



Karin achieves sales of HK\$1,053.8 million and earnings of HK\$3.23 million in HY2018

- *Topline boosted by improved sales achieved by all three business segments.*
- *Earnings impacted by higher cost of sales mainly due to one-time write-down of inventories.*
- *Proposes interim dividend of 6.8 HK cents per share payable on 15 March 2018.*

6 months ended 31 Dec (HK\$'M)	HY2018	HY2017 ^a	% Change
Revenue	1,053.8	943.5	11.7
Gross profit	74.6	86.6	(13.9)
Profit before tax	6.0	17.3	(65.3)
Net profit attributable to owners of the Company	3.2	14.1	(77.0)
EPS (HK cts) ^b	1.51	6.56	(77.0)
NAV per share (HK cts) ^c	177.7 (as at 31 Dec 2017)	183.9 (as at 30 Jun 2017)	(3.4)

a) Comparative figures have been restated upon the change in accounting policy of leasehold land and buildings.

b) Based on 214,598,000 and 214,448,000 weighted average number of ordinary shares in issue for the six months ended 31 December in both 2017 and 2016 respectively.

c) Based on the issued share capital excluding treasury shares of 214,598,000 ordinary shares as at 31 December 2017 and 30 June 2017.

SINGAPORE – 12 February 2018 – 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 11.7% year-on-year (“**yoy**”) increase in revenue to HK\$1,503.8 million for the six months ended 31 December 2017 (“**HY2018**”) as compared to HK\$943.5 million achieved in the same period the previous year (“**HY2017**”).

Segmental Review

The improvement in the Karin’s sales performance was boosted mainly by the contribution of its Information Technology Infrastructure (“**IT Infrastructure**”) segment, which achieved a 20.5% increase in revenue to HK\$567.7 million in HY2018 driven by stronger demand for network security products as well as cloud solution services.

The Group’s Components Distribution (“**CD**”) segment and Consumer Electronics Products (“**CEP**”) also registered modest yoy improvements of 3.1% to HK\$455.2 million

and 0.3% to HK\$30.9 million respectively in HY2018. The higher sales achieved by the CD segment was mainly due to higher demand for certain electronic components for smartphones and wireless application devices.

Despite the healthy increase in total revenue, the Group's gross profit was impacted by fierce competition as well as higher cost of sales mainly due to a one-time write-down of HK\$4.4 million of inventories to net realizable value and write-off of obsolete inventories. This resulted in a 13.9% yoy decline in gross profit to HK\$74.6 million in HY2018. The Group's net attributable profit fell in tandem by 77.0% to HK\$3.2 million during the period.

Correspondingly, the Group's Earnings per Share fell to 1.51 Hong Kong cents as at 31 December 2017 as compared to 6.56 Hong Kong cents as at 31 December 2016. Net asset value per share was 177.7 Hong Kong cents as at 31 December 2017.

Karin's cash and cash equivalents remained healthy at HK\$74.8 million as at 31 December 2017, which is 24.1% higher than the HK\$60.3 million it registered as at 31 December 2016. The Group's gearing ratio remains manageable at 0.41 times.

Dividend

Despite a weaker interim performance, the Group continues to keep its track record of paying regular dividends and has proposed an interim dividend (tax not applicable) of 6.8 Hong Kong cents per share, amounting to a total of HK\$14,593,000 payable on 15 March 2018.

Business Plans & Outlook

Despite an increasing challenging and competitive business environment, the Group is cautiously positive about the next 12 months as it expects its CD and IT Infrastructure segments to benefit from the current robust demand.

Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO said: *"Smartphone makers are releasing more high-end models into the market. There has also been an increase in the functions that are embedded in smart home and medical appliance. Project based application specific integrated circuits are expected to materialize. As such, we anticipate the demand for components for such products to continue."*

“With the increasing awareness about cybersecurity and more companies opting for cloud storage, we also expect our IT Infrastructure segment to continue generating strong sales in its network security products and cloud solution services.”

Having successfully secured distributorships for several highly sought-after consumer electronic products, the Group is cautiously optimistic that sales revenue from its CEP segment will progressively increase.

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

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