



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 achieves net profit of HK\$18.5 million in 1H2014

- *Proposes interim dividend of HK 5.2 cents per share payable on 13 March 2014*
- *Group's cash and cash equivalents stood at a healthy position of HK\$225.6 million at the end of the period*

SINGAPORE – 12 February 2014 – 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 and consumer electronics products retailer, today announced a net profit attributable to shareholders of HK\$18.5 million on the back of Group revenue of HK\$1,642.7 million for the six months ended 31 December 2013 (“**1H2014**”).

During the period under the review, the Group's performance was impacted by a general slow-down in the global economy, which led to poorer sales and demand across all its segments. This resulted in a 22.6% decline in Group revenue as compared to the corresponding period ended 31 December 2012 (“**1H2013**”) when it achieved revenue of HK\$2,123.3 million.

Gross profit also fell by 5.5% from HK\$114.7 million in 1H2013 to HK\$108.4 million in 1H2014. However, Karin achieved a higher gross profit margin of 6.6% in 1H2014 as compared to 5.4% in the previous period because of the introduction of value-added services that improved the Group's competitiveness.

The lower gross profit together with higher selling and distribution costs and administrative expenses caused net profit to fall by 45.1% from HK\$33.7 million in 1H2013 to HK\$18.5 million in 1H2014.

Karin's earnings per share was HK8.69 cents in 1H2014 based on 212,542,881 weighted average ordinary issued shares, in comparison to HK15.93 cents in 1H2013. Net asset value per share was HK264.0 cents as at 31 December 2013.

Revenue Breakdown by Business Segments

Revenue for 6 months ended 31 Dec (HK\$'M)	1H2014	1H2013	% Change
Components Distribution (includes Integrated Circuit Application Design ("ICAD"))	392.6	442.9	(11.4)
Information Technology Infrastructure ("IT Infrastructure")	469.4	492.2	(4.6)
Consumer Electronics Products ("CEP")	780.7	1,188.2	(34.3)
Total Revenue	1,642.7	2,123.3	(22.6)

Revenue from the Group's Components Distribution segment (includes Integrated Circuit Application Design) reduced 11.4% from HK\$442.9 million in 1H2013 to HK\$392.6 million in 1H2014 mainly due to a fall in demand for certain electronic components such as smart phone connectors and wireless applications for various consumer accessories and medical devices. During the period under review, the Group combined its Integrated Circuit Application ("ICAD") segment, which was previously recognized as a separate segment, into its Components Distribution segment.

Mr Philip Ng (伍鈺榮), Karin's Executive Chairman, explained, "Customers of our Components Distribution segment are increasingly requesting component specifications that require more technical service support provided by our ICAD engineers. As such, it made sense for us to integrate both these segments and in doing so, we have also made Karin more competitive as we are now better able to work closely with vendors to find the best solutions for our customers."

Revenue from the IT Infrastructure segment dipped 4.6% from HK\$492.2 million in 1H2013 to HK\$469.4 million in 1H2014 because of lower demand for network security products as well as enterprise software and hardware products.

Revenue from the CEP segment was impacted by the timing of release of new models in the second half of 2013. This caused revenue to fall by 34.3% from HK\$1,188.2 million for 1H2013 to HK\$780.7 million in 1H2014.

As at 31 December 2013, Karin's current assets amounted to HK\$874.5 million compared to HK\$673.0 million as at 30 June 2013. The Group ended the period under review with cash and cash equivalents of HK\$225.6 million, while its total interest bearing loans and other borrowings amounted to HK\$164.7 million. The Group's gearing ratio remained low at 0.30 times.

Business Outlook

Despite the challenging business environment in 1H2014, Karin is cautiously optimistic about its performance for the second half of the year. For a start, the Group has observed some indications that demand for certain electronic components for smart phones and wireless application devices, are picking up.

Mr Ng, said, "We have worked hard to build a sustainable business with strong operational cash flow. Moving forward, we will focus our efforts on improving our capabilities and enhancing our value-added services to our clients. At the same time, the Group is looking for opportunities to secure more distributorship rights for network security products and enterprise software products for our IT Infrastructure segment."

Dividend

The Group has proposed an interim dividend (tax not applicable) of HK 5.2 cents per share, which is payable on 13 March 2014. In FY2013, the Group paid a total annual dividend of HK 16.5 cents per share which comprised an interim dividend of HK 7.2 cents per share and a final dividend of HK 9.3 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 six 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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