

**Karin Technology Holdings Limited**

(Incorporated in Bermuda on 30 August 2002)

(Registration No. 32514)

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Karin Technology - revenue growth to HK\$3.83 billion

- Board proposes a final tax-exempt cash dividend of 9.3 Hong Kong cents, lifting total dividend for FY13 to 16.5 Hong Kong cents

Financial Highlights

Year ended 30 Jun (HK\$m)	FY2013	FY2012	% Change
Revenue	3,825.6	3,232.3	▲18.4
Gross profit	227.2	190.2	▲19.4
Profit before tax	77.9	76.6	▲1.7
Net profit attributable to owners of the Company	55.7	60.2	▼7.5
EPS (HK cts) ⁽¹⁾	26.4	28.8	▼8.3
NAV per share (HK cts) ⁽²⁾	263.1	216.8	▲21.4

1. Based on weighted average of 211,152,082 shares in FY2013 and 208,976,678 shares in FY2012

2. Based on issued share capital excluding treasury shares of 212,170,000 in FY2013 and 210,465,000 shares in FY2012

SINGAPORE – 27 August 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 and IT solutions distributor and outsourcing service provider, has achieved double-digit growth in revenue to a record HK\$3,825.6 million for the full year ended 30 June 2013 (“**FY2013**”).

In line with revenue growth, the Group’s gross profit increased 19.4% from HK\$190.2 million in the previous year (“**FY2012**”) to HK\$227.2 million in FY2013.

However as a result of the rise in operating expenses and increase in taxable profit in certain subsidiaries, Karin ended the year with a net profit attributable to owners of the Company of HK\$55.7 million, a 7.5% year-on year (“**y-o-y**”) decrease. Despite the slight

fall in its bottomline, the Group continued to maintain a strong balance sheet with a healthy cash position of HK\$92.3 million in FY2013 as compared to HK\$77.0 million in FY2012.

Based on its latest set of results, Earnings per Share and Net Asset Value of the Group stood at 26.4 Hong Kong cents and 263.1 Hong Kong cents respectively as at 30 June 2013, compared to 28.8 Hong Kong cents and 216.8 Hong Kong cents respectively as at 30 June 2012.

Commenting on the Group's FY2013 results, Karin's Executive Chairman, Mr Philip Ng, said: "We are very pleased to have achieved a record breaking revenue of HK\$3.83 billion for FY2013 as it is a reflection of our intensified sales activities. We remain focused on our long-term strategy to develop a sustainable business model through broadening the range of brands, products and services offered by the Group. We will also continue in our efforts to strengthen our market penetration, our distribution network as well as vendor and customer base, while remaining prudent in our financial management."

Final Dividend

In addition to the interim cash dividend of 7.2 Hong Kong cents paid out for the half year ended 31 December 2012, the Group has proposed a final tax-exempt cash dividend of HK 9.3 cents per share, which adds up to a total dividend of HK 16.5 cents for FY2013, translating into a dividend payout ratio of 62.9%.

Revenue By Business Segments

Year ended 30 Jun (HK\$m)	FY2013	FY2012	% Change
Components Distribution	707.6	538.9	▲31.3
Integrated Circuit Application Design ("ICAD")	136.6	152.4	▼10.4
Information Technology Infrastructure ("IT Infrastructure")	941.7	820.5	▲14.8
Consumer Electronics Products ("CEP")	2,039.7	1,720.5	▲18.6
Total Revenue	3,825.6	3,232.3	▲18.4

Revenue generated by the Group's **Components Distribution** segment surged 31.3% or HK\$168.7 million, from HK\$538.9 million in FY2012 to HK\$707.6 million in the current financial year. This strong sales growth was fuelled by increased demand for specific

electric components used in the assembly of high-demand consumer electronics products and home appliances.

Due to uncertainties that continued to plague the US and European economies, demand for toys which are embedded with our application design solutions, remained weak in FY2013 resulting in our **ICAD** segment reporting a 10.4% fall in revenue to HK\$136.6 million.

The Group's **IT Infrastructure** segment registered a 14.8% revenue growth from HK\$820.5 million in FY2012 to HK\$941.7 million in FY2013, driven by stronger demand for enterprise software and hardware products, as well as increasing awareness of the importance of network security among consumers.

Revenue from the Group's **CEP** segment rose by HK\$319.2 million, or 18.6%, from HK\$1,720.5 million in FY2012 to HK\$2,039.7 million in FY2013. The increase in revenue was mainly due to two factors: Firstly, the Group's "In-Smart" retail stores in Hong Kong only commenced operations in December 2011 and hence contributed just over six months' revenue in FY2012, while most of the stores contributed full year revenue to the segment in FY2013; secondly, prior to operating its own retail stores, the Group was only licensed to distribute a limited range of Apple products, it is now authorised to sell the full range of Apple products in all six of its "In-Smart" stores in Hong Kong.

Revenue By Geography

Year ended 30 Jun (HK\$m)	FY2013	FY2012	% Change
Hong Kong	3,240.5	3,086.3	↑5.0
Mainland China	391.9	114.6	↑242.0
Others*	193.2	31.4	↑515.3
Total Revenue	3,825.6	3,232.3	↑18.4

* Includes: [Singapore and Macau]

However in terms of revenue expansion, the Mainland China and Others markets both achieved outstanding results growing by 242.0% to HK\$391.9 million and 515.3% to HK\$193.2 million respectively. This was mainly due to robust demand for electronic components and application design solutions from customers as well as the Group's increased efforts in market penetration and distribution network expansion.

Business Outlook

The Group sees continuing challenges ahead in the form of over capacity and over production in the PRC, and slow-down in corporate spending (particularly IT spending) as a result of uncertainty in the global economy.

However, management has put in place various initiatives to address these challenges amongst which are stringent credit controls and inventory management. Management has also been focusing on expanding the existing product lines to ensure that the Group can continue to target growth in both revenue and profitability in the future.

Mr Ng said: “Lying ahead of us are many uncertain macroeconomic issues that may have significant impact on our business. However, Karin will continue to leverage on the strong relationships we have built with our vendors and customers over the years as well as our strong reputation, to secure new business and drive growth for the Group in FY2014.”

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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 six In-Smart stores in Hong Kong.

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

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