



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

NEWS RELEASE

KARIN POSTS STRONG RESULTS FOR FY10

- Revenue – HK\$1,562.2 million
- Net Profit Attributable to Shareholders –HK\$33.8 million
- Proposed Dividend of HK5.0 cents per share

Singapore, 25 August 2010 – 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 strong results for the year ended 30 June 2010 (“FY10”).

Karin posted a healthy set of results in FY10 with revenue of HK\$1,562.2 million and net profit of HK\$33.8 million. Despite the fact that the global economy had not yet fully recovered from the global financial crisis, net profit attributable to shareholders increased 4.5% year-on-year to HK\$33.8 million.

Robust demand for electronic components for mobile phones in developing countries saw revenue for the Group’s Components Distribution segment increased by HK\$18.5 million or 3.7%, from HK\$506.2 million for the year ended 30 June 2009 (“FY09”) to HK\$524.7 million for FY10.

The Group’s strategic expansion of its IT products portfolio also paid off, with its Information Technology Infrastructure segment seeing revenue increased by HK\$33.8 million or 4.1%, from HK\$827.2 million for FY09 to HK\$861.0 million for FY10.

Gross profit increased by HK\$1.4 million or 1.0%, from HK\$142.7 million to HK\$144.1 million year-on-year. The increase was due to the reversal of provision against obsolete inventories of HK\$3.3 million as these aged stocks were subsequently sold during the year under review.

Other income and gains increased by HK\$1.9 million or 28.8%, from HK\$6.6 million for FY09 to HK\$8.5 million for FY10. The increase was mostly due to the net effect of the increase in fair value gain on investment properties by HK\$2.8 million and the decrease in fair value gain on derivative financial instrument by HK\$0.5 million and interest received by HK\$0.1 million.

Net profit attributable to shareholders increased by HK\$1.4 million or 4.5%, from HK\$32.4 million for FY09 to HK\$33.8 million for FY10. The increase was attributable to a combination of increase in fair value gain on investment properties, reversal of impairment of trade receivables, reversal of provision against obsolete inventories and offset by the Group’s extra investment in its sales team and entertainment expenses.

As at 30 June 2010, the Group's non-current assets amounted to HK\$131.8 million, comprising goodwill, investment properties, office equipment, leasehold land and buildings, motor vehicles and deferred tax assets, representing approximately 22.7% of the total assets. This increase in non-current assets compared to FY09 was due to the acquisition of self-use office premises in Shenzhen, PRC during FY10. Current assets amounted to HK\$450.0 million, an increase of HK\$81.8 million compared to FY09.

Current liabilities as at 30 June 2010 amounted to approximately HK\$272.6 million, an increase of HK\$78.5 million compared to FY09. Non-current liabilities amounted to HK\$9.7 million, comprising 3.4% of the total liabilities as at 30 June 2010. The amount relate mainly to deferred tax liabilities of HK\$9.1 million.

As at 30 June 2010, cash and cash equivalents amounted to HK\$67.6 million. Total interest bearing loans, borrowings and finance leases amounted to HK\$80.6 million as at 30 June 2010. The Group's gross gearing ratio remains healthy at 0.27 times.

Commenting on the Group's FY10 results, Executive Chairman of Karin, Mr Philip Ng said: "We have performed very well despite a patchy recovery of the global economy. Looking ahead, robust economic growth in developing economies is likely to drive demand for various electronic components. We have successfully developed businesses in wireless and LCD applications, and these businesses look to have good growth potential in the near future. We are also seeing increasing sales orders in the ICAD segment, and have successfully secured distributorships with well-known global technology vendors. With all these positive developments, we are cautiously optimistic that our performance looks set to be on track for the next 12 months."

Mr Ng added: "We will also continue to ride on and benefit from economic growth in the PRC to further develop and generate business, especially in the infrastructure and environmental sectors. This will be a core aspect of our strategic thrust in the next three to five years."

To reward its shareholders, Karin will be proposing a final dividend of HK 5.0 cents per share (tax not applicable) at the upcoming annual general meeting.

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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 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.

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