



Karin Technology Holdings Limited
(Incorporated in Bermuda on 30 August 2002)
(Registration No. 32514)
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Kwun Tong, Kowloon, Hong Kong, China

Karin Technology FY2011 net profit attributable to owners of the Company jumps 52.6% to HK\$51.6 million

- *Achieved on the back of a revenue of HK\$2,167.4 million*
- *Strong FY2011 performance due mainly to its Information Technology Infrastructure segment, which achieved revenue growth of 64.0%*
- *Proposes a final cash dividend of HK 7.0 cents, lifting total dividend for the year to HK 12.0 cents which represents a payout of 47.8%*

Financial Highlights

Year ended 30 Jun (HK\$m)	FY2011	FY2010	% Change
Revenue	2,167.4	1,562.2	↑38.7
Gross profit	169.3	144.1	↑17.6
Profit before tax	60.6	42.4	↑43.0
Net profit attributable to owners of the Company	51.6	33.8	↑52.6
EPS (HK cts)*	25.1	16.6	↑51.2
NAV per share (HK cts)*	186.5	147.1	↑26.8

SINGAPORE – 25 August 2011 - SGX Mainboard-listed Karin Technology Holdings Limited (嘉靈控股集團有限公司) (“**Karin**” or together with its subsidiaries, the “**Group**”), a leading Hong Kong-based electronic and industrial components and IT solutions distributor and outsourcing service provider, today announced a 52.6% jump in net profit attributable to the owners of the Company to HK\$51.6 million for the financial year ended 30 June 2011 (“FY2011”), compared to a net profit attributable to the owners of the Company of HK\$33.8 million in the previous year (“FY2010”). This has translated to earnings per share of HK 25.1 cents in FY2011, which rose 1.5 times from HK16.6 cents in FY2010.

The Group's excellent showing in FY2011 was achieved on the back of a 38.7% rise in revenue to HK\$2,167.4 million, driven by strong sales in two of its business segments, namely Components Distribution, and Information Technology Infrastructure.

Commenting on the Group's FY2011 results, Mr Philip Ng, Executive Chairman and Executive Director of Karin, said, "We are elated with Karin's performance for this financial year, having achieved it against the backdrop of lumpy economic growth. We believe strongly that our long-term strategies of focusing on improving profit margins and optimizing operating efficiencies and on prudent cash management, have indeed been the main reason for our good performance thus far."

SEGMENTAL REVIEW

By Business Segments

Year ended 30 Jun (HK\$m)	FY2011	FY2010	% Change
Components Distribution	582.1	524.7	▲10.9
Integrated Circuit Application Design ("ICAD")	173.6	176.5	▼1.6
Information Technology Infrastructure ("IT Infrastructure")	1,411.7	861.0	▲64.0
Total Revenue	2,167.4	1,562.2	▲38.7

The revenue of Karin's Components Distribution segment increased 10.9%, to HK\$582.1 million in FY2011, from HK\$524.7 million a year ago. The increase was mostly attributed to growth in sales of higher margin components for the emerging energy-saving home appliances market, including inverter air conditioner, solar power equipment and lighting igniter. A rise in demand for components for home surveillance security system products also boosted the revenue from this segment.

Revenue from the ICAD segment decreased marginally by 1.6% from HK\$176.5 million in FY2010 to HK\$173.6 million in FY2011. Although Karin enjoyed more orders for its application design solutions for educational toys, the impact was dampened by the uncertain economic environments in North America and Western Europe, which affected demand for conventional toys and hence sales of the Group's solutions for this type of toys. This led to an overall decrease in revenue for this segment.

The revenue of the IT Infrastructure segment increased significantly by 64.0% to HK\$1,411.7 million for FY2011, from revenue of HK\$861.0 million in FY2010. The jump in revenue was mainly due to the Group being granted distribution rights in Hong Kong and Macau for Apple's iPad 2 in the current year. In addition, Karin also expanded its portfolio of IT products in the area of network security, which contributed to the strong revenue growth in this segment.

By Geography

Year ended 30 Jun (HK\$m)	FY2011	FY2010	% Change
Hong Kong	1,675.5	1,160.6	▲44.4
Mainland China	337.9	321.0	▲5.3
Others	154.0	80.6	▲91.1
Total Revenue	2,167.4	1,562.2	▲38.7

All three of Karin's markets achieved revenue growth in FY 2011. Hong Kong grossed the highest revenue at HK\$1,675.5 million – a jump of 44.4% year-on-year due mainly to strong sales in the popular iPad 2. The highest percentage change year-on-year was the Group's Others market, which mostly included sales of iPad2 in Macau, growing 91.1% to HK\$154.0 million. The Mainland China market experienced the smallest increase, growing 5.3% to HK\$337.9 million due to increase sales of IT solutions and service in Shenzhen, PRC.

As such, the Group's gross profit for FY2011 increased 17.6% to HK\$169.3 million, from HK\$144.1 million in FY2010. The higher margins recorded by the energy-saving components and the network security products were the main contributors to a stronger gross profit. Moreover, the high sales volume of the iPad2 recorded during the year under review also boosted the Group's gross profit performance.

Stable Financial Position

In line with the Group's long term strategy of prudent management, the Group continues to maintain a healthy balance sheet.

As at 30 June 2011, the Group's cash and cash equivalents stood at HK\$74.3 million. Its total interest bearing loans and borrowings as at 30 June 2011 amounted to HK\$24.3

million. This translates to a gearing ratio of 0.06 times, lower than the gearing ratio of 0.27 times as at 30 June 2010.

Based on the weighted average number of ordinary shares in issue, net asset value per share as at 30 June 2011 was HK 186.5 cents.

Business Prospects

On the road ahead, Mr Ng elaborated, “We expect to have continuing growth, both in revenue and net profit in the next financial year. We are constantly looking out for opportunities to secure more distribution rights for products that can generate either better margins or higher sales volume.”

“In view of the uncertainty in the American and European economy, the Group has been targeting businesses, which are less affected by economic fluctuations, such as environmentally-friendly products, home surveillance security systems, industrial and commercial RFID application in access control and IT networking security systems. We remain vigilant about the global economic condition, especially factors that may affect consumer spending negatively and we are cautiously optimistic about our performance in the next reporting period.”

Karin also expects manpower costs to go up but is prepared to fine-tune its business policies and stay focused to counter any adverse conditions that may arise.

Final Dividend

The directors have proposed a final dividend of HK 7.0 cents per share based on 205,899,000 ordinary shares in issue for approval of shareholders at the Annual General Meeting on 13 October 2011. If approved, the dividend will be paid on 10 November 2011. Inclusive of the interim dividend of HK 5.0 cents, shareholders would receive a total dividend of HK 12.0 cents in FY2011, representing a payout ratio of 47.8%.

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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 in the 1990s.

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

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