KA SHUI INTERNATIONAL HOLDINGS LIMITED
嘉 瑞 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 822)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2026	2025	+/(-)
	HK$'000	*HK$'000*	
	(unaudited)	(unaudited)	
RESULTS			
Revenue	**696,576**	646,247	7.8%
Gross profit	**72,130**	89,149	(19.1%)
Loss attributable to owners of the Company	**(54,158)**	(39,361)	37.6%
EBITDA	**5,447**	18,875	(71.1%)
PER SHARE DATA			
Loss per share for loss attributable to owners of the Company			
– Basic *(HK cents)*	**(6.06)**	(4.40)	37.7%
– Diluted *(HK cents)*	**N/A**	N/A	N/A

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Ka Shui International Holdings Limited (the "**Company**" or "**Ka Shui**") is pleased to announce the unaudited interim financial results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
	Note	**(unaudited)**	(unaudited)
Revenue	*4*	**696,576**	646,247
Cost of sales		**(624,446)**	(557,098)
Gross profit		**72,130**	89,149
Other income	*5*	**14,369**	11,201
(Impairment losses)/reversals of impairment losses for trade receivables		**(94)**	68
Selling and distribution expenses		**(22,070)**	(23,060)
General and administrative expenses		**(103,672)**	(98,530)
Other operating expenses and income		**(6,477)**	(10,515)
Loss from operations		**(45,814)**	(31,687)
Finance costs	*6*	**(5,882)**	(7,198)
Share of losses of associates		**(232)**	(296)
Loss before tax		**(51,928)**	(39,181)
Income tax expense	*7*	**(4,650)**	(3,104)
Loss for the period	*8*	**(56,578)**	(42,285)
Attributable to			
Owners of the Company		**(54,158)**	(39,361)
Non-controlling interests		**(2,420)**	(2,924)
		(56,578)	(42,285)
Loss per share			
– Basic *(HK cents)*	*10*	**(6.06)**	(4.40)
– Diluted *(HK cents)*	*10*	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(56,578)**	(42,285)
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity investment at fair value through other comprehensive income ("**FVTOCI**")	**–**	8,432
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**32,558**	12,582
Other comprehensive income for the period, net of tax	**32,558**	21,014
Total comprehensive income for the period	**(24,020)**	(21,271)
Attributable to		
Owners of the Company	**(22,193)**	(18,659)
Non-controlling interests	**(1,827)**	(2,612)
	(24,020)	(21,271)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2026** ***HK$'000*** **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**505,921**	502,581
Right-of-use assets		**287,891**	283,923
Other intangible assets		**21,020**	21,813
Club membership		**718**	718
Investments in associates		**11,719**	11,495
Equity investment at FVTOCI		**51,120**	49,157
Non-current deposits		**10,104**	10,198
Deferred tax assets		**94**	90
		888,587	879,975
Current assets			
Inventories		**220,243**	224,581
Right of return assets		**55**	54
Trade and bills receivables	*11*	**415,965**	433,073
Contract assets		**9,686**	5,049
Prepayments, deposits and other receivables		**48,582**	48,935
Due from an associate		**6,928**	6,662
Current tax assets		**105**	3,430
Restricted bank balances		**1,968**	1,894
Bank and cash balances		**233,986**	274,910
		937,518	998,588

	Note	As at 30 June 2026 HK$'000 (unaudited)	As at 31 December 2025 HK$'000 (audited)
Current liabilities			
Trade payables	*12*	**229,148**	242,426
Contract liabilities		**11,274**	14,093
Refund liabilities		**243**	241
Other payables and accruals		**117,370**	125,062
Bank borrowings		**214,710**	201,456
Loan from non-controlling interest		**1,500**	1,500
Lease liabilities		**18,202**	14,851
Current tax liabilities		**1,897**	3,622
		594,344	603,251
Net current assets		**343,174**	395,337
Total assets less current liabilities		**1,231,761**	1,275,312
Non-current liabilities			
Lease liabilities		**28,150**	32,056
Deferred tax liabilities		**56,568**	55,865
		84,718	87,921
NET ASSETS		**1,147,043**	1,187,391
Capital and reserves			
Share capital		**89,376**	89,376
Reserves		**1,055,497**	1,079,974
Equity attributable to owners of the Company		**1,144,873**	1,169,350
Non-controlling interests		**2,170**	18,041
TOTAL EQUITY		**1,147,043**	1,187,391

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 January 2005. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is Room A, 29/F, Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group is principally engaged in the manufacture and sale of zinc, magnesium and aluminium alloy and plastic products and components, trading of lighting products, provision of motor vehicle repairing services, sales of special purpose vehicles, provision of new energy vehicles power systems and production of other products which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products, automotive parts and precision components.

In the opinion of the Directors, as at 30 June 2026, Precisefull Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Lee Yuen Fat ("**Mr. Lee**") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

These condensed consolidated financial statements should be read in conjunction with the 2025 annual financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) New and amended standards adopted by the Group

The Group has applied the amendments to Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments and Annual Improvements to HKFRS Accounting Standards – Volume 11 for the first time from 1 January 2026. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards.

(b) Impact of new and amended standards issued but not yet adopted by the Group

Up to the date of issue of these condensed consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are effective for accounting periods beginning on or after 1 January 2027 and which have not been early adopted by the Group in these financial statements. Details of which were disclosed in 2025 annual financial statements.

The Directors are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application.

4. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group's operation is currently categorised into nine (2025: nine) operating divisions – zinc, magnesium, aluminium alloy, plastic products and components, trading of lighting products, provision of motor vehicle repairing services, sales of special purpose vehicles, provision of new energy vehicles power systems and production of other products. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

Operating divisions including provision of motor vehicle repairing services, sales of special purpose vehicles and provision of new energy vehicles power systems are aggregated into motor vehicle power systems segment as they have similar economic characteristics including sharing similar type of customers for their products and services.

The Group's other operating segments include production of other products. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the "Others" column.

Segment profits or losses do not include interest income, government grants, share of losses of associates, finance costs, corporate expenses and income tax expense.

Segment assets and liabilities are not reported or used by the chief operating decision maker.

Information about reportable segment profit or loss:

	Zinc alloy *HK$'000* (unaudited)	**Magnesium alloy** *HK$'000* (unaudited)	**Aluminium alloy** *HK$'000* (unaudited)	**Plastic** *HK$'000* (unaudited)	**Lighting products** *HK$'000* (unaudited)	**Motor vehicle power systems** *HK$'000* (unaudited)	**Others** *HK$'000* (unaudited)	**Total** *HK$'000* (unaudited)
For the six months ended 30 June 2026								
Revenue from external customers	**27,235**	**340,741**	**81,520**	**236,219**	**9,681**	**–**	**1,180**	**696,576**
Segment (loss)/profit	**1,147**	**(23,605)**	**(5,382)**	**4,413**	**(6,215)**	**(1,702)**	**(528)**	**(31,872)**
Depreciation and amortisation	**837**	**16,305**	**5,908**	**13,916**	**2,628**	**64**	**8**	**39,666**
Allowance/(reversal of allowance) for inventories, net	**(156)**	**(589)**	**(459)**	**809**	**3,979**	**–**	**–**	**3,584**
For the six months ended 30 June 2025								
Revenue from external customers	29,752	286,153	97,939	221,498	8,874	488	1,543	646,247
Segment (loss)/profit	1,297	(21,220)	(2,215)	6,680	(7,511)	(2,510)	(582)	(26,061)
Depreciation and amortisation	751	14,970	5,463	23,223	2,641	43	17	47,108
Allowance/(reversal of allowance) for inventories, net	–	3,448	–	4,141	3,356	(603)	–	10,342

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reconciliation of reportable segment profit or loss:		
Total loss of reportable segments	**(31,872)**	(26,061)
Unallocated amounts:		
Interest income	**1,427**	1,787
Government grants	**1,550**	930
Share of losses of associates	**(232)**	(296)
Finance costs	**(5,882)**	(7,198)
Corporate expenses	**(16,919)**	(8,343)
Income tax expense	**(4,650)**	(3,104)
Consolidated loss for the period	**(56,578)**	(42,285)

During the current period, management reviewed the Group's segment reporting approach and determined that certain shared administrative and operating expenses are managed and monitored at the corporate level rather than at the operating segment level. Accordingly, these expenses, which were previously allocated to individual operating segments, are now presented as unallocated corporate expenses.

5. OTHER INCOME

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**1,427**	1,787
Reimbursement from customers	**4,063**	1,968
Sales of scrap materials	**1,536**	4,578
Government grants	**1,550**	930
Others	**5,793**	1,938
	14,369	11,201

6. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	**4,753**	5,395
Interest expenses on lease liabilities	**1,129**	1,803
	5,882	7,198

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**1,216**	1,686
Under-provision in prior years	**–**	58
Current tax – Income tax outside Hong Kong		
Provision for the period	**4,027**	2,029
Under-provision in prior years	**592**	663
Deferred tax	**(1,185)**	(1,332)
	4,650	3,104

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5% (six months ended 30 June 2025: 16.5%). Under the People's Republic of China ("**PRC**" or "**China**") Enterprise Income Tax (the "**EIT**") Law, the statutory tax rate for the Group's subsidiaries established and operating in Mainland China is 25% (six months ended 30 June 2025: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories sold *(note (b))*	**576,505**	512,638
Allowance for inventories, net *(note (a))*	**3,584**	10,342
Amortisation of intangible assets	**1,436**	1,437
Bad debts recovery *(note (a))*	**(23)**	–
Depreciation of property, plant and equipment	**37,280**	37,887
Depreciation of right-of-use assets	**12,777**	11,534
Net exchange loss/(gain)	**1,014**	(3,798)
Loss/(gain) on disposal of property, plant and equipment *(note (a))*	**969**	(79)
Gain on early termination of a lease *(note (a))*	**(159)**	–
Property, plant and equipment written off *(note (a))*	**229**	252
Research and development expenditure	**7,369**	10,168
Employee benefits expense (including director's emolument):		
– Salaries, bonuses and allowances	**193,118**	182,272
– Retirement benefit scheme contributions	**19,891**	17,978
– Other benefits	**16,283**	16,804

Notes:

(a) These amounts are included in other operating expenses and income.

(b) Cost of inventories sold includes staff costs and depreciation of approximately HK$189,710,000 (2025: HK$178,307,000), which are included in the amounts disclosed separately above.

9. DIVIDENDS

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2026 (2025: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(54,158)**	(39,361)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares used in basic loss per share calculation	**893,761**	893,761

No diluted loss per share is presented as the effect of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2026 and 2025.

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Trade receivables	**407,955**	429,918
Bills receivables	**8,010**	3,155
	415,965	433,073

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (31 December 2025: 30 to 120 days) after the end of the month in which the invoices are issued. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance for bad and doubtful debt, is stated as follows:

	As at 30 June 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
0 to 30 days	**171,656**	150,892
31 to 60 days	**68,647**	107,791
61 to 90 days	**74,282**	80,894
91 to 180 days	**87,519**	87,068
Over 180 days	**8,118**	5,438
Less: Allowance for bad and doubtful debts	**(2,267)**	(2,165)
	407,955	429,918

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

	As at 30 June 2026 ***HK$'000*** **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Transferred receivables	**8,929**	8,003
Associated secured borrowing	**10,240**	13,792

Management considers that in substance the factor collects the amounts receivable on the entity's behalf and retains the cash in settlement of the separate financing transaction. The Group therefore presents the cash inflows received from the bank as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days (31 December 2025: 30 to 90 days) from its suppliers. The ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 30 June 2026 ***HK$'000*** **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
0 to 30 days	**51,388**	68,205
31 to 60 days	**46,180**	53,200
61 to 90 days	**56,244**	39,230
91 to 180 days	**45,769**	62,622
Over 180 days	**29,567**	19,169
	229,148	242,426

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Financial Review

During the first half of 2026, sluggish global growth, persistent inflationary pressure and geopolitical uncertainties continued to present challenges to the global business environment. Against this backdrop, supported by the Group's resilience and continued development of lightweight materials with enhanced performance, the Group's revenue for the six months ended 30 June 2026 (the "**Period**") recorded an increase of approximately 7.8% to HK$696,576,000 (2025 first half: approximately HK$646,247,000). The increase was primarily attributable to the satisfactory performance of the magnesium alloy and plastic business segments, partially offset by softer revenue performance in the aluminium alloy, zinc alloy and other business segments. Meanwhile, the Group's gross profit decreased by approximately 19.1% to approximately HK$72,130,000 (2025 first half: approximately HK$89,149,000), with a gross profit margin of 10.4% (2025 first half: 13.8%).

The Group recorded a net loss attributable to owners of the Company of approximately HK$54,158,000 for the Period (2025 first half: net loss of approximately HK$39,361,000), mainly attributable to intense industry competitive bidding and tendering mechanism as well as unfavourable market condition.

Under the competitive bidding and tendering mechanisms commonly adopted in the industry, market competitors widely pursued highly aggressive pricing strategies to secure orders. In response to the prevailing market conditions, the Group adjusted its pricing strategy accordingly. Nevertheless, revenue growth in the first half of 2026 fell short of expectations and did not achieve the anticipated year-on-year increase. As a combined effect of the aforementioned intense competitive bidding and tendering mechanisms, coupled with global macroeconomic uncertainties, customers have become increasingly cautious in their procurement activities and continued to request product price reductions and adjustments to order volumes, resulting in a significant decline in the Group's short-term gross profit margin during the Period.

The Group's EBITDA, computed as profit before tax, depreciation, amortisation and finance costs, amounted to approximately HK$5,447,000 (2025 first half: approximately HK$18,875,000).

(B) Business Review

Magnesium alloy business

Revenue from the magnesium alloy segment increased by approximately HK$54,588,000, or 19.1%, to approximately HK$340,741,000 for the Period (2025 first half: approximately HK$286,153,000), accounting for approximately 48.9% of the Group's overall revenue (2025 first half: approximately 44.3%). The growth was mainly driven by the wider adoption of magnesium alloy as a substitute for traditional aluminium in consumer electronics, notebook computers and new energy vehicles ("**NEV(s)**"), together with the expansion of the Group's magnesium ingot processing and trading business.

Despite double-digit revenue growth, the segment recorded a loss of approximately HK$23,605,000 (2025 first half: loss of approximately HK$21,220,000). This was mainly attributable to intense market competition and aggressive pricing under the industry's competitive bidding and tendering mechanisms, cautious customer procurement, continued requests for product price reductions and order adjustments amid the prevailing uncertain global macroeconomic environment, and higher production costs, all of which compressed the Group's short-term gross profit margin during the Period.

Looking ahead, the Group will continue to optimize its sales and market strategies and maintain flexibility in balancing volume-driven growth with higher-margin niche markets with high entry barriers. The Group will also continue to invest in research and development, focusing on advanced magnesium alloy formulations and process technologies for high-growth applications such as artificial intelligence ("**AI**") personal computers ("**AI PC(s)**"), AI data centers, low-altitude aviation platforms and humanoid robotics, with a view to strengthening its position in lightweight solutions and creating sustainable long-term value for shareholders.

Plastic business

The turnover of the plastic segment increased by approximately HK$14,721,000 or 6.6%, to approximately HK$236,219,000 for the Period (2025 first half: approximately HK$221,498,000), accounting for approximately 33.9% of the Group's overall revenue (2025 first half: approximately 34.3%). The increase in sales was mainly driven by higher demand for automotive connector products, benefiting from the continued expansion of vehicle electrification and the increasing adoption of electronic systems in both NEVs and conventional vehicles. Sales of mobile device accessories also recorded a modest increase during the Period. These positive factors drive the overall revenue growth in this segment despite the challenging competitive environment in certain consumer electronics markets. Although the plastic segment sustained revenue growth, its overall profitability contribution to the Group narrowed to approximately HK$4,413,000 for the Period (2025 first half: approximately HK$6,680,000). To navigate keen market competition, the segment maintained a competitive pricing strategy while cost compression efforts were not in line with these pricing adjustments, resulting in a lower margin for the Period.

This segment demonstrated meaningful operational improvement during the Period. The Group will continue to optimize operational processes and strengthen cost control at its strategic manufacturing base in Mexico, while actively expanding its customer base and product offerings to enhance this segment's competitiveness and profitability in the North American market.

Aluminium alloy business

The revenue of the aluminium alloy segment decreased by approximately HK$16,419,000 or 16.8%, to approximately HK$81,520,000 for the Period (2025 first half: approximately HK$97,939,000), representing approximately 11.7% of the Group's overall revenue (2025 first half: approximately 15.2%).

The decline was mainly attributable to softer demand from industrial applications and traditional automotive sectors. Although the broader NEV(s) market maintained its growth trajectory, the industry-wide trend of lightweight material substitution has become increasingly evident. Specifically, the accelerating transition from traditional aluminium to magnesium alloys – as highlighted in the aforementioned magnesium segment – materialized further during the Period. Consequently, this lower production volume resulted in reduced economies of scale for the segment. The decreased capacity utilization constrained the segment's ability to fully absorb its relatively stable fixed production overheads. This dynamic, coupled with the decline in overall revenue, ultimately resulted in a loss for this segment during the Period.

Zinc alloy business

The revenue of the zinc alloy segment dropped slightly by approximately HK$2,517,000 or 8.5%, to approximately HK$27,235,000 for the Period (2025 first half: approximately HK$29,752,000), accounting for approximately 3.9% of the Group's overall revenue (2025 first half: approximately 4.6%).

While this segment experienced a decrease in turnover, it continued to yield a segment profit during the Period, mainly benefited from effective cost control measures and stable production operations.

Others

The revenue of other businesses (including trading of lighting products, provision of motor vehicle repairing services, sales of special purpose vehicles and provision of NEVs power systems and production of other products) remained relatively stable and decreased by approximately HK$44,000 or 0.4% to approximately HK$10,861,000 during the Period (2025 first half: approximately HK$10,905,000).

(C) Prospects

In the second half of 2026, the global economy continues to navigate headwinds characterized by sluggish growth, persistent inflationary pressures, and geopolitical volatility impacting energy markets. Nevertheless, global technology investments remain robust, driven by massive capital expenditures in AI infrastructure. This ongoing technological evolution presents significant growth avenues for enterprises capable of delivering advanced material innovations.

Global capital expenditure on AI infrastructure is projected to accelerate by 56% to US$497 billion in 2026, with a five-year compound annual growth rate (CAGR) of approximately 30% from 2025 climbing to US$1.21 trillion in 2030. Leveraging its established reputation in metal alloy die-casting technology, the Group has successfully penetrated the supply chain of the world's leading AI semiconductor developer, supplying alloy components for AI servers. Concurrently, the Group is developing integrated thermal management solutions for high-density servers to address thermal dissipation requirements for AI data centers. In consumer electronics, the Group's proprietary high-thermal-conductivity magnesium alloys and die-casting technologies have been validated and adopted by premier global AI PC brands. When paired with advanced anodization treatments, these magnesium components form a comprehensive thermal management solution offering superior heat dissipation, corrosion resistance, and an environmentally sustainable surface finish. With market penetration of AI PCs expected to reach 62% in 2026 and 95% by 2029, the Group is well-positioned to capture the market growth.

Vehicle lightweighting remains a core strategic focus. According to the China Association of Automobile Manufacturers, domestic NEV sales and production grew by more than 30% year-on-year in the first half of 2026, both surpassing 7 million units. As major manufacturers accelerate the adoption of magnesium alloys across body and chassis systems, structural demand is scaling rapidly. The Group continues to prioritize the development of high-strength, high-toughness, and high-fluidity magnesium alloys for critical automotive components, securing expanded order volumes from leading domestic NEV manufacturers.

China's low-altitude economy is expanding rapidly, supported by favorable policy frameworks and airspace reforms. Commercial applications are maturing across government sectors (such as industrial inspection, agricultural operations, and emergency rescue) and consumer markets (including urban air mobility, aerial tourism, and instant logistics). This trend is generating strong demand for ultra-lightweight, high-strength structural components for aerial vehicles and electric vertical take-off and landing ("**eVTOL**") aircraft. The Civil Aviation Administration of China projects the market value of the low-altitude sector to grow from RMB1.5 trillion in 2025 to RMB3.5 trillion in 2035, representing a growth rate of 133%, marking a transition from policy planning to massive industrial deployment. This year, the Group achieved a milestone by scaling production of specialized, flame-retardant magnesium parts compliant with U.S. Federal Aviation Administration ("**FAA**") flammability standards for a leading Chinese aerial vehicle manufacturer. The Group is actively collaborating with other eVTOL manufacturers and operators to optimize material design and parts engineering to ensure efficiency and durability.

The emerging humanoid robotics sector represents another high-potential growth driver for the Group. Global shipments of humanoid robots are forecast to reach 510,000 units by 2030, representing a CAGR of nearly 95%. China's strong presence in global manufacturing positions the domestic market for accelerated expansion. The growth drives demand for ultra-lightweight structural alloys that enhance battery longevity and dynamic agility. Capitalizing on its proprietary precision semi-solid forming technology and high-strength alloys, the Group has engineered specialized magnesium components for robot joints and commenced supply to a leading domestic humanoid robotics developer. Mass production and delivery scheduled for the remainder of 2026 lay a solid foundation for long-term commercialization.

The rapid adoption of AI PCs, AI data centers, NEVs, low-altitude aviation platforms, and humanoid robotics underscores the accelerating market transition toward advanced magnesium lightweight solutions. Magnesium alloys offer distinct competitive advantages, including low density, excellent die-casting properties, scalable production capability, and favorable cost structures compared to traditional materials. Looking ahead, the Group will continue to invest in research and development to advance specialized magnesium alloy formulations and process technologies. By speeding up material substitution across high-growth industrial applications, the Group aims to reinforce its market leadership in lightweight solutions and deliver sustainable long-term value to stakeholders.

(D) Liquidity and Financial Resources

The Group has adopted a prudent policy in financial resources management, maintaining an appropriate level of cash and cash equivalents as well as adequate facilities to meet the requirements of day-to-day operations and business development, at the same time controlling borrowings at a healthy level.

The principal sources of working capital of the Group during the Period were from cash flows generated from operating activities and bank borrowings. As at 30 June 2026, the Group had restricted bank balances as well as bank and cash balances of approximately HK$235,954,000 (31 December 2025: HK$276,804,000), most of which were denominated in either and United States Dollar, Renminbi or Hong Kong dollars.

The interest-bearing borrowings of the Group as at 30 June 2026 were bank borrowings and loan from non-controlling interest with an aggregate amount of approximately HK$216,210,000 (31 December 2025: HK$202,956,000). All of these borrowings were denominated in Hong Kong dollars, Renminbi and United States Dollar (31 December 2025: Hong Kong dollars, Renminbi and United States Dollar) and which were primarily subject to floating interest rates. The borrowings with maturities falling due within one year, in the second to fifth year with repayment on demand clause and in the second to fifth year without repayment on demand clause amounted to HK$216,210,000, HK$nil and HK$nil respectively (31 December 2025: HK$197,956,000, HK$5,000,000 and HK$nil respectively).

As at 30 June 2026, the net gearing ratio (a ratio of the sum of the total bank borrowings and loan from non-controlling interest less restricted bank balances and bank and cash balances divided by the total equity) of the Group was not applicable since the Group had net cash (restricted bank balances and bank and cash balances less total bank borrowings and loan from non-controlling interest) of HK$19,744,000 (31 December 2025: net cash of HK$73,848,000).

As at 30 June 2026, the net current assets of the Group were approximately HK$343,174,000 (31 December 2025: HK$395,337,000), which consisted of current assets of approximately HK$937,518,000 (31 December 2025: HK$998,588,000) and current liabilities of approximately HK$594,344,000 (31 December 2025: HK$603,251,000), representing a current ratio of approximately 1.6 (31 December 2025: 1.7).

(E) Exposure to Foreign Exchange Risk

During the Period, most of the Group's transactions were conducted in United States Dollar, Hong Kong dollars, Renminbi or Mexican Peso. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States Dollar, Renminbi, Mexican Peso and Hong Kong dollars. Currently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposure and take appropriate measures to mitigate the risks that the Group faces from exchange rate fluctuations.

(F) Contingent Liabilities

As at 30 June 2026, the Group had no material contingent liabilities.

(G) Charge on Assets

As at 30 June 2026, trade receivables with a carrying amount of approximately HK$8,929,000 were assigned to secure the Group's banking facility of approximately HK$10,240,000, with a charge over the related proceeds under certain factoring agreements.

(H) Significant Investments, Acquisitions or Disposal

On 17 March 2026, Ka Shui Metal Company Limited, an indirect wholly-owned subsidiary of the Company (the "**Purchaser**") entered into the sale and purchase agreement with Jiaxian Zhongtuo Huixin Technology Co., Ltd.*（佳縣眾拓匯鑫科技有限公司）(the "**Vendor**"), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 40% of the equity interest in Kamay New Material Technology (Yulin) Company Limited*（嘉鎂新材料科技（榆林）有限公司）(the "**Target**") at a total cash consideration of RMB14.3 million (the "**Acquisition**"). The Target is a company incorporated under the laws of the PRC and was, immediately before the Acquisition, an indirect non-wholly owned subsidiary of the Company of which the Purchaser held 60% and the Vendor held 40% equity interest. It is principally engaged in the manufacture and sales of metallic materials in the PRC.

Although the Vendor is a substantial shareholder of the Target, the Target is an insignificant subsidiary within the meaning of Rule 14A.09 of the Listing Rules. Save for being the shareholder of the Target, to the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent third parties.

As the highest applicable percentage ratio under the Listing Rules in relation to the Acquisition exceeds 5% but is under 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the above Acquisition are set out in the Company's announcement dated 17 March 2026.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14 of the Listing Rules in respect of the above discloseable transaction.

The Acquisition was completed on 7 April 2026, upon which, the Target has become an indirect wholly-owned subsidiary of the Company.

Save as disclosed above, for the six months ended 30 June 2026, the Group did not have any significant investments, acquisitions or disposals.

(I) Human Resources

As at 30 June 2026, the Group had approximately 3,810 full-time employees (31 December 2025: 4,288). The Group attributes its success to the hard work and dedication of all staff, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides a competitive salary package, including retirement schemes, medical benefits and bonuses. The Group's remuneration policy and structure are determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as an incentive and reward for those qualifying staff who have made contributions to the Group.

The Group provides regular training courses for different levels of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organises different kinds of recreational activities, including New Year gathering, various sports competitions and interest groups. The aim is to promote interaction among staff, establish a harmonious team spirit and promote a healthy lifestyle.

IMPORTANT EVENTS AFFECTING THE GROUP SINCE THE END OF THE PERIOD

There were no material subsequent events occurred to the Group after 30 June 2026 and up to the date of this announcement.

INTERIM DIVIDEND

The Board considers that it is prudent to retain an appropriate level of funds to take advantage of business opportunities as and when they arise, and therefore has resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

During the Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules, save for the deviation relating to Code Provision C.2.1 which is summarized below:

Code Provision C.2.1

Pursuant to Code Provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer ("**CEO**") should be separate and should not be performed by the same individual.

Mr. Lee, the Chairman and an executive Director of the Company, has temporarily taken up the duties of CEO (after Mr. Chu Weiman ("**Mr. Chu**") resigned as the CEO) with effect from 31 December 2024 with the support from the existing senior management team of the Group until a suitable candidate is appointed. This arrangement constitutes a deviation from Code Provision C.2.1 of the CG Code. The Board believes that Mr. Lee's vision, extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group, and Mr. Lee by assuming the roles of both Chairman and the CEO would allow a smooth transition of responsibility from Mr. Chu to Mr. Lee, which the Board believes is in the best interest of the business operation and future development of the Group. The Company will, however, seek to re-comply with Code Provision C.2.1 of the CG Code by identifying and appointing a suitable and qualified candidate to fill the casual vacancy as soon as practicable.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review the Company's financial reports, make recommendations on the appointment, removal and remuneration of independent auditor, approve audit services, develop, implement and review a policy on engaging independent auditors to supply non-audit services, approve the scopes and fees for non-audit assignments, supervise the Company's internal financial reporting procedures and management policies, review the Company's risk management and internal control systems as well as the internal audit function, and other duties under the CG code. RSM Hong Kong will confirm its independence before accepting the engagement of non-audit services. The Audit Committee comprises three independent non-executive Directors, namely Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie), Ir Dr. Lo Wai Kwok *GBS, MH, JP* and Mr. Tang Koon Yiu, Thomas and is chaired by Mr. Kong Kai Chuen, Frankie, a qualified accountant with extensive experience in financial reporting and controls. Following the retirement of Professor Sun Kai Lit, Cliff *BBS, JP* ("**Professor Sun**") as an independent non-executive Director, he has ceased to be a member of the Audit Committee with effect from 29 May 2026.

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 and is mainly responsible for reviewing the structure, size and the composition of the Board at least annually, assisting the Board in maintaining a Board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of, individuals nominated for directorship; assessing the independence of independent non-executive Directors; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; reviewing and assessing annually the time commitment and contribution to the Board by each Director as well as the Director's ability to discharge his or her responsibilities effectively; supporting the regular evaluation of the performance of the Board; and reviewing the director nomination policy of the Company regularly and making recommendation on any proposed revisions to the Board. The Nomination Committee consists of (i) three independent non-executive Directors, namely Ir Dr. Lo Wai Kwok *GBS, MH, JP*, Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie) and Mr. Tang Koon Yiu, Thomas, and (ii) two executive Directors, Mr. Lee Yuen Fat and Ms. Chan So Wah. Ir Dr. Lo Wai Kwok *GBS, MH, JP*, an independent non-executive Director, has become the Chairman of the Nomination Committee with effect from 29 May 2026, following the retirement of Professor Sun as an independent non-executive Director and his cessation to act as Chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The Group adopts the model of remuneration committee as set out in code provision E.1.2(c)(i) of the CG Code. The major duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, including the review and/or approval of matters relating to share schemes under Chapter 17 of the Listing Rules. It also reviews and determines the terms of remuneration packages, the award of bonuses and other compensation payable to individual Directors and senior management with reference to the Board's corporate goals and objectives. The Remuneration Committee consists of (i) three independent non-executive Directors, namely Ir Dr. Lo Wai Kwok *GBS, MH, JP*, Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie) and Mr. Tang Koon Yiu, Thomas and (ii) one executive Director, Mr. Lee Yuen Fat. Ir Dr. Lo Wai Kwok *GBS, MH, JP*, an independent non-executive Director, has become the Chairman of the Remuneration Committee with effect from 29 May 2026, following the retirement of Professor Sun as an independent non-executive Director and his cessation to act as Chairman of the Remuneration Committee.

RISK MANAGEMENT COMMITTEE

The Company has set up the Risk Management Committee with terms of reference in October 2020. The main responsibilities of the Risk Management Committee include monitoring and reviewing the process of the risk management and internal control, and advising the Board on the appropriateness, effectiveness of and the proposed improvements to be made to the existing risk management and internal control systems; providing recommendations to the management on risk management and internal control, and setting up procedures to unveil, assess and manage material risk factors and ensuring that management discharges its responsibility to implement effective risk management and internal control systems; and reviewing with the Group's management, external auditor and the internal audit function, the adequacy of the Group's policies and procedures regarding risk management and internal control systems and any relevant statement by the directors to be included in the annual accounts prior to their endorsement by the Board. The Risk Management Committee comprises (i) the Vice Chairman and Chief Operating Officer (namely Mr. Wong Wing Chuen), (ii) the Vice President of Overseas Business (namely Ms. Chan So Wah), both being executive Directors, (iii) the Chief Financial Officer (namely Mr. Yu Wai Chun), (iv) the Vice President of Human Resources and Administration (namely Ms. Lee Ming Wai), and (v) the Vice President of Sales and Marketing (namely Mr. Cheng Yu Hin). The Chairman of Risk Management Committee is Mr. Wong Wing Chuen.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Code of Conduct for Securities Transactions by Directors (the "**Code of Conduct for Securities Transactions**") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions during the Period.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our sincere appreciation to our customers, suppliers and shareholders for their continuing support, and our management and staff for their dedication and contribution to the Group throughout the Period.

By Order of the Board
Ka Shui International Holdings Limited
Lee Yuen Fat
Chairman and Chief Executive Officer

Hong Kong, 28 August 2026

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen and Ms. Chan So Wah, and three independent non-executive directors, namely Ir Dr. Lo Wai Kwok GBS, MH, JP, Mr. Kong Kai Chuen, Frankie and Mr. Tang Koon Yiu, Thomas.