



Karin 1H2015 net profit soars 71.9%; proposes interim dividend of 8.6 HK cents per share

- *Achieves strong earnings of HK\$31.8 million at half time despite lower revenue as a result of quick market response*
- *Healthy performance mainly due to strong revenue contribution by CD segment and better margins by CEP segment*

6 months ended 31 Dec (HK\$'M)	1H2015	1H2014	% Change
Revenue	1,545.1	1,642.7	(5.9)
Gross profit	148.2	108.4	36.7
Profit before tax	55.1	29.7	85.5
Net profit attributable to owners of the Company	31.8	18.5	71.9
EPS (HK cts)*	14.85	8.69	70.9
NAV per share (HK cts)#	289.3 (as at 31 Dec 2014)	277.1 (as at 30 Jun 2014)	4.4

* Based on 214,022,773 and 212,542,881 weighted average ordinary shares in issue in 1H2015 and 1H2014 respectively.

Based on 214,216,000 and 213,366,000 issued share capital excluding treasury shares at 31 December 2014 and 30 June 2014 respectively.

SINGAPORE – 11 February 2015 – 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 a 71.9% increase in earnings to HK\$31.8 million for the six months ended 31 December 2014 (“1H2015”) as compared to HK\$18.5 million in the corresponding period the previous year (“1H2014”).

This significant increase in net profit attributable to owners of the Company was mainly a combined result of higher revenue generated by the Group’s Components Distribution (“CD”) and higher gross margins enjoyed by its Consumer Electronics Products (“CEP”) segment due to a shortage of certain products.

The strong showing was despite a 5.9% fall in sales from HK\$1,642.7 million in 1H2014 to HK\$1,545.1 million in 1H2015 and in spite of higher expenses incurred by the Group during the period under review.

The Group's selling and distribution costs increased 5.0% to HK\$40.1 million because of an increase in staff bonus provision of HK\$1.7 million due to profit improvement. Administrative expenses also rose 18.1% to HK\$51.5 million mainly due to the increase in depreciation charge as a result of (a) appreciation of property values for leasehold land and buildings; (b) refurbishment of the Group's premises in Hong Kong; and (c) the purchase of an office space in Beijing, as well as (d) an increase of HK\$3.2 million in bonus expenses due to profit improvement.

Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO said, *"I am very pleased with our half-time performance. Despite a very challenging and competitive operating environment, we were still able to increase our earnings significantly because of our ability to respond nimbly to market changes by focusing our efforts and resources on margins as well as key areas of growth."*

In line with its bottomline performance, the Group's Earnings per Share was 14.85 Hong Kong cents in 1H2015, up sharply by 70.9% from 8.69 Hong Kong cents in 1H2014, while net asset value per share increased to 289.3 Hong Kong cents as at 31 December 2014 as compared to 277.1 Hong Kong cents as at 30 June 2014.

Rising in tandem is Karin's statement of financial position with cash and cash equivalents of HK\$121.1 million as at 31 December 2014, an increase of 34.0% as compared to HK\$90.4 million as at 30 June 2014. The Group's gearing ratio remains at a healthy 0.24 times.

Dividend

In view of the strong performance and in keeping with its track record of paying regular dividends, the Group has proposed an interim dividend (tax not applicable) of 8.6 Hong Kong cents per share, amounting to a total of HK\$18.4 million, payable on 12 March 2015.

Revenue Breakdown by Business Segments

Revenue for 6 months ended 31 Dec (HK\$'M)	1H2015	1H2014	% Change
Components Distribution (“CD”)	446.0	392.6	13.6
Information Technology Infrastructure (“IT Infrastructure”)	413.8	469.4	(11.8)
Consumer Electronics Products (“CEP”)	685.3	780.7	(12.2)
Total Revenue	1,545.1	1,642.7	(5.9)

Underpinned by stronger demand for specific electronic components used in smartphones and wireless applications for consumer accessories, revenue contribution from the Group’s CD segment improved 13.6% period-on-period (“pop”) from HK\$392.6 million to HK\$446.0 million.

Revenue from the Group’s IT Infrastructure segment was impacted by the uncertain economic environment that led to weaker demand for enterprise software and hardware products. As a result, sales decreased 11.8% pop from HK\$469.4 million to HK\$413.8 million.

Revenue generated by the Group’s CEP segment also fell because of a shortage in supply of certain consumer electronics products in the market. This led to a 12.2% pop decline in sales from HK\$780.7 million to HK\$685.3 million.

Business Plans & Outlook

The Group is cautiously optimistic about its performance in the next 12 months. It expects demand to remain steady for both its CD segment and IT Infrastructure

segment, while its CEP segment is banking on several highly anticipated new product releases as well as an improvement in the supply situation of popular products.

Mr. Ng elaborated, *“Global sales of smart phones and wireless application devices remain red hot and this will continue to drive demand for the electronic components of such devices. As such, we are cautiously optimistic about the performance of our CD segment over the next 12 months but at the same time, we are also exploring every opportunity to market other electronic components in order to diversify our product mix. Meanwhile, our IT Infrastructure segment is actively seeking more distributorship rights to increase the width of our portfolio to mitigate the general uncertainty in IT spending. Our ability to continuously add leading brands to our portfolio speaks of our reputation and track record and we believe that this will pave the way for more agreements from other new vendors.”*

“Last but not least, our CEP segment remains highly dependent on new product releases and the availability of inventory. As the Group’s biggest revenue generator, its performance will continue to have a significant impact on our top and bottom lines and as such the management pays particular attention to this segment to ensure prompt and appropriate business strategies” he added.

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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:

Issued on Behalf of: Karin Technology Holdings Limited
By: August Consulting Pte Ltd.

Contact: Wrisney TAN
Email: wrisney@august.com.sg
Contact: Serene CHIA
Email: serene@august.com.sg