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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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

	For the six months ended 30 September		
	2025	2024	Change
Revenue (<i>HK\$'000</i>)	1,608,745	1,526,653	5%
Profit attributable to equity shareholders (<i>HK\$'000</i>)	101,726	101,779	—
Basic earnings per share (<i>HK cents</i>)	5.0	5.0	—
Diluted earnings per share (<i>HK cents</i>)	5.0	5.0	—
Interim dividend per share (<i>HK cents</i>)	1.5	2.5	-40%

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Karrie International Holdings Limited (the “**Company**”) announced the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2025 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

(Expressed in Hong Kong dollars)

		30 September 2025 \$'000	31 March 2025 \$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		769,327	756,108
Investment properties		138,383	185,544
Intangible assets		30	942
Investments in associates		91,528	89,447
Other financial assets		20,132	19,980
Other non-current assets	4	99,682	87,403
Deferred tax assets		2,343	2,343
		<u>1,121,425</u>	<u>1,141,767</u>
Current assets			
Inventories		534,944	501,196
Trade and bills receivables	4	739,998	621,016
Prepayments, deposits and other receivables	4	70,438	62,003
Amounts due from related companies		9,614	10,908
Current tax recoverable		14,005	4,639
Cash and bank deposits		228,648	191,177
		<u>1,597,647</u>	<u>1,390,939</u>
Total assets		<u><u>2,719,072</u></u>	<u><u>2,532,706</u></u>
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital		202,181	202,146
Other reserves		203,250	201,198
Retained earnings		716,528	675,440
Total equity		<u><u>1,121,959</u></u>	<u><u>1,078,784</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2025

(Expressed in Hong Kong dollars)

		30 September 2025 \$'000	31 March 2025 \$'000
	Note		
LIABILITIES			
Current liabilities			
Trade payables	5	476,194	432,389
Accruals and other payables		227,326	225,603
Bank borrowings	6	483,610	381,659
Lease liabilities		10,542	4,496
Amount due to an associate		11,401	11,770
Amounts due to related companies		3,822	3,919
Current tax payable		136,349	121,898
		<u>1,349,244</u>	<u>1,181,734</u>
Non-current liabilities			
Bank borrowings	6	122,750	154,500
Loan from a controlling shareholder	7	100,000	100,000
Lease liabilities		24,302	16,871
Provision for long service payments		609	609
Deferred tax liabilities		208	208
		<u>247,869</u>	<u>272,188</u>
Total liabilities		<u>1,597,113</u>	<u>1,453,922</u>
Total equity and liabilities		<u>2,719,072</u>	<u>2,532,706</u>
Net current assets		<u>248,403</u>	<u>209,205</u>
Total assets less current liabilities		<u>1,369,828</u>	<u>1,350,972</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2025

(Expressed in Hong Kong dollars)

		For the six months ended 30 September	
	Note	2025 \$'000	2024 \$'000
Revenue	3	1,608,745	1,526,653
Cost of revenue		<u>(1,375,434)</u>	<u>(1,325,490)</u>
Gross profit		233,311	201,163
Distribution and selling expenses		(12,074)	(13,392)
General and administrative expenses		(52,987)	(49,843)
Other net income	8	2,567	2,623
Net valuation losses on investment properties		<u>—</u>	<u>(5,400)</u>
Operating profit		170,817	135,151
Finance costs, net	11	(12,705)	(18,157)
Loss on disposal of subsidiaries	9	(39,352)	—
Share of profits of associates		<u>2,273</u>	<u>145</u>
Profit before taxation		121,033	117,139
Income tax	12	<u>(19,307)</u>	<u>(15,360)</u>
Profit for the period		<u>101,726</u>	<u>101,779</u>
Earnings per share attributable to equity shareholders of the Company			
Basic earnings per share (<i>HK cents</i>)	13	<u>5.0</u>	<u>5.0</u>
Diluted earnings per share (<i>HK cents</i>)	13	<u>5.0</u>	<u>5.0</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

(Expressed in Hong Kong dollars)

	For the six months ended	
	30 September	
	2025	2024
	\$'000	\$'000
Profit for the period	101,726	101,779
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside Hong Kong	(1,437)	7,611
Changes in fair value of other financial assets	57	71
Other comprehensive income for the period	(1,380)	7,682
Total comprehensive income for the period	100,346	109,461

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The interim results set out in this preliminary announcement do not constitute the Group's interim financial report for six months ended 30 September 2025 but are extracted from that interim financial report. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The interim financial report is unaudited but has been reviewed by the Group's audit committee.

This interim financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

This interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2025, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2026. Details of the changes in accounting policies are set out in note 2.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to Hong Kong Accounting Standard 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for current accounting period.

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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.

During the six months ended 30 September 2025, Management has revisited the reportable segments and the Group's internal reporting. After taking into account the future strategic plan, to better reflects how the Group considers the business from product and services perspective and market presence, it is determined that the Group has changed its major operating segments from two to three major operating segments, which the major operating segments changed from metal and plastic business and electronic manufacturing services business to server enclosures (general & AI), EV charger enclosures & other products and storage products. The corresponding segment information for the period ended 30 September 2024 has been restated.

Management considers the business from both geographical and products and services perspectives. From a products and services perspective, Management assesses the performance of server enclosures (general & AI), EV charger enclosures & other products and storage products businesses. In addition, there is further evaluation on a geographical 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 interim financial report. There are no sales between the reportable segments.

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.

The segment results for the six months ended 30 September 2025 are as follows:

For the six months ended 30 September 2025					
	Server enclosures (general & AI) \$'000	EV charger enclosures & others products \$'000	Storage products \$'000	Others \$'000	Total \$'000
Reportable segment revenue					
Revenue from external customers	<u>863,876</u>	<u>128,133</u>	<u>616,736</u>	<u>—</u>	<u>1,608,745</u>
Gross profit	197,624	20,549	15,138	—	233,311
Distribution and selling expenses and general and administrative expenses	(64,886)	(6,747)	(4,970)	11,542	(65,061)
Other net income	<u>1,899</u>	<u>197</u>	<u>145</u>	<u>326</u>	<u>2,567</u>
Operating profit	<u>134,637</u>	<u>13,999</u>	<u>10,313</u>	<u>11,868</u>	<u>170,817</u>

The segment results for the six months ended 30 September 2024 are as follows:

	For the six months ended 30 September 2024				
	Server enclosures (general & AI) \$'000 (restated)	EV charger enclosures & others products \$'000 (restated)	Storage products \$'000 (restated)	Others \$'000 (restated)	Total \$'000 (restated)
Reportable segment revenue					
Revenue from external customers	<u>867,792</u>	<u>84,706</u>	<u>574,141</u>	<u>14</u>	<u>1,526,653</u>
Gross profit	168,093	18,416	14,652	2	201,163
Distribution and selling expenses and general and administrative expenses	(52,948)	(5,801)	(4,252)	(234)	(63,235)
Other net income	1,954	214	135	320	2,623
Valuation loss on investment properties	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,400)</u>	<u>(5,400)</u>
Operating profit	<u>117,099</u>	<u>12,829</u>	<u>10,535</u>	<u>(5,312)</u>	<u>135,151</u>

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

	For the six months ended 30 September	
	2025 \$'000	2024 \$'000
Operating profit	170,817	135,151
Finance costs, net	(12,705)	(18,157)
Loss on disposal of subsidiaries	(39,352)	—
Share of profits of associates	<u>2,273</u>	<u>145</u>
Profit before taxation	<u>121,033</u>	<u>117,139</u>

4 TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2025 \$'000	31 March 2025 \$'000
Trade and bills receivables	750,745	641,070
Less: Loss allowance for trade and bills receivables	(10,747)	(20,054)
	739,998	621,016
Prepayments, deposits and other receivables	170,120	149,406
	910,118	770,422
Less: Other non-current assets (<i>Note</i>)	(99,682)	(87,403)
	810,436	683,019
Representing:		
Trade and bills receivables, net of allowance	739,998	621,016
Prepayments, deposits and other receivables	70,438	62,003
	810,436	683,019
Other non-current assets	99,682	87,403

Note: Other non-current assets represent deposits paid for the purchase of property, plant and equipment and intangible assets amounted to \$99,682,000 (31 March 2025: \$87,403,000).

The Group generally grants credit periods ranging from 30 to 90 days. An ageing analysis of trade and bills receivables, based on invoice date, is as follows:

	30 September 2025 \$'000	31 March 2025 \$'000
0 to 90 days	670,985	584,882
91 to 180 days	78,373	36,846
181 to 360 days	1,021	18,849
Over 360 days	366	493
	<u>750,745</u>	<u>641,070</u>

The maximum exposure to credit risk at the reporting date is the carrying value of trade and bills receivables, deposits and other receivables stated above. The Group does not hold any collateral as security.

5 TRADE PAYABLES

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

	30 September 2025 \$'000	31 March 2025 \$'000
0 to 90 days	437,235	387,796
91 to 180 days	35,784	42,132
181 to 360 days	2,736	1,839
Over 360 days	439	622
	<u>476,194</u>	<u>432,389</u>

6 BANK BORROWINGS

	30 September 2025 \$'000	31 March 2025 \$'000
Portion of bank borrowings repayable within one year or are subject to repayment on demand clauses and classified as current liabilities	483,610	381,659
Portion of bank borrowings repayable after one year and classified as non-current liabilities		
After 1 year but within 2 years	122,750	119,500
After 2 years but within 5 years	—	35,000
	122,750	154,500
Total bank borrowings	606,360	536,159

7 LOAN FROM CONTROLLING SHAREHOLDER

The loan from New Sense Enterprise Limited bears a variable interest rate at a prevailing market rate of 3-month HIBOR per annum, is unsecured and repayable on 26 December 2029. New Sense Enterprise Limited is a wholly owned subsidiary of TMF (B.V.I) Ltd. with Mr. Ho Cheuk Fai as settlor. Interest payable amounted to \$430,000 as at 30 September 2025. (31 March 2025: \$830,000) is included under unaudited consolidated statement of financial position “Accruals and other payables”.

8 OTHER NET INCOME

	For the six months ended 30 September	
	2025 \$'000	2024 \$'000
Rental income	1,227	1,199
(Loss)/gain on disposal of property, plant and equipment	(105)	112
Others	1,445	1,312
	2,567	2,623

9 LOSS ON DISPOSAL OF SUBSIDIARIES

During the period, the Group entered into a Sale and Purchase Agreement with an independent third party, Hong Kong Aired Trading Co., Limited, to dispose of its entire 100% equity interest in its subsidiaries at a total consideration of \$16,345,000. As such, a net loss on disposal of \$39,352,000 was recognised in profit of loss for the period ended 30 September 2025. The transaction was completed on 2 September 2025.

The net assets of the subsidiaries at the date of disposal were as follows:

	2025
	\$'000
Net assets disposed of:	
Investment properties	(45,502)
Accruals and other payables	<u>2,537</u>
Net assets disposed	(42,965)
Proceeds on disposal	16,345
Release of translation reserve upon disposal of subsidiaries	<u>(12,732)</u>
Loss on disposal of subsidiaries	<u><u>(39,352)</u></u>
Net cash inflow arising on disposal:	
Total cash consideration received	<u><u>16,345</u></u>

10 EXPENSES BY NATURE

	For the six months ended	
	30 September	
	2025	2024
	\$'000	\$'000
Amortisation and depreciation of property, plant and equipment	61,290	47,676
Amortisation of intangible assets	912	1,475
Employee benefit expenses (including directors' remuneration)	<u><u>254,667</u></u>	<u><u>204,358</u></u>

11 FINANCE COSTS, NET

	For the six months ended	
	30 September	
	2025	2024
	\$'000	\$'000
Finance income		
Interest income from financial assets measured at amortised cost	912	1,086
Other interest income from financial assets measured at fair value through other comprehensive income (recycling)	197	194
	<u>1,109</u>	<u>1,280</u>
Finance costs		
Interest expense from financial liabilities measured at amortised cost	(11,257)	(19,243)
Interest expense on lease liabilities	(1,079)	(194)
Interest expense on a controlling shareholder loan	(1,478)	—
	<u>(13,814)</u>	<u>(19,437)</u>
Finance costs, net	<u>(12,705)</u>	<u>(18,157)</u>

12 INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (for the six months ended 30 September 2024: 16.5%) on the estimated assessable profit for the period for all Group companies incorporated in Hong Kong.

The Group's operations in the People's Republic of China ("PRC") are subject to Corporate Income Tax Law of the PRC at the standard tax rate of 25% (for the six months ended 30 September 2024: 25%), except for two PRC subsidiary of the Group was rewarded with Certificate of High and New Technology Enterprise and entitled for a tax reduction from 25% to 15%. The entitlement is subject to review every three years.

During the year ended 31 March 2025, the Inland Revenue Department of Hong Kong ("IRD") has issued notices of additional profit tax assessment demanding additional tax payable of HK\$21,151,000 in total for the years of tax assessment from 2016/17 to 2018/19 in connection with the tax treatment relating to contract processing arrangement in the PRC.

Having reviewed the merits of the additional tax assessments, the directors of the Company have determined to strongly contest the additional assessments raised by the IRD. The Group has lodged objections against the additional tax assessment for the year of assessment 2016/17 and 2017/18 and has applied to hold over the additional tax demanded for the years of tax assessment of 2018/19. The IRD has agreed to the holdover the payment of the additional tax demanded of HK\$14,005,000 by way of purchasing an equivalent amount of tax reserve certificates ("TRCs") and has agreed to holdover the remainder of HK\$7,146,000 unconditionally. No additional tax provision has been made during the six months ended 30 September 2025 in respect of the above additional tax assessments on the basis that the management considers the Company has a technical position to defend the tax treatment adopted.

The purchased TRCs of HK\$14,005,000 were included in "Prepayments, deposits and other receivables" in the Group's unaudited consolidated statement of financial position.

13 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 period.

Diluted 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 after adjusting for the potential dilutive effect of the outstanding options during the period.

	For the six months ended 30 September	
	2025	2024
Profit attributable to equity shareholders of the Company (\$'000)	101,726	101,779
Allocation of profit attributable to unvested shares held for share award plan (\$'000)	(288)	—
Profit attributable to equity shareholders of the Company (<i>adjusted</i>) (\$'000)	<u>101,438</u>	<u>101,779</u>
Weighted average number of ordinary shares as at 1 April (<i>in thousand shares</i>)	2,021,459	2,026,997
Effect of share options exercised (<i>in thousand shares</i>)	29	—
Effect of shares purchased under share award plan (<i>in thousand shares</i>)	(4,003)	(5,450)
Weighted average number of ordinary shares as at 30 September (<i>in thousand shares</i>)	2,017,485	2,021,547
Effect of outstanding share options (<i>in thousand shares</i>)	346	—
Weighted average number of ordinary shares (diluted) as at 30 September (<i>in thousand shares</i>)	<u>2,017,831</u>	<u>2,021,547</u>
Basic earnings per share (<i>HK cents</i>)	<u>5.0</u>	<u>5.0</u>
Diluted earnings per share (<i>HK cents</i>)	<u>5.0</u>	<u>5.0</u>

14 DIVIDENDS

The final dividend for the year ended 31 March 2025 amounting to \$60,638,000 representing HK3.0 cents per share, was paid in September 2025 (2024: \$80,858,000 representing HK4.0 cents per share, was paid in September 2024).

The Board declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2025 (six months ended 30 September 2024: HK2.5 cents per share). The interim dividend amounting to \$30,322,000 (six months ended 30 September 2024: \$50,536,000) has not been recognised as liability at the end of the reporting period.

Dividend

The Board declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2025 (the “**Period**”) (for the six months ended 30 September 2024: HK2.5 cents) to all shareholders whose names appear on the register of members of the Company on 16 December 2025. The interim dividend will be payable to those entitled on or about 31 December 2025.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 15 December 2025 to Tuesday, 16 December 2025 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 12 December 2025.

BUSINESS REVIEW

During the Period, the turnover of the Group amounted to approximately HK\$1,608,745,000 (for the six months ended 30 September 2024: HK\$1,526,653,000), representing an increase of approximately 5% as compared to that of the corresponding period last year. Operating profit of the Group for the period amounted to HK\$170,817,000 (for the six months ended 30 September 2024: HK\$135,151,000), representing an increase of approximately 26% as compared to that of the corresponding period last year. Profit attributable to the equity shareholders of the Company amounted to HK\$101,726,000 (for the six months ended 30 September 2024: HK\$101,779,000), which remained stable as compared to that of the corresponding period last year, among which net loss from the disposal of a non-operating item and property investment amounted to approximately HK\$39,352,000. Excluding such one-off item, profit attributable to the equity shareholders of the Company amounted to approximately HK\$141,078,000, representing an increase of approximately 39% as compared to that of the corresponding period last year. The increase was mainly attributable to the improved gross profit of the server enclosures (general & AI) business.

Revenue by Product Category

For the Period, the major product categories of the Group include server enclosures (general & AI), EV charger enclosures and other products under the metal and plastic business and the storage products under the electronic manufacturing services business.

The turnover of server enclosures (general & AI) under the metal and plastic business remained comparable to that of the corresponding period last year, reaching HK\$863,876,000 (for the six months ended 30 September 2024: HK\$867,792,000). During the Period, shipment momentum of certain general-purpose models slowed slightly compared to that of last year as their product cycles entered an adjustment phase, while application-specific integrated circuit (ASIC) related server products gradually began delivery in the second quarter of the financial year. Gross profit margin of the segment for the Period was approximately 23%, representing an increase of approximately 4 percentage points as compared to that of the corresponding period last year. The improvement in gross profit was mainly attributable to the decrease in raw material cost and the structural improvement driven by AI-related server products.

The turnover of the EV charger enclosures and other products under the metal and plastic business increased by approximately 51% to HK\$128,133,000 (for the six months ended 30 September 2024: HK\$84,706,000) as compared to the corresponding period last year. As global new energy and electric vehicle infrastructure gradually expands, product demand maintains steady growth. Gross profit margin of the segment for the Period was approximately 16%, representing a decrease of approximately 6 percentage points as compared to that of the corresponding period last year, which was mainly attributable to the change in product portfolio.

The turnover of storage products under the electronic manufacturing services business for the Period amounted to approximately HK\$616,736,000 (for the six months ended 30 September 2024: HK\$574,141,000), representing an increase of approximately 7%. Gross profit margin of the segment for the Period was approximately 3%, which was comparable to that of the corresponding period last year. Operating under a cost-plus model, the Group has collaborated with primary customers of this business segment for over two decades, with stable orders demand, and continues to bring steady cash flow to the Group.

Artificial Intelligence (AI) Servers and Latest Business Development

As one of the earliest enclosures suppliers to enter the server market, the Group has become the preferred partner for multiple international server brands, leveraging over forty years of metal and plastic engineering experiences and a robust manufacturing foundation. During the Period, with its strong engineering research and development (“**R&D**”) capabilities, mature mould manufacturing expertise and rapid prototyping advantages, the Group was successfully included in Nvidia’s vendor list for server enclosures and racks components, delivering several prototypes in support of its AI server platforms and data centre deployments. Meanwhile, the application-specific integrated circuit (ASIC) related server products of the Group have begun delivery, signaling its official entry into the core supply chain of AI servers and marking a major milestone for future order growth.

Global Production Layout and Increased Automation

In response to the industrial demands of the AI era and the new pace of the supply chain, the Group has proactively implemented the “China+Thailand” dual-base production strategy. The Fenggang plant in Dongguan forms the core for technology and production capacity, while the base located at the Amata City Industrial Estate in Chonburi, Thailand, functions as the second pillar for the Group’s global manufacturing operations. Currently, the production capacity of the Thailand base is approximately one-third of that of China’s. With the rapid growth of AI server orders, its expansion will further accelerate. The swift establishment and launch of the Thailand plant stem directly from the technological and systemic foundation laid by the Group’s years of development of automated production. With standardised production process, the production lines at the two locations could be efficiently integrated, forming highly consistent cross-regional manufacturing capabilities.

During the Period, the Thailand plant added multiple large scale presses and computer numerical control machining equipments, and leased nearby plants for use as warehouse, moulding center, injection moulding and assembly line. The Group has also begun planning and constructing a new production base on the newly acquired land. As its production capacity further expanded, the Group will be able to respond more flexibly to international clients’ demand for AI server products and effectively enhance supply chain resilience.

The Group has long been committed to automation upgrades, incorporating automation development as one of the management’s long-term strategic objectives. This is included in annual key performance indicators and undergoes continuous review and improvement. The Group believes that automation is not merely about investment in equipment, but also the combination of systems engineering and management philosophy. Its purpose is to improve process stability and yield by reducing variables such as manual operation, thereby establishing a more efficient and controllable production environment.

The Group currently deploys over 1,000 robotic arms across various production stages, such as stamping, injection moulding, assembly and inspection. In-house professional team is responsible for independently developing their control systems and optimizing their processes, allowing the Group to flexibly and rapidly deploy its production capacity in any locations.

R&D and Technological Innovation

The Group possesses a large-scale mould division and a comprehensive vertically integrated system, bringing together experienced engineering personnel and advanced precision machining equipments and allowing it to simultaneously undertake multiple difficult mould and product development projects. Leveraging on the professional support of the R&D centres in China and Taiwan, the Group participates in client projects in early stages of product design, providing comprehensive engineering solutions covering structural optimization, DFX integrated analysis, and rapid prototyping, which facilitates clients to shorten their development cycles and improve cost-effectiveness.

Additionally, the R&D team possesses deep industry knowledge, staying abreast of the latest market trends in AI server architecture and thermal management technologies. This enables them to anticipate the design direction of next-generation products and provide clients with forward-looking structural recommendations in the early intervention stage. Consequently, the Group achieves superior responsiveness and solution competitiveness within the rapidly evolving AI server market environment. The Group believes that R&D, as the core driver, would allow Karrie to further increase its value in the global AI server industrial chain.

Sustainable Development and Environmental, Social and Governance (ESG) Strategy

The Group continues to promote ESG development. In terms of environment, the Group proactively implements green manufacturing, introduces energy-saving and clean production solutions and optimizes energy management to achieve the long-term goal of “net zero” operation. In terms of social and governance, the Group places emphasis on employee development and training, refines supply chain management and fulfills its commitments to stakeholders through a transparent and responsible corporate culture.

Talent Incentive and Corporate Governance

To further incentivize employees to growth alongside the Group, the Company granted an aggregate of 73,380,000 share options to its employees under the share option scheme adopted by the Company on 30 August 2023 in September 2025, which are divided into three tranches and could be exercised in the designated vesting period between September 2026 and September 2035. This scheme aims to encourage employees to actively participate in the Group’s long-term development, inspire their potential, promote performance efficiency, consolidate the core team, and attract and retain excellent talents, promoting employees and the Group towards sustained growth and shared success. (For details, please refer to the announcement of the Company dated 4 September 2025)

At the same time, the Company appointed Mr. Ho Wai Hon, Brian (the son of the Chairman and CEO of the Company) as deputy chairman and the head of finance and accounting department in October 2025. Mr. Ho Wai Hon, Brian possesses extensive financial and management experience. His appointment will further strengthen the Group’s management structure and strategic execution capabilities.

Convertible Bonds

On 13 October 2025, the Company entered into a subscription agreement with the Mr. Ho Cheuk Fai (“**Mr. Ho**”), the Chairman and CEO of the Company, pursuant to which the convertible bonds in the principal amount of HK\$150,000,000 shall be issued to Mr. Ho at a conversion price of HK\$2.30 per share subjected to, among other conditions precedent, the approval of the independent shareholders of the Company at the special general meeting to be held on 2 December 2025. This fundraising initiative aims to enhance the Group’s capital structure and liquidity, further strengthen its financial position and finance its future development and global expansion. Proceeds will primarily be used for projects that facilitate the long-term development of its business, including but not limited to purchasing new machinery, constructing new production bases in Thailand and carrying out strategic acquisition and merger in overseas markets. (For details, please refer to the announcement and circular of the Company dated 13 October 2025 and 14 November 2025 respectively)

PROSPECTS

The Group was successfully included in Nvidia’s vendor list for server enclosures and racks components, and completed the delivery of several enclosure prototypes for MGX, DGX and other next generation server platforms during the Period. Production of relevant moulds is also progressing steadily according to our schedule. Certain enclosure projects have received orders from clients and are expected to gradually begin mass production from late this year to early next year. At the same time, racks-related project for MGX platform has begun mould production, and is expected to begin mass production by the end of this year. Meanwhile, the Group has also begun delivering application-specific integrated circuit (ASIC) related server products for another major client, further expanding its presence in the AI server supply chain and marking a major milestone for the development of the Company. With the widespread adoption of AI application and continued growth of computing demand, the management expects that relevant orders will further increase, driving the rise of both the unit price and gross profit margin of products. The Group will strive to capitalize on such market opportunities and introduce new growth drivers for its performance.

In terms of general servers, the Group continues to strengthen its long-term cooperation with existing international brand clients, and has received orders for next generation general server products. Furthermore, as AI technology gradually permeates various computing scenarios, relevant brand clients have also become key customers for the Group’s AI product line. We provide them with comprehensive mechanical structure solutions, including enclosures and racks, helping clients enhance product competitiveness and accelerate new product launches in the AI era.

The server rack shipping model has become the new norm of the industry. As computational density of AI server increases and system integration demands expand, the industry will increasingly shift from shipping individual hosts to rack-level supply models. This transition aims to enhance deployment efficiency, system consistency and large-scale deployment capabilities. The Group has been developing its metalworking technologies over the years. Apart from server enclosures, the Group also possesses manufacturing capabilities for large racks and their associated accessories. It has previously supplied various rack products to international brands clients and accumulated extensive experience in large-scale metal structure projects such as EV charger enclosures. Moreover, the Group has been developing new server rack products and proactively communicating with clients regarding new product designs, and has introduced automation solution for the production of large racks, which not only could improve yield and consistency, but also meet the expected significant increase in rack orders from 2026. In the future, other than server enclosures, the Group is capable to offer racks and complete accessories, forming a more competitive product portfolio.

Furthermore, the Group has established a close partnership with an industry leader specialising in thermal management solutions, providing mechanical design and manufacturing solutions for its rack-level cooling distribution units (CDU). Liquid cooling technology is one of the important trends in the era of high density computing. As the power consumption and thermal management demands of AI servers continue to rise, this market exhibits significant potential. The Group aims to leverage technological synergies with its partner, combining each other's strengths to further expand liquid cooling applications and seize long-term development opportunities in this emerging market.

In terms of production capacity layout, the Group has fully launched its expansion plan for the Thailand base and aims to achieve a production scale comparable to that of its China base in the medium to long term. Currently, Thailand's production capacity is undergoing rapid expansion and ramp-up. As capacity utilization rates continue to rise, economies of scale will progressively manifest in enhanced production efficiency and gross profit margins. This will also strengthen the Group's order fulfilment capabilities to meet future large-scale demand for AI servers and related racks.

In terms of R&D and engineering capabilities, the Group will continue to strengthen its engineering and R&D talent pipeline, focusing on recruiting high-end technical talents to enhance its cross-regional cooperation and rapid response capabilities, and will seek strategic acquisition opportunities with synergistic benefits at opportune times to accelerate the integration of key technologies and both internal and external engineering solutions, which will further enhance the technical depth and added-value of the Group.

In terms of financial management, the Group will prudently balance the three principles of “dividend distribution”, “development” and “financial health” to drive long-term growth in a sustainable manner. The Group has successfully secured a capital expenditure financing facility from its primary correspondent banks, effectively enhancing capital allocation flexibility to support overseas capacity expansion and future capital expenditures. The Group has consistently adhered to a prudent financial policy, allocating resources flexibly based on its stage of development and capital requirements. A stable financial foundation is maintained to create long-term and sustainable returns for shareholders, so as to support business growth.

CONCLUSION

Although the AI market continues to heat up and the growth potential of the server industry is widely recognized, the Group will remain vigilant. Fully aware of the rapidly changing technology cycles, the Group will continue to monitor industry dynamics and market trends, making investment decisions with cautious optimism. The Group will balance growth while managing risks to ensure the Company develops steadily and healthily at a controlled pace.

Meanwhile, global economic outlook is still subject to uncertainties like inflation, trade disputes and geopolitical tensions. The Group will continue to adhere to its principles of prudent operations and stringent management, while flexibly addressing external challenges to maintain its long-term competitive edge.

The year of 2025 marks the significant milestone of Karrie’s 45th anniversary. Looking back on its 45-year history, Karrie has always upheld the principles of “Proactive, Services and Commitment”, establishing itself as an industrial business and pursuing long-term success with innovation, in order to create value for shareholders, employees, the society and other stakeholders. Celebrating its sapphire jubilee, the Group will uphold its philosophy of “expertise and steady progress ensures long-term success (嘉承有道•利行致遠)”, harnessing its professional expertise and innovative prowess to drive high-quality development, and moving towards a more competitive and sustainable future in anticipation of the blooming opportunities in the new AI era.

LIQUIDITY RESOURCES AND FINANCING POLICIES

Treasury policy

We will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong and healthy liquidity position to ensure that the Group is well-placed to capture future growth opportunities.

As at 30 September 2025, the net interest-bearing borrowings (representing bank borrowings, loan from controlling shareholder and lease liabilities less cash and bank deposits) were HK\$512,556,000 (as at 31 March 2025: HK\$466,349,000) and the net gearing ratio (representing the proportion of total net interest-bearing borrowings in total equity) was 46% (as at 31 March 2025: 43%).

As at 30 September 2025, the interest bearing bank borrowings were HK\$606,360,000. The cash and bank deposits amounted to HK\$228,648,000 and the unutilised banking facilities HK\$1,492,165,000. The Company is confident that the existing financial resources of the Group are sufficient to meet the funding needs for the current and future operation of the Group.

EXCHANGE RATE EXPOSURE

Most of the Group's assets, liabilities and transactions are denominated in Hong Kong dollars, United States dollars and Renminbi. 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 the Renminbi on its business, if necessary, 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 LIABILITY

As at 30 September 2025, the Group had no significant contingent liabilities.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 13 October 2025, the Company entered into a subscription agreement with the Mr. Ho Cheuk Fai (“**Mr. Ho**”), the Chairman and CEO of the Company, pursuant to which the convertible bonds in the principal amount of HK\$150,000,000 shall be issued to Mr. Ho at a conversion price of HK\$2.30 per share subjected to, among other conditions precedent, the approval of the independent shareholders of the Company at the special general meeting to be held on 2 December 2025.

Save for the above, the Company has no other significant event took place after the end of the Period and up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICIES

The number of employees had increased from approximately 3,600 as at the end of the same period of last year to approximately 4,000 as at the end of the Period. With a strong reputation in the local community, the Group had not experienced any major difficulties in recruiting employees.

Employee remuneration packages are determined in accordance with the prevailing market conditions and market rates, with reference to employees' performance and experiences. The Group will also grant bonuses to employees with outstanding performance based on the Company's business performance pursuant to the Group's 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 need for talent retention, the Group establishes a "Cooperative Home Scheme" to encourage and finance potential high calibre to settle down locally through purchasing flats as a means to retain talents who may otherwise be lost in the highly competitive labour market.

Performance Based Incentives

The Group adopted a performance-based bonus system and an objective performance assessment. Employees with outstanding performance will now receive more bonuses on a merit-based performance assessment.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

In accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Company established an audit committee of the Board ("**Audit Committee**") in January 1999 which now comprises three independent non-executive Directors. The Audit Committee is responsible for dealing with matters relating to the audit area, including but not limited to, reviewing and supervising the Company's financial reporting process and internal control, in order to protect the interests of the shareholders of the Company. The unaudited interim results for the Period of the Company now reported have been reviewed by the Audit Committee and the Audit Committee has no disagreement with the accounting treatment and policies adopted by the Company during the Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Save as explained below, the Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules during the Period:

- 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 three or a multiple of three, 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 Board 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 of the Board 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 pre-requisites for assuming the role of the chief executive officer. The Board believes that vesting the roles of both the chairman and the chief executive officer 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 and both roles should continue to be performed by Mr. Ho. The Board believes that the check and 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.

The Company will continue to review its corporate governance practices from time to time to achieve a high standard of corporate governance.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company has adopted stringent procedures in governing the Directors' securities transactions in compliance with the requirements contained in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries by the Company with each of the Directors, all Directors had confirmed that, they had complied with all of the required standards as set out in the Model Code throughout the Period.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2025 interim report of the Company will be published on the website of the Company and the Stock Exchange in accordance with the Listing Rules in due course.

By order of the Board
Karrie International Holdings Limited
HO CHEUK FAI
Chairman

Hong Kong, 26 November 2025

As at the date of this announcement, the executive Directors are: Mr. Ho Cheuk Fai, Ms. Chan Ming Mui, Silvia, Mr. Zhao Kai, Mr. Chan Raymond and Mr. Ho Wai Hon, Brian; the independent non-executive Directors are: Mr. Fong Hoi Shing, Dr. Lau Kin Wah and Mr. Lam Yin Shing, Donald.

* *For identification purposes only*