

**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

Karin net profit jumps 47.5% to HK\$33.7 million in 1H2013

- **Group revenue surged to a record high of HK\$2,123.3 million**
- **Strong results due to robust performance of Consumer Electronics Products business segment**
- **Proposing an interim dividend of HK 7.2 cents per share**

6 months ended 31 Dec (HK\$m)	1H2013	1H2012	% Change
Revenue	2,123.3	1,519.4	↑ 39.7
Gross profit	114.7	88.9	↑ 29.0
Profit before tax	48.1	28.4	↑ 69.2
Net profit to owners of the Company	33.7	22.8	↑ 47.5
EPS (HK cts)*	15.9	10.9	↑ 45.9
NAV per share (HK cts)#	230.2	190.4	↑ 20.9

* Based on 211,528,369 and 208,970,164 weighted average ordinary shares in issue in 1H2013 and 1H2012 respectively.

Based on 211,125,000 and 208,765,000 issued share capital excluding treasury shares in 1H2013 and 1H2012 respectively.

SINGAPORE – 5 February 2013 - 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 distributor, IT solutions integrator and outsourcing service provider and Consumer Electronics Products retailer, announced today that the Group has maintained a healthy growth in its top and bottom lines for the six months ended 31 December 2012 (“**1H2013**”).

The Group’s net profit attributable to owners of the Company rose 47.5% to HK\$33.7 million from HK\$22.8 million in the previous corresponding period (“**1H2012**”), on the back of a record high revenue of HK\$2,123.3 million. Karin’s revenue saw a surge of 39.7% as compared to HK\$1,519.4 million a year ago, driven mainly by the substantial contribution from the Group’s Consumer

Electronics Products (“**CEP**”) segment, which sells the full range of Apple products through its “In-Smart” retail stores in Hong Kong.

Rising in tandem with this revenue growth, Karin’s gross profit in 1H2013 increased by 29.0% to HK\$114.7 million, from HK\$88.9 million in 1H2012.

Karin’s strong showing boosted its earnings per share (“**EPS**”) up by an impressive 45.9% to HK 15.9 cents in 1H2013, based on 211,528,369 weighted average ordinary issued shares, in comparison to HK 10.9 cents in the corresponding period. The Group’s net asset value (“**NAV**”) per share was HK 230.2 cents as at 31 December 2012.

Revenue Breakdown by Business Segments

Revenue for 6 months ended 31 Dec (HK\$'m)	1H2013	1H2012	% Change
Components Distribution	380.1	262.0	↑ 45.1
Integrated Circuit Application Design ("ICAD")	62.8	76.1	↓ 17.5
Information Technology Infrastructure ("IT Infrastructure")	492.2	423.2	↑ 16.3
Consumer Electronics Products ("CEP")	1,188.2	758.1	↑ 56.7
Total Revenue	2,123.3	1,519.4	↑ 39.7

Underpinned by stronger demand for specific electronic components, which are used in the assembly of popular consumer electronics gadgets, revenue contribution from the Group’s Components Distribution segment improved 45.1% to HK\$380.1 million from HK\$262.0 million a year ago.

Revenue from the Group’s IT Infrastructure segment increased by 16.3% from HK\$423.2 million in 1H2012 to HK\$492.2 million in 1H2013, attributable to stronger demand for network security products as well as enterprise hardware and software products.

With its license to sell a full range of Apple products at its “In-Smart” stores in Hong Kong, revenue contribution from the CEP segment recorded a remarkable 56.7% jump from HK\$758.1 million in 1H2012 to HK\$1,188.2 million in 1H2013. Previously, the Group only sold a limited range of Apple products.

In contrast to the sharply improved performance of the above segments, revenue from the ICAD segment fell by 17.5% from HK\$76.1 million in 1H2012 to HK\$62.8 million in 1H2013. This was largely due to a softening in demand for toys embedded with its application design solution as a result of continuing economic uncertainties in the USA and Europe.

During the period in review, Karin recorded higher cost of sales at HK\$2,008.6 million in 1H2013, a 40.4% rise from HK\$1,430.5 million in 1H2012. Similarly, selling and distribution costs increased by 20.9% to HK\$35.4 million, due to increased staff costs, retail store rental and management fees, which were incurred by the launch of new retail stores.

As at 31 December 2012, the Group’s current assets totaled HK\$887.6 million, compared to HK\$609.7 million as at 30 June 2012. The Group’s cash and cash equivalents stood at HK\$237.4 million for the period in review, while its total interest bearing loans and other borrowings amounted to HK\$168.0 million, which rose in tandem with the Group’s rise in sales towards the end of the current financial period. The Group’s gearing ratio remains low at 0.36 times.

Commenting on the Group’s stellar 1H2013 results, Mr Philip Ng (伍鈺榮), Karin’s Executive Chairman said, “We are very encouraged by the positive results for 1H2013. We believe that our performance is a resounding testament that the Group’s strategy of diversifying its earnings base to ensure a sustainable business growth model has worked remarkably well for us. We remain cautiously

optimistic that our efforts will continue to reap good returns for the Group and our stakeholders in the next reporting period and beyond.”

Business Outlook

With Karin’s diversification into the CEP segment and the continued strong demand for consumer electronics products, the Group plans to continue to strengthen this business model in order to fully capitalise on this segment’s growth potential.

Karin will also continue to deepen and widen its electronic components offerings to its manufacturing customers in Mainland China as domestic consumption of consumer electronics products remains high in the market. In addition, Karin has been actively exploring the viability of supplying other new and innovative electronic components to these customers.

Dividend

In view of its stellar results in 1H2013, the Group has proposed an interim dividend (tax not applicable) of HK 7.2 cents per share, amounting to HK\$15,201,000, which is payable on 21 March 2013. In FY2012, the Group paid a total annual dividend of HK 14.1 cents per share which comprised an interim dividend of HK 3.5 cents per share, a special dividend of HK 3.5 cents and a final dividend of HK 7.1 cents.

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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 distributor and IT solutions integrator and outsourcing service provider in Hong Kong and the People's Republic of China. 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 applications in the 1990s. In 2011, Karin added a retail business arm to its operations under the trade name "In-Smart". To date, the Group has five In-Smart stores in Hong Kong.

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

For further information, please contact:

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