



Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)
 (Registration No. 32514)
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Karin Technology achieves earnings of HK\$37.4 million despite a challenging FY2014

- *Good recovery in Components Distribution and IT Infrastructure segments after poor first half year. Consumer Electronics Products segment adversely affected by delay in new product launches*
- *Proposes a final tax-exempt cash dividend of 7.8 Hong Kong cents, lifting total dividend for FY2014 to 13.0 Hong Kong cents*
- *Plans to secure distributorship rights to more network security and enterprise software products*
- *Seeks to add more consumer electronics products to the product mix offered by the Group*

Financial Highlights

Year ended 30 June (HK\$m)	FY2014	FY2013	% Change
Revenue	3,079.4	3,825.6	(19.5)
Gross profit	213.0	227.2	(6.3)
Profit before tax	50.9	77.9	(34.7)
Net profit attributable to owners of the Company	37.4	55.7	(32.7)
EPS (HK cts) ⁽¹⁾	17.6	26.4	(33.3)
NAV per share (HK cts) ⁽²⁾	277.1	263.1	5.3

1. Based on weighted average of 212,726,054 shares in FY2014 (FY2013: 211,152,082 shares)

2. Based on issued share capital excluding treasury shares of 213,366,000 in FY2014 (FY2013: 212,170,000)

SINGAPORE – 28 August 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, has achieved HK\$37.4 million in net profit on the back of HK\$3,079.4 million in revenue for the year ended 30 June 2014 (“**FY2014**”).

This represents a 19.5% year-on-year (“YOY”) decline in revenue from HK\$3,825.6 million and a 32.7% drop in net profit from HK\$55.7 million as compared to the previous year ended 30 June 2013 (“FY2013”). The fall in earnings in FY2014 was mainly due to more intense competition, volatile demand and delays in new consumer product releases during the year in review.

Based on the latest set of results, the Group’s Earnings per Share and Net Asset Value stood at 17.6 Hong Kong cents and 277.1 Hong Kong cents respectively as at 30 June 2014, compared to 26.4 Hong Kong cents and 263.1 Hong Kong cents respectively as at 30 June 2013.

Revenue By Business Segments

Year ended 30 June (HK\$m)	FY2014	FY2013	% Change
Components Distribution (“CD”) ⁽³⁾	817.7	844.2 ⁽⁴⁾	(3.1)
Information Technology Infrastructure (“IT Infrastructure”)	932.3	941.7	(1.0)
Consumer Electronics Products (“CEP”)	1,329.4	2,039.7	(34.8)
Total Revenue	3,079.4	3,825.6	(19.5)

3. The Group’s Integrated Circuit Application Design (“ICAD”) segment was merged with the CD segment during FY2014

4. For comparative purposes, this revenue amount includes HK\$707.6 million from the CD segment and HK\$136.6 million from the ICAD segment in FY2013

Revenue from the **CD segment** fell 3.1% from HK\$844.2 million in FY2013 to HK\$817.7 million in FY2014. As compared to the Group’s first half ended 31 December 2013, when the segment recorded a decline of 11.4% in revenue, the Group was able to narrow the gap due to a turnaround in demand for certain electronic components for smart phones and wireless applications for consumer accessories in the second half of the year.

Buoyed by higher demand for enterprise software and hardware products and security products in the second half of the year, revenues from the **IT Infrastructure segment** remained steady at HK\$932.3 million in the current year as compared to HK\$941.7 million in FY2013.

Due to delays in the launch of new models, the Group’s **CEP segment** generated lower revenues of HK\$1,329.4 million in FY2014, 34.8% less than the HK\$2,039.7 million it achieved in the preceding year.

Overall, Karin's gross profit margin increased 1.0% point YOY to 6.9% in FY2014 due to the provision of value-added services by the CD and IT Infrastructure segments and the decline in revenue from the low profit CEP segment.

Commenting on the Group's FY2014 results, Karin's Executive Chairman, Mr Philip Ng, said:

"The Group had to be very nimble in FY2014 because of the fast changing market conditions. Although slow demand affected sales of our IT infrastructure and CD segments in the first half of the year, we were able to respond quickly and make every effort to capture the turnaround in demand in the second half of the year thanks to the experience of the management team and the dedication of our staff."

Revenue By Geography

Year ended 30 June (HK\$m)	FY2014	FY2013	% Change
Hong Kong	2,478.8	3,240.5	(23.5)
Mainland China	454.4	391.9	15.9
Others ⁽⁵⁾	146.2	193.2	(24.3)
Total Revenue	3,079.4	3,825.6	(19.5)

5. Includes Singapore and Macau

Karin's performance in Hong Kong was mainly dragged down by delays in the launch of new consumer electronics products, causing revenue from the market to fall 23.5% YOY to HK\$2,478.8 million in FY2014.

In China, due to the increase in demand for electronic components for smart phones and wireless application devices mostly in the second half of the current year, the Group's revenue from the market increased 15.9% YOY to HK\$454.4 million in FY2014.

Slower economic growth in Singapore and Macau during the year under review caused revenue generated by the Group's other markets to decline 24.3% YOY to HK\$146.2 million in FY2014.

Final Dividend

Based on its FY2014 performance, the Group is pleased to propose a final tax-exempt cash dividend of 7.8 Hong Kong cents per share, which in addition to the interim cash

dividend of 5.2 Hong Kong cents paid out at half-time, brings the total dividend to 13.0 Hong Kong cents for FY2014.

Business Outlook

Karin is cautiously optimistic about its performance in the next 12 months. The Group will continue to leverage on its track record as a distributor as well as the strong relationships it has built over the years with its vendors and customers to secure new business and drive sustainable growth.

“To counter the effects that delays of new product releases have on the revenues of our CEP segment, the Group is seeking greater stability by adding more prestigious consumer electronics products into the product mix offered by our Group.

“We are also exploring every opportunity to secure more distributorship rights for network security and enterprise software products, and monitoring the demand for electronic components closely so that we can respond quickly by allocating our resources accordingly,” said Mr Ng.

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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>

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