



Karin Technology Holdings Limited
(Incorporated in Bermuda on 30 August 2002)
(Registration No. 32514)
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FOR IMMEDIATE RELEASE

Karin posts strong 1H2011 net profit of HK\$21.2 million, up 133%

- *Revenue rises 19.1% to HK\$901.1 million from HK\$756.9 million in 1H2010*
- *Improvement due to higher profit margins in components for energy saving home appliances and IT network security products*
- *Proposing an interim dividend of HK\$0.05 per share*

6 months ended 31 Dec (HK\$m)	1H2011	1H2010	% Change
Revenue	901.1	756.9	19.1
Gross profit	85.4	69.0	23.8
Profit before tax	26.3	12.9	103.9
Net profit	21.2	9.1	133.0
EPS (HK cts)*	10.43	4.49	132.3
NAV per share (HK cts)*	152.2	122.7	24.0

* Based on 205,053,913 and 203,389,239 ordinary shares in issue in 1H2011 and 1H2010 respectively.

SINGAPORE – 14 February 2011 - Singapore Exchange (“**SGX**”) Mainboard-listed Karin Technology Holdings Limited (嘉靈控股集團有限公司) (“**Karin**” or the “**Group**”), a leading electronic and industrial components and IT solutions distributor and outsourcing service provider based in Hong Kong, is halfway through what is promising to be a sterling financial year.

For the six months ended 31 December 2010 (“**1H2011**”), net profit of the Group soared 133.0% to HK\$21.2 million from HK\$9.1 million in the previous corresponding period (“**1H2010**”), driven by strong revenue growth and improved margins. This latest set of interim results boosts Karin’s earnings per share (“**EPS**”) to HK 10.43 cents, based on 205,053,913 issued shares, from HK 4.49 cents a year ago.

Topline of the Group during the six-month period grew 19.1% to HK\$901.1 million from HK\$756.9 million in 1H2010. Driven by the robust growth from the economic recovery, the Group experienced strong demand for its products and services, leading to all-round improved revenues in its three business segments – Information Technology Infrastructure (“**IT Infrastructure**”) segment, Components Distribution segment and Integrated Circuit Application Design (“**ICAD**”) segment.

In tandem with the strong revenue growth, Karin’s gross profit rose by 23.8% to HK\$85.4 million in 1H2011 from HK\$69.0 million in 1H2010, while overall gross margins went up to 9.5%, from 9.1% a year ago. The Group’s improved profitability was largely attributable to healthier profit margins, particularly from the components for energy saving home appliances and from IT network security products.

Commenting on the Group’s 1H2011 results, Executive Chairman, Mr Phillip Ng (伍鈺榮) said, “The recovery of the economy in the locations where we operate in has indeed helped to boost our performance for this period. The strong revenue and earnings we have achieved are proof that our strategy is working well for us.”

On the business segment front, the Group’s IT Infrastructure division continued to be the main revenue growth driver, recording a 22.5% jump in revenue to HK\$509.7 million. This was mainly due to the Group’s ongoing strategy to broaden its IT product offerings into the area of network security and consumer electronic products.

Improved demand for educational toys, for which the Group provides application design solutions, raised revenue from the ICAD segment by 20.5% to HK\$89.3 million. Revenue from the Group’s Components Distribution segment increased by 13.3% to HK\$302.1 million due to a stronger demand for components in energy saving home appliances and solar power equipment.

Correspondingly, the Group recorded higher cost of sales at HK\$815.8 million in 1H2011, a 18.6% rise from HK\$687.9 million in 1H2010. Due to the efficient cost control measures which were put in place since the beginning of the current fiscal year, there were no significant changes to the Group's selling and distribution costs.

As at 31 December 2010, the Group's non-current assets stood at HK\$166.7 million, compared to HK\$131.8 million as at 30 June 2010. This increase is due to the acquisition of the Group's office premises in Shanghai, People's Republic of China ("PRC") during the current period. Current assets, as at 31 December 2010, also rose to HK\$469.8 million, due to the increase in inventories in line with improved sales. Correspondingly, current liabilities, as at 31 December 2010, increased to HK\$314.7 million, due mainly to the increase in trade and bills payable arising from increased purchasing activities.

The Group's cash and cash equivalents amounted to HK\$53.3 million in the period under review, while its total interest bearing loans and borrowings stood at HK\$56.4 million. As such, the Group's gearing ratio continues to remain low at 0.18 times.

The Group's net asset value ("NAV") per share was HK 152.2 cents as at 31 December 2010.

Looking Ahead

Despite difficult economic conditions faced by certain countries, growth in other jurisdictions, especially in the regions where the Group operates, remains strong.

The Group has noticed the increasing trend of demand for products and solutions which are greener and protect the environment, which presents potential growth opportunities for Karin particularly for its Components Distribution segment. In view of this, the Group is closely monitoring the developments in these areas.

Karin believes that IT network security could also be another area of growth for the Group as demand for such solutions increases. The Group's IT infrastructure segment has enjoyed success so far in securing distributorships for such products with reputable global vendors.

Mr Ng added, "Although we have performed well, we will not be resting on our laurels and will continue to monitor the developments closely and capitalise on the growth opportunities that may come our way. Other than tapping into the areas of energy saving and clean energy solutions for our Components Distribution business, we are also developing applications in remote control, metering, radio frequency identification ("RFID") and parking system for our ICAD segment.

Against a more positive economic backdrop, we are cautiously optimistic about our performance in the next reporting period and in the next 12 months barring any unforeseen circumstances."

Dividend

In line with the healthy interim performance, the Group has proposed an interim tax not applicable dividend of HK\$0.05 per share amounting to a total of HK\$10,336,500 and is payable on 24 March 2011.

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About Karin Technology Holdings Limited

Listed on the Mainboard of the Singapore Exchange since 2005, Karin is a leading electronic and industrial components and IT solutions distributor and services provider in Hong Kong and the People's Republic of China ("PRC"). Established in 1977, Karin has been principally engaged in the electronic and industrial components and computer distribution business for various segments of the electronics industry, including the communications, computer, electrical appliances and utility segments. Karin expanded its business to include the provision of outsourcing services such as IC application design solutions and data storage management solutions, riding on the increasing demand for IC software application solutions and IT Infrastructure products in the 1990s.

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

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