



Karin achieves 1H2016 attributable net profit of HK\$5.6 million

- Higher revenue contributions from CD and IT Infrastructure segments.
- Weaker revenue generated by CEP segment due to poorer sales of certain consumer electronics products caused by oversupply in the market.
- Proposes interim dividend of 5.0 HK cents per share payable on 17 March 2016.

6 months ended 31 Dec (HK\$'M)	1H2016	1H2015	% Change
Revenue	1,262.2	1,545.1	(18.3)
Gross profit	86.7	148.2	(41.5)
Profit before tax	6.3	55.1	(88.6)
Net profit attributable to owners of the Company	5.6	31.8	(82.4)
EPS (HK cts)*	2.63	14.85	(82.3)
NAV per share (HK cts) [#]	299.1 (as at 31 Dec 2015)	311.6 (as at 30 Jun 2015)	(4.0)

* Based on 214,347,500 and 214,022,773 weighted average number of ordinary shares in issue for the six months ended 31 December in both 2015 and 2014 respectively.

[#] Based on 214,410,000 and 213,910,000 issued share capital excluding treasury shares at 31 December 2015 and 30 June 2015 respectively.

SINGAPORE – 3 February 2016 – 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, today announced a net profit attributable to shareholders of HK\$5.6 million on the back of Group revenue of HK\$1,262.2 million for the six months ended 31 December 2015 (“1H2016”).

During the period under review, the Group’s performance was impacted by a general slow-down in the global economy, which led to poor sales in its Consumer Electronics Products (“CEP”) business segment despite strong performance in our Component Distribution & IT Infrastructure segments. This resulted in an overall 18.3% decline in the Group’s topline as compared to the corresponding period ended 31 December 2014 (“1H2015”) when its revenue was HK\$1,545.1 million.

Gross profit also fell 41.5% to HK\$86.7 million in 1H2016 from HK\$148.2 million in 1H2015 mainly because the Group's CEP business faced stiff competition for certain consumer electronic products.

The Group's selling and distribution costs decreased 20.0% to HK\$32.1 million because staff bonus provision was cut by HK\$6.0 million on softer earnings. Administrative expenses also fell 13.4% to HK\$44.6 million mainly due to the decrease in depreciation charge as a result of (a) depreciation of property values for leasehold land and buildings on the back of the Renminbi devaluation; as well as (b) decrease of HK\$5.4 million in bonus expenses due to a dip in profits.

Corresponding to its bottomline, Karin's Earnings per Share was 2.63 Hong Kong cents in 1H2016 as compared to 14.85 Hong Kong cents in 1H2015. Net asset value per share was 299.1 Hong Kong cents as at 31 December 2015.

Meanwhile, cash and cash equivalents is healthy at HK\$99.1 million as at 31 December 2015, albeit 18.1% lower than the year before. The Group's gearing ratio remains low at 0.20 times.

Commenting on the results, **Mr. Raymond Ng (伍建榮)**, **Karin's Executive Chairman and CEO** said, *"The global environment had shown signs of economic softness and we had experienced challenging headwinds against this backdrop. Looking ahead, we expect earnings from Components distribution and IT Infrastructure segments to remain healthy despite the stiff competition in the industry. As such we will continue our efforts to strengthen our market penetration, distribution network as well as vendor and customer base while ensuring prudent financial management."*

Dividend

Despite a weaker half-time performance, the Group continues to keep its track record of paying regular dividends and has proposed an interim dividend (tax not applicable) of 5.0 Hong Kong cents per share, amounting to a total of HK\$10,720,500 payable on 17 March 2016.

Revenue Breakdown by Business Segments

Revenue for 6 months ended 31 Dec (HK\$'M)	1H2016	1H2015	% Change
Components Distribution (“CD”)	460.4	446.0	3.2
Information Technology Infrastructure (“IT Infrastructure”)	451.7	413.8	9.2
Consumer Electronics Products (“CEP”)	350.1	685.3	(48.9)
Total Revenue	1,262.2	1,545.1	(18.3)

Underpinned by stronger demand for some electronic components used in smartphones and wireless applications for consumer accessories, revenue contribution from the Group’s CD segment improved 3.2% period-on-period (“p-o-p”) to HK\$460.4 million from HK\$446.0 million.

Revenue from the Group’s IT Infrastructure segment was boosted as its good industry track record had enabled it to successfully secure a few significant projects in spite of the weak global economic conditions. As a result, sales increased 9.2% p-o-p to HK\$451.7million from HK\$413.8 million.

On the other hand, revenue generated by the Group’s CEP segment fell because there was an oversupply of certain new consumer electronic products which intensified competition in the market. This resulted in a 48.9% decline in sales to HK\$350.1 million from HK\$685.3 million.

Business Plans & Outlook

Overall sales performance of smartphones and wireless application devices have been strong. In addition, the Group anticipates to secure a few more significant contracts in the IT industry in the coming months because of its reputation for delivering results for its principals.

Mr Ng elaborated, *“Based on market sentiments, we are expecting demand for electronic components for smartphones and wireless application devices to be maintained. At the same time, we will explore opportunities to market other electronic component parts that are expected to reel in higher margins.”*

“Meanwhile, we are also actively seeking more distributorship rights to expand our IT Infrastructure portfolio,” 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 four In-Smart stores in Hong Kong.

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

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