and professional development, etc. For details, please refer the sustainability report of the Company to be published separately.
- (m) In order to enhance the operation of our plants and expand our market base, the Group has set up a task force to plan and prepare for a project on the upgrade from “contract processing” to “import processing” for the purpose of transformation and upgrading the Group’s business positioning.

### ***Conclusion***

During the year, the Group faced and responded to various difficulties and challenges by adhering to the strategy of “Focus, Be meticulous and Breakthrough”:

Focus: Concentrating resources on nurturing talents and building an efficient team;

Be meticulous: Emphasizing professional skills and mindset to ensure professionalism and refinement in management;

Breakthrough: Seeking progress while maintaining stability, and developing new sectors and markets while consolidating our core business.

Leveraging the concerted efforts of all employees and adhering to the spirit of “striving for excellence and turning a new leaf”, we have strengthened our management, enhanced our efficiency and continued to innovate in order to enhance the Group’s competitiveness. While stabilizing our core business, we are actively exploring new markets, promoting product diversification and research and development, and achieving “upgrading and transformation” with a view to extending our business presence to Thailand. These achievements were made possible by the hard work of the Karrie team and our belief of “nothing is impossible” to continuously improve our operational capabilities and create greater value for our shareholders.



## **(II) Dividend Policy**

In accordance with the existing dividend policy, which outlines the factors that should be taken into account in determining the amount of dividend for distribution, such as the profit attributable to equity shareholders of the Company, cash flow and investment budgets. After careful consideration of the aforementioned factors, and for the purpose of maintaining the track record of consecutive annual payment of dividends since the listing, the Board has recommended the payment of a final dividend of HK4.0 cents per share to all the shareholders whose names appear on the register of members of the Company on 6 September 2024.

## **(III) Geographical Distribution**

The Group has adopted a diversified approach in product delivery to reduce its reliance on one single market. Details of the Group's geographical distribution are set out in the paragraphs headed "Segment Reporting" in Note 3 to the consolidated results of the Group in this announcement.

## **(IV) Prospects**

With the further development of AI, the demand for AI server orders will remain strong. At the same time, the inventory of traditional servers of our customers is gradually being absorbed and server orders are expected to recover gradually. The production capacity utilization rate of the Group's plants has remained high in recent months, and the Board is therefore optimistic about the future of the AI server and traditional server businesses.

However, as the global environment is still full of challenges and the international geopolitical situation is tense, we should be careful in dealing with the risks at every step and solidify our basic core strengths. Therefore, we will continue our efforts to implement the following countermeasures:

1. Replicating the production model of the plants in the PRC to the plants in Thailand: By utilizing automated and intelligent production, the Thailand plant will become another production site of the Group. When the production of certain products is relocated to Thailand, the plant in Yuquan, Dongguan, the PRC will be freed up for the expansion in the production of mould and numerical control, so as to deepen the development of server products as well as develop other product categories at the same time.
2. Prudent financial management: The Group will adopt prudent financial management as a major principle, cautiously consider new capital expenditure (CAPEX), reduce inventories, strictly control working capital, and control interest expenses under the high interest rate environment to maintain its financial health.

3. Enriching talent pool: We will flexibly deploy our marketing staff, strengthen the strategic management mindset of senior management staff, improve the professional competence and awareness of quality control staff and engineering staff, and enhance the training mechanism for craft apprentices. By adjusting and optimizing the human resource structure of each department, we will enhance teamwork, save labor costs, reduce management waste, and improve the effectiveness of human resources.
4. Innovative processes and technological research and development: We will continue to develop diversified products and deepen intelligent production to create higher value for customers and expand our customer base, with an aim to maintain the Group's competitiveness and leading position in the international market for the production of server chassis and achieve higher profit margins.

## **FINANCIAL RESOURCES**

### **Borrowings**

The net interest-bearing borrowings<sup>#</sup> as at 31 March 2024 were approximately HK\$383,879,000 and the net interest-bearing borrowings ratio (being the proportion of total net interest-bearing borrowings over total equity) was 39% (as at 31 March 2023: net interest-bearing borrowings were approximately HK\$502,664,000 and net interest-bearing borrowings ratio was approximately 54%).

As at 31 March 2024 and 31 March 2023, the Company and the Group's subsidiaries provide cross guarantee for certain banking facilities and borrowings. The financial position of the Group remains healthy.

<sup>#</sup> Net interest-bearing borrowings represents bank borrowings and lease liabilities less cash and bank deposits.

### **Non-current Assets to Shareholders' Fund Ratio**

The non-current assets to total equity ratio as at 31 March 2024 maintained at the healthy level of 107% (as at 31 March 2023: 123%), which represents that most of the Group's non-current assets, such as plant and machineries are supported by the stable total equity of the Group.

### **Capital Expenditure ("CAPEX")**

As at the date of this announcement, the initial estimate of the CAPEX budget for the financial year 2024/25 is approximately HK\$135,453,000. The CAPEX was mainly used for construction of factory, acquiring machinery and equipment and computer system for the year ended 31 March 2024.

## **Resources Available**

Currently, the total interest-bearing bank borrowings are approximately HK\$529,692,000. The Group is confident that with the cash in hand and bank deposits of approximately HK\$149,418,000 and the unutilised banking facilities of approximately HK\$805,680,000, it is able to meet its current operational and capital expenditure requirements and to make strategic investments when opportunities arise.

## **Exchange Rate Exposure**

Most of the Group's assets, liabilities and transactions are denominated in Hong Kong dollars, United States dollar and Renminbi (“**RMB**”). Foreign currency risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a currency other than the Group's functional currency, which in turn exerts pressure on the Group's production cost. To mitigate the impact of exchange rate fluctuation of RMB on its business, the Group will actively communicate with its customers in order to adjust the selling prices of its products and may use foreign exchange forward contracts to hedge against foreign currency risk (if and when necessary).

## **Contingent Liabilities**

As at 31 March 2024, the Group had no significant contingent liabilities.

## **TEA-BREAK WITH INVESTORS**

We are glad that the “tea-break with investors” has been successfully held for many years. The Group adheres to the principles of “openness, fairness and equality” and believes that all investors should have the same right to get access to the Company's information. With these principles in mind and considering that the tea-break remains to be an effective and efficient way for the Company to communicate with its investors, the Company will continue to organise tea-break with individual investors. The next tea-break is scheduled to be held in Hong Kong on 10 August 2024 from 12:00–14:00. Venue details will be informed individually after registration.

Interested investors are invited to visit the Company's website at [www.karrie.com](http://www.karrie.com) for more details. Application will commence on 15 July 2024, and the application form can be downloaded from the Investor Relations' Activities Section of the Company's website or obtained by calling 2411-0913 during office hours. Only investors whose applications are confirmed can join the function. Investors are encouraged to grasp this opportunity to communicate directly with the management of the Company.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had approximately 3,400 employees on average (an average of 3,600 employees in the corresponding period last year) during the year. With a good reputation in the local community, the Group has rarely encountered major difficulties in recruiting employees.

Employee remuneration packages are determined in accordance with prevailing market standards and the employee's performance and experience. The Group will also grant bonuses to employees with outstanding performance based on its own audited business performance and the appraisal and reward system. Other employee benefits include medical insurance and mandatory provident fund.

In addition, to cope with domestic development in Mainland China and the actual need for talent-retention, the Group establishes a "Cooperative Home" to encourage and finance potential elites settled down locally in buying a flat as a means to retain talents who may otherwise be lost in the competitive labour market.

### **Performance Based Incentives**

The Group adopted performance based bonus system and objective performance assessment. Employees with outstanding performance will now receive more bonus than before the new system was implemented.

## **DIVIDEND**

The Board has recommended to pay a final dividend of HK4.0 cents per share (2022/23 final dividend: HK1.5 cents per share), to shareholders whose names appear on the register of members of the Company on 6 September 2024. Together with the interim dividend of HK1.5 cents per share (2022/23 interim dividend: HK4.0 cents per share), total dividend paid/payable for this year amounted to HK5.5 cents per share (2022/23: HK5.5 cents per share). The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM") of the Company to be held on 30 August 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of ascertaining the entitlement to attend and vote at the AGM to be held on 30 August 2024, the register of members of the Company will be closed from Monday, 26 August 2024 to Friday, 30 August 2024 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 23 August 2024.

Assuming that the final dividend is approved by the shareholders of the Company at the AGM, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from Thursday, 5 September 2024 to Friday, 6 September 2024 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 4 September 2024. It is expected that the final dividend will be payable and issued to those entitled on or around Tuesday, 24 September 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

## **CORPORATE GOVERNANCE**

The Company is committed to achieving the highest standards of corporate governance. Throughout the year ended 31 March 2024, the Board is of the view that the Company had applied the principles and complied with the applicable requirements set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, except the following:

Code Provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's bye-laws, at each annual general meeting, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, the number nearest to one-third but not greater than one-third shall retire from office provided that notwithstanding anything in the Company's bye-laws, the chairman of the Directors and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting and would then be eligible for re-election. The chairman and/or the managing director of the Group will consider to voluntarily retire at the annual general meeting at least once every three years in line with Code Provision B.2.2 of the CG Code. As such, the Company considers that sufficient measures have been taken to ensure good corporate governance of the Company.

Moreover, Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not segregate the roles of its chairman and chief executive officer and Mr. Ho Cheuk Fai (“**Mr. Ho**”) currently holds both positions.

Being the founder of the Group, Mr. Ho has substantial experience in the manufacturing industry, as well as in the property development and cultural related business. At the same time, Mr. Ho has the appropriate management skills and business acumen that are the prerequisites for assuming the role of the chief executive officer of the Company. The Board believes that vesting the roles of both the chairman and the chief executive officer of the Company in the same person would provide the Group with strong and consistent leadership and allow the Group to be more effective and efficient in developing long-term business strategies and executing business plans. Hence, the Board considers that there is no need to segregate the roles of the chairman and the chief executive officer of the Company and both roles should continue to be performed by Mr. Ho. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high calibre individuals with a sufficient number thereof independent non-executive Directors.

## **AUDIT COMMITTEE**

The Company has established an audit committee currently made up of three independent non-executive Directors whose duties include resolving issues in relation to audit such as reviewing and supervising the Company’s financial reporting process and internal control systems. The audit committee and the management have reviewed the accounting principles and major policies adopted by the Group and have discussed the auditing, internal control and financial reporting in the current year with the external auditors. The audit committee has reviewed the consolidated annual results of the Group for the year ended 31 March 2024.

## **REVIEW OF ANNUAL RESULTS**

The audit committee has reviewed the accounting principles and practices adopted by the Group and its annual results for the year ended 31 March 2024. The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary results announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary results announcement.

## APPRECIATION

We would like to thank our customers, suppliers, bankers, shareholders and others who have extended their invaluable support to the Group, and my fellow Directors, managers and all staff for their considerable contributions to the Group.

By Order of the Board  
**Karrie International Holdings Limited**  
**Ho Cheuk Fai**  
*Chairman*

Hong Kong, 25 June 2024

*As at the date of this announcement, the executive Directors are Mr. Ho Cheuk Fai, Ms. Chan Ming Mui, Silvia, Mr. Zhao Kai and Mr. Chan Raymond; the independent non-executive Directors are Mr. Fong Hoi Shing, Mr. Yam Chung Shing and Dr. Lau Kin Wah.*

\* *For identification purpose only*