

**Karin Technology Holdings Limited**

(Incorporated in Bermuda on 30 August 2002)

(Registration No. 32514)

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Karin Technology achieves record net attributable profit in FY2015

- Highest earnings since the Group's listing in 2005.
- Outstanding performance despite challenging operating environment and subdued consumer sentiments.
- Proposes a final tax-exempt cash dividend of 9.0 Hong Kong cents, lifting total dividend for FY2015 to 17.6 Hong Kong cents

Financial Highlights

| Year ended 30 Jun (HK\$m) | FY2015 | FY2014 | % Change |
|--|---------|---------|----------|
| Revenue | 3,243.4 | 3,079.4 | 5.3 |
| Gross profit | 278.9 | 213.0 | 31.0 |
| Profit before tax | 98.8 | 50.9 | 94.2 |
| Net profit attributable to owners of the Company | 62.9 | 37.4 | 67.9 |
| EPS (HK cts) ⁽¹⁾ | 29.4 | 17.6 | 67.0 |
| NAV per share (HK cts) ⁽²⁾ | 311.6 | 277.1 | 12.5 |

(1) Based on weighted average of 213,935,026 shares in FY2015 (FY2014: 212,726,054 shares)

(2) Based on issued share capital excluding treasury shares of 213,910,000 in FY2015 (FY2014: 213,366,000)

SINGAPORE – 27 August 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 delivered its best earnings performance since its listing in 2005.

For the year ended 30 June 2015 (“FY2015”) the Group achieved a 67.9% year-on-year leap in net attributable profit to HK\$62.9 million on the back of a 5.3% rise in revenue to HK\$3,243.4 million as compared to the previous year ended 30 June 2014 (“FY2014”). The record performance was driven mainly by double digit revenue growth contributed by its Components Distribution (“CD”) business as well as higher margins from its Consumer Electronic Products (“CEP”) business.

Karin’s Executive Chairman and CEO, Mr Raymond Ng, said: “We are very proud of the fact that Karin has been profitable every year since we were incorporated in 1977 and we are so happy that we have reached a new high with the record earnings achieved in FY2015. This is a remarkable feat considering the current state of the global economy and the intense competition in our industry. Our

outstanding performance is a testament to our committed and farsighted management team, a hardworking sales force and support staff, and more importantly, our strategy to leverage our track record as a distributor to continuously expand our product range and to offer value-added services and solutions to our vendors and customers.”

Overall, the Group’s operating expenses increased across the board. This was due mainly to higher administrative expenses as a result of increased manpower costs in the form of a bonus of HK\$4.1 million that was paid because of profit improvement, an increase in staff salaries of HK\$1.3 million and a depreciation charge of HK\$4.1 million in relation to the higher valuation of the properties under the Group. Selling and distribution expenses also increased because of a HK\$4.7 million increase in performance bonuses paid to the sales teams.

Karin’s strong performance boosted its balance sheet with cash and cash equivalents of HK\$138.6 million as at 30 June 2015, an increase of 53.3% as compared to HK\$90.4 million as at 30 June 2014. The Group’s gearing ratio remains low at 0.22 times.

In line with the sterling bottomline performance, the Group’s Earnings per Share surged 67.0% from 17.6 Hong Kong cents in FY2014 to 29.4 Hong Kong cents in FY2015, while Net Asset Value per share increased to 311.6 Hong Kong cents as at 30 June 2015 compared to 277.1 Hong Kong cents as at 30 June 2014.

Revenue By Business Segments

| Year ended 30 Jun (HK\$’m) | FY2015 | FY2014 | % Change |
|---|----------------|----------------|------------|
| Components Distribution (“CD”) | 920.0 | 817.7 | 12.5 |
| Information Technology Infrastructure (“IT Infrastructure”) | 908.6 | 932.3 | (2.5) |
| Consumer Electronics Products (“CEP”) | 1,414.8 | 1,329.4 | 6.4 |
| Total Revenue | 3,243.4 | 3,079.4 | 5.3 |

Revenue contribution from the **CD segment** rose 12.5% from HK\$817.7 million in FY2014 to HK\$920.0 million in FY2015 due to stronger demand for certain electronic components for smart phones and wireless consumer accessories during the year.

Buoyed by high demand of some smartphones models launched during the year under review, the Group’s **CEP segment** also climbed 6.4% year-on-year from HK\$1,329.4 million to HK\$1,414.8 million in FY2015.

The **IT Infrastructure segment** saw a marginal 2.5% dip in revenue from HK\$932.3 million to HK\$908.6 million for the same reporting period mainly because consumer spending was adversely affected by the uncertain economic environment.

Due to the combination of higher revenue generated by the Group's **CD segment** and higher gross margins enjoyed by its **CEP segment** because of a shortage of certain highly demanded consumer products, Karin's gross profit surged 31.0% to HK\$278.9 million in FY2015.

Final Dividend

Keeping its track record of paying regular dividends and in view of FY2015's stellar showing, the Group is pleased to propose a final tax-exempt cash dividend of 9.0 Hong Kong cents per share, which in addition to the interim cash dividend of 8.6 Hong Kong cents paid out at half-time, brings the total dividend to 17.6 Hong Kong cents for FY2015.

Business Outlook

The Group's **CD segment** recently secured a major contract to supply some industrial materials and instrumentations to an infrastructure project in the People's Republic of China, which is expected to contribute positively to the Group. In addition, demand for electronic components for smartphones and wireless application devices is expected to remain strong.

In anticipation that its **IT infrastructure** segment will face tougher challenges in light of the weakness in key global economies, including China, the Group is seeking every opportunity to secure more distributorship rights and to beef up its human resources in order to capture more business.

In addition, the Group expects earnings from a certain product range in its **CEP segment** to be affected due to a alteration in distribution rights. Mr Ng explained: *"There was a change in ownership of a certain range of consumer electronic products. As a result, our distribution rights for this range was partially withdrawn. Although we expect this to negatively impact our earnings for that particular product range, we believe the much anticipated debut of certain consumer electronic products in the new financial year will more than mitigate this situation. At the same time, we are actively seeking the distributorship of more consumer electronics products to broaden our range."*

While mindful that its performance can be affected by economic conditions such as exchange fluctuations in foreign currencies, the Group is cautiously optimistic about its performance in the next 12 months.

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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 four 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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