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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)

VOLUNTARY ANNOUNCEMENT – UPDATES ON INDUSTRIAL BUSINESS DEVELOPMENT

This announcement is issued by Karrie International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) as a voluntary announcement to provide its shareholders and potential investors with the latest business development of the Group.

- (i) In November 2020, Karrie Automotive Investment Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of the share capital in T. Krungthai Industries Public Co., Ltd (“**TKT**”), an automotive parts and components and moulds manufacturer in Thailand (the above transaction does not constitute any notifiable transaction under Chapter 14 of the Listing Rules). TKT is a listed company in Thailand, and has 47 years of extensive experience in the field of automotive moulds and plastic injection manufacturing. As Thailand is a major automotive manufacturing country in the ASEAN region, the Group believes that the strategic cooperation with TKT may create synergies to expand the Group’s technological and geographical advantages, which will further strengthen the Group’s strategic layout in the automotive parts and components market and thereby expand its product portfolio. At present, the Group has obtained orders for automotive moulds from TKT and has completed the delivery of the first batch of orders.
- (ii) The Group is implementing the establishment of its new automated production line in Thailand with an initial investment of approximately US\$12 million, which is expected to commence production in mid-2021. The Group believes that the diversification of its production base in the ASEAN region can disperse its risks, and expand its production capacity of server chassis at the same time to meet different customer needs and growing orders. As the Regional Comprehensive Economic Partnership (“**RCEP**”) was officially signed, the Group expects that such world’s largest free trade economy will be able to facilitate the promotion of business, supply chain and trade exchanges in the Southeast Asia region, which helps reduce the Group’s operating costs and risks in Thailand and is expected to bring greater business opportunities for the Group in the Asia Pacific market.

- (iii) With the rapid growth of the electric vehicle (“EV”) market, there is an increasing demand for charging piles. The Group started to secure orders for charging pile casings from a leading EV charging solution provider in the United States two years ago, laying a good foundation for its charging pile business. The Group believes that the EV and charging pile markets have substantial room for growth. Therefore, the Group’s research and development team will further deepen its research and development of the charging pile business segment and actively pursue more orders for EV parts to accelerate the development of such business.
- (iv) Despite the global epidemic haze and the challenging environment, the Group’s performance remained strong. According to the Group’s interim results, the Group’s overall profit attributable to equity holders for the six months ended 30 September 2020 increased by 33% year-on-year to approximately HK\$150 million. The Group’s order book maintained a good momentum from October to December 2020, with the sales in metal and plastic business for the first nine months ended 31 December 2020 increased by 16% year-on-year. Benefiting from the new trend of remote working from home, increased demand for cloud services and online business, as well as the popularisation of high-performance computing, AI applications, peripheral computing infrastructure and 5G telecom data centres, the demand for servers is expected to remain huge in the next five years. The Group’s position as a leading global supplier of server chassis is expected to have a positive impact on the Group. In addition, to meet the demand for new orders and to cater for the development of its business, the Group is constructing an integrated production building on its own land, and the construction has commenced in November 2020. The building is located in Fenggang Town, Dongguan City, the PRC, adjacent to the existing production plant, with a total initial investment of approximately RMB250 million. It is expected to officially commence operation in 2022. The Group is actively liaising with cloud service providers and system integrators to secure more orders and expand its global share in the server chassis market.
- (v) Looking ahead, with the completion of new plants in Mainland China and Thailand and the establishment of a new design and research and development centre in Taiwan, the Group will continue to provide customers with mechanical engineering solutions, further expand its industrial business, diversify its services and products and actively enter the new energy automotive market and intelligent personal healthcare market.

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

Hong Kong, 1 February 2021

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

* *For identification purposes only*