



Karin Technology Holdings Limited
(Incorporated in Bermuda on 30 August 2002)
2/F, Karin Building, 166 Wai Yip Street,
Kwun Tong, Kowloon, Hong Kong, China
(Registration No. 32514)

NEWS RELEASE

For Immediate Release

Karin Reports Net Profit of HK\$30.7 million Despite Economic Downturn

- Net profit - HK\$30.7 million
- Strong healthy cash balance of HK\$57.4 million
- Proposed dividend of HK5.4 cents per share
- Recently secured collaborations with IBM, HP and Oracle

Singapore, August 26, 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”), is pleased to announce its results for the year ended 30 June 2009 (“FY09”).

Overall Review

The Group registered lower revenue of HK\$1,566.3 million in FY09, as compared to HK\$1,893.9 million recorded in the previous year. The drop in revenue was largely due to the impact of the global financial tsunami in the second half of 2008. Generally, all three of the Group’s core businesses were affected. In FY09, revenue for the Components Distribution segment decreased by 17.3% to HK\$506.2 million as demand for electronic components in mobile phones and computers declined while revenue for the Integrated Circuit Application Design (“ICAD”) segment slipped by 19.6% to HK\$232.9 million as a result of much lower demand for toys. However, the decrease had been reduced by the increase in demand for greeting cards with built-in Integrated Circuits embedded with our application design solutions during the year under review. The financial tsunami also affected the financial service industry, causing revenue for Information Technology Infrastructure (“IT Infrastructure”) to decrease by 16.6% to HK\$827.2 million in FY09.

Correspondingly, gross profit in FY09 decreased Year-on-Year (“YoY”) by 21.7% to HK\$142.7 million while gross profit margin slipped marginally from 9.6% to 9.1%.

In line with weaker revenue in FY09, the Group tightened expenses with selling and distribution costs reduced by HK\$2.8 million to HK\$50.1 million. This cost reduction was attributed to decrease in bonus and commission paid to sales staff.

Despite the poor global economic climate, the Group remained profitable in FY09 with net profit attributable to equity holders registering HK\$32.4 million.

As at 30 June 2009, the Group’s gearing ratio was 0.02 times as compared to 0.68 times in FY08. Cash and cash equivalents remained in the pink of health at HK\$57.4 million, up by HK\$4.8 million from the previous year.

Commenting on the Group’s FY09 results, Executive Chairman of Karin, Mr. Philip Ng said, “The financial tsunami has adversely affected the global economy and inevitably, the electronics sector has clearly taken a significant knock. Although all three of our businesses have been affected, I am pleased to say that the Group has managed to stay firm and rooted in the face of the global financial tsunami. Not only is the Group profitable, we even reduced our gearing and boosted our cash and cash equivalents during such difficult times. This bodes well for Karin as a lower gearing combined with higher cash would mean that the Group is now well poised to seize any opportunities arising from a recovering economy.”

“Karin has also recently announced collaborations with big names in the Information Technology (“IT”) sector, such as IBM, HP and Oracle. This clearly points to the fact that Karin is gaining recognition as a leading IT and components solutions and services provider,” added Mr. Ng.

In appreciation of shareholders’ support despite the global financial tsunami, the Board of Directors has recommended a tax not applicable final dividend of HK2.7 cents per share and special dividend of HK2.7 cents per share for FY09. This



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comes on top of the interim dividend of HK5.2 cents that has been announced and paid to shareholders in HY09.

Commenting on dividend payout ratio this year, Mr. Ng said, “With the Group in a healthy cash position, we would like to maintain a relatively stable amount of dividend payout to our shareholders. Thus, this explains the higher dividend payout ratio for this year since we do not have any fixed dividend policy.”

Outlook

Based on the latest statistics, the PRC government’s aim to maintain an 8% GDP growth rate for the year 2009 appears achievable. In fact, the Group has seen a gradual increase in orders for electronic components recently.

However, Mr. Ng added, “Industry competition is expected to intensify and with the fluctuation of the USD against other major foreign currencies, these factors will impose pressure on our profit margins. As such, the Group will continue to monitor and manage its foreign currency exposure closely. In addition, credit risk management remains our top agenda. Lastly, the Group will also maintain our focus on distributing products with relative high profit margins and extend our footprints in the PRC.”

Barring any unforeseen circumstances, the Group is cautiously optimistic about its performance in FY2010.

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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, Karin has 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, Karin expanded its 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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