



NEWS RELEASE

Karin Maintains Steady Revenue of HK\$902.8 million Despite Deteriorating Global Economy

- Positive cash balance of HK\$55.5 million
- Gearing ratio of 0.006 times
- Interim dividend of 5.2 HK cents per share

Financial Highlights (in HK\$m)	Half Year Ended 31 December	
	1H2009	1H2008
Revenue	902.8	908.4
Gross Profit	86.5	94.2
Net Profit attributable to equity holders of the parent	23.3	36.4
EPS	11.41	17.61

Singapore, 11 February 2009 – Singapore Exchange (“**SGX**”) Mainboard listed Karin Technology Holdings Limited (“**Karin**” or the “**Group**”), a leading IT and components solutions and services provider in Hong Kong and the People’s Republic of China (“**PRC**”), today announced its financial results for the six months ended 31 December 2008 (“**1H09**”).

Karin posted a healthy set of results amidst the global financial crisis, which has negatively impacted the global electronic industry. In such times, Karin managed to report steady revenue of HK\$902.8 million in its 1H09, with a slight decrease of 0.6% from the same period last year.

With the Group’s efficient sales mix of its three business segments – Information Technology Infrastructure, Integrated Circuit Application Design and Components Distribution, Karin has attained a balance in its business segments’ overall performance.



The Group's main revenue contributor, Information Technology Infrastructure segment, has increased revenue by HK\$22.5 million to HK\$460.9 million in 1H09, compared to the same period last year. The increase is due to the strong demand for various consumer products and peripherals, which fall under this segment, for the period.

Integrated Circuit Application Design segment posted marginal decrease of 3.9% to HK\$152.0 million in 1H09. The slip was due to the decrease in demand for toys, but has been offset by the increase in demand for dedication cards for Integrated Circuits, which the Group has embedded in most of its application design solutions.

Components Distribution segment has been affected by the drop in demand for electronic components in mobile phones and computers. Revenue for this segment dropped by HK\$22.0 million to HK\$289.9 million in 1H09 compared to the same period last year.

Gross profit stood at HK\$86.5 million in 1H09, a decrease of 8.2% from HK\$94.2 million in 1H08. Gross profit margin was at 9.6% in 1H09 compared with 10.4% in 1H08. Gross profit slipped due to the decrease in revenue from the higher margin Components Distribution segment, which was partially offset by higher revenue from the lower margin Information Technology Infrastructure segment.

The total operating expenses – selling and distribution costs, administrative expenses, other expenses and finances costs – increased by 11.7% to HK\$60.0 million. The increase in expenses is mainly due to (i) the strengthening of the sales team to cope with the growth of the businesses of the Group; (ii) taking up of the full current period's salary of sales teams of those subsidiaries which were acquired by the Group in September 2007 and May 2008 respectively; (iii) renewal of office rental agreement in Shenzhen in March 2008 at higher rental rates; and (iv) the recognition up of rental of subsidiaries acquired during the year ended 30 June 2008 for the full current period.



Karin Technology Holdings Limited
(Incorporated in Bermuda on 30 August 2002)
(Registration No. 32514)
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Net Profit attributable to equity holders of the parent stood at HK\$23.3 million in 1H09, down by HK\$13.0 million, compared to the same period last year. This is in line with the lower gross profit and higher expenses.

On the Group's balance sheet, its cash position remained strong at HK\$55.5 million as at 31 December 2008. The Group's gearing ratio is 0.006 times, with short-term interest bearing loans and borrowings as at 31 December 2008 at HK\$1.0 million.

Executive Chairman of Karin, Mr. Philip Ng, commented on the Group's 1H09 results, "In spite of the increasingly challenging business environment, Karin is proud to be able to maintain its 1H09 revenue. We will continue to streamline our operations to drive greater efficiencies, and enhance cost savings measures to tide through this global financial crisis."

With the Chinese Central Government's determination to maintain an 8% Gross Domestic Product ("GDP") growth in 2009, the Group believes that there are still immense opportunities in Mainland China that have yet to be unlocked. Hence, the Group will continue to focus on distributing new products with high profit margins.

"We will also continue to abide by our policy to maintain a strong cash reserve for strategic businesses opportunities and streamlining of our current businesses, so as to further enhance our competitiveness and profit margins during such challenging times. Such measures will further boost our capabilities and propel us ahead when the economic situation improved," said Mr. Ng.

To reward our loyal shareholders, the Directors have declared an interim dividend of 5.2 HK cents per share, which will be paid to shareholders on 18 March 2009.

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About Karin Technology Holdings Limited

Listed on the Mainboard of the Singapore Exchange in 2005, Karin is a leading IT and components solutions and services provider in Hong Kong and the People's Republic of China ("PRC"). Since 1977, we have been principally engaged in the electric components and computer distribution business for various segments of the electronics industry, including the communications, computer, electrical appliances and utility segments. In view of the increasing demand for IC software application solutions in the 1990s, we expanded our business to include the provision of outsourcing services such as IC application design solutions and data storage management solutions.

Karin has also in 2007 acquired IMI Kabel Pte Ltd, a Singapore based distributor of a full range of cable products, including data control cables, connectors, power voltage cables, connectively cable products, accessories and equipment for various applications for a variety of industries ranging from industrial automation to port and shipyard, offshore oilfields and petrochemical facilities.

For more information, please visit our website at <http://www.karingroup.com/eng/global/home.php>

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