

## What's Hot Today:

► **Karrie International (1050 HK, HK\$0.91, HK\$1.84bn)**

### NDR meeting notes

We met with Karrie International's management recently to discuss the company's latest developments and prospects. The company is a leading server chassis manufacturer headquartered in Hong Kong, with key clients including HP, Dell and Lenovo. Meanwhile, it also offers electronic OEMs services for tape data storage and POS system.

**AI to drive growth.** According to IDC, global enterprises will invest some US\$307bn into AI solutions in 2025, and is expected to soar to about US\$632bn by 2028, mainly due to the expansion of the data center and cloud computing. Karrie is benefitting from rising orders for AI-related casings and structural components. The company has completed the development of next-generation AI server prototypes and strives to enter NVIDIA's preferred list, aiming to seize more opportunities in the booming AI hardware supply chain.

**New Thailand plant to meet overseas demand.** Amid US tariff uncertainties, overseas clients are seeking manufacturers that have diversified production footprints. Karrie took the lead over its peers in establishing a plant in Amata, Thailand and began operations in 2024. Currently, the new plant is working on full capacity, thanks to the steady increase in new orders from data centers. To further align with client needs and boost production flexibility, Karrie has acquired additional land in the area with a total area of approximately 70k m2. The Mgt expects the new plant in Thailand to be fully operational by the end of 2027, with production capacity similar to existing China's plant and will focus on overseas orders.

**55% dividend payout ratio.** The Mgt plans to maintain a future dividend payout ratio to no less than 55% compared with the historical range of 60-70%, due to increased Capex needs for the Thailand plant. With a Capex plan of about HK\$300-400mn over the next three years, the Mgt is confident that can be satisfied with the operating cashflow. As at the end of March 2025, the company had HK\$191mn of cash in hand and HK\$636mn of bank loans.

China & HK Indices	CLOSE	1D	YTD
HSI	24,590	1.6%	22.6%
HSCBI	8,877	1.7%	21.8%
HSCCI	4,196	-0.2%	11.0%
CSI300	4,019	0.0%	2.1%
Shanghai A	3,674	-0.4%	-3.0%
Shanghai B	259	-1.3%	-3.0%
Shenzhen A	2,216	-0.1%	8.2%
Shenzhen B	1,240	-0.5%	2.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,023	-1.0%	3.5%
S&P 500	6,243	-0.4%	6.2%
Nasdaq	20,677	0.2%	7.1%
NIKKEI Index	39,547	-0.3%	-0.9%
FTSE Index	8,938	-0.7%	9.4%
CAC Index	7,766	-0.5%	5.2%
DAX Index	24,060	-0.4%	20.9%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,324	-0.6%	26.9%
STEEL (US\$/oz.)	2,084	-3.3%	16.7%
SILVER (US\$/oz.)	37	-1.1%	30.7%
CRUDE OIL (US\$/bbl)	66	-0.7%	-6.8%
COPPER (US\$/oz.)	9,645	-0.2%	10.0%
ALUMINIUM (US\$/oz.)	2,580	-0.9%	1.1%
PLATINUM (US\$/oz)	1,368	-0.0%	50.9%
ZINC (US\$/oz.)	2,697	-1.5%	-9.5%
WHEAT (US\$/bu)	538	0.7%	-2.5%
CORN (US\$/bu)	419	0.4%	-5.5%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,001	-0.5%	-2.1%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	302	-0.3%	3.0%
BDI			78.8%

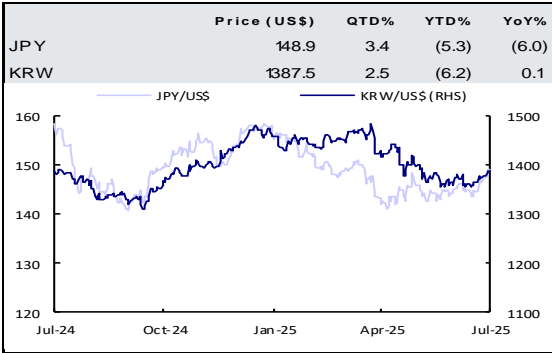
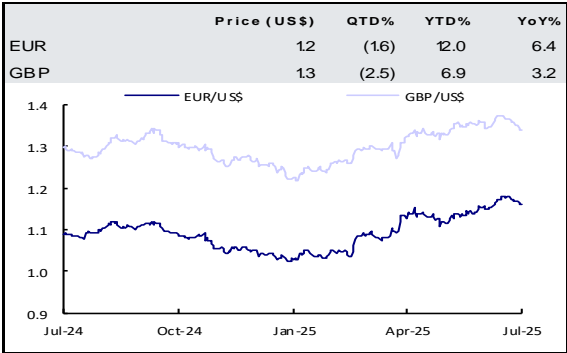
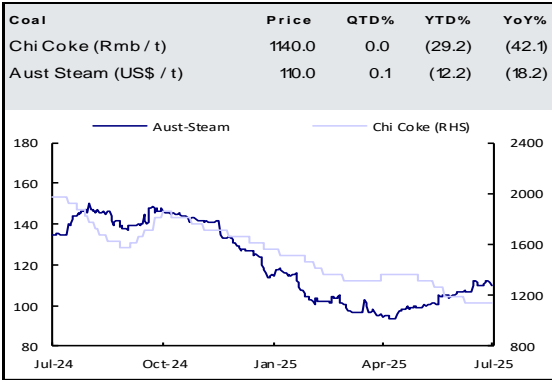
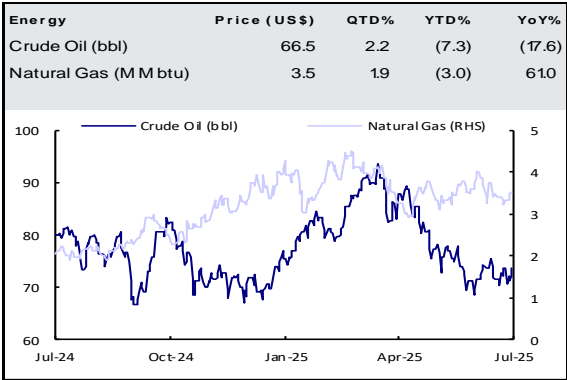
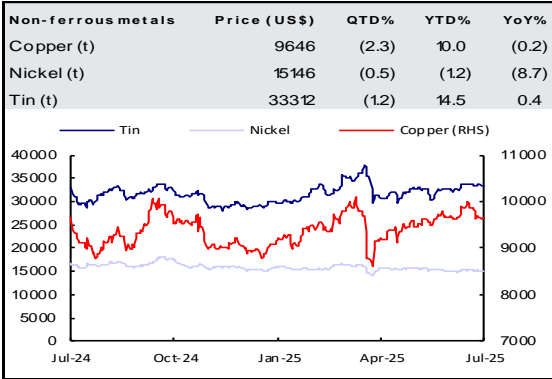
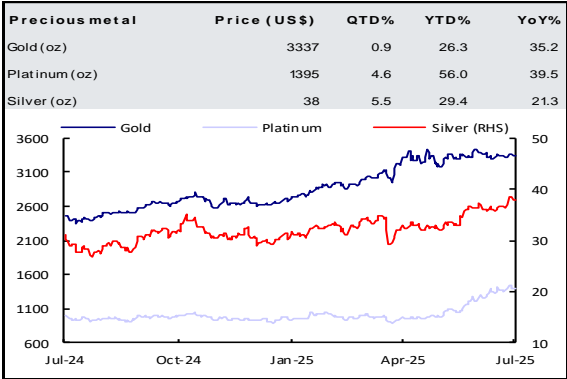
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.862	148.880	0.802	7.183
HKD	0.127		0.110	18.965	10.211	0.915
EUR	1.160	9.107		172.710	1.075	8.334
JPY	0.007	5.273	0.579		0.539	0.048
CHF	1.247	9.792	1.075	185.710		8.956
RMB	0.139	1.093	0.120	20.725	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	17	3.4%

Source: Bloomberg

**Our view:** We believe Karrie International has a solid outlook. Its competitive moat continues to widen by 1) highly automated production lines that drive cost efficiency and 2) long-standing relationship with core customers. Meanwhile, first-mover advantage to establish Thailand plant and continuing to scale overseas capacity are expected to help Karrie to secure ongoing North American orders. Even with a dividend payout ratio of 55%, the dividend yield remains at a defensive level of approximately 6%. The counter is trading at 9.0x FY25 P/E. (Ensley LIU)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Initial Jobless Claims	WoW		17-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Housing Starts / Building Permits	MoM		18-Jul-25
Existing Home Sales	MoM		23-Jul-25
New home Sales	MoM		24-Jul-25
Durable Goods Orders	MoM		25-Jul-25
Wholesale Inventories	MoM		29-Jul-25
Consumer Confidence	MoM		29-Jul-25
GDP	QoQ		30-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Employment Report	MoM		1-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Jul-25
Foreign Exchange Reserves	QoQ		7-Aug-25
Trade Balance	MoM		7-Aug-25
Money Supply - M2	MoM		9-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		17-Jul-25
CPI	MoM		21-Jul-25
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Money Supply - M2	MoM		31-Jul-25
Retail Sales	MoM		31-Jul-25
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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