



嘉靈控股集團有限公司

Karin Technology Holdings Limited



NEWS RELEASE

KARIN TECHNOLOGY'S INTERIM NET PROFIT UP 11.7% TO HK\$16.2 MILLION

- Proposed interim dividend of HK3.3 cents per share

Singapore, February 9, 2006 – Karin Technology Holdings Limited (“Karin” or the “Group”) (嘉靈控股集團有限公司), a diversified and value-added electronic component, integrated circuit (“IC”) software and IT infrastructure solutions provider, today announced a 11.7% increase in its net profit to HK\$16.2 million, for the six months ended 31 December 2005 (“1HFY06”). This was due largely to the increase in sales of higher margin electronic components and the scaling down on the computer products distribution business with relatively low gross margin.

Group revenue however fell 8.7% to HK\$564.5 million over the same period, due to the slowdown in demand for electronic products as a result of rising prices of raw materials and a slowdown in demand for our application design solutions for TV games and the toys sector.

Said Mr. Philip Ng (伍鈺榮), Executive Chairman of Karin: “Although the overall revenue fell, we managed to improve our gross profit margins of 8.5% by increasing our sales of higher margin electronic components and scaling down on our computer products distribution business that have relatively lower margins.”

Recognising the slowdown for our application design solutions for TV games and toys, the Group shifted its focus to the development of wireless products, USB solution packages and design-in technical services for more stable orders and better margins. The Group has also diversified its product mix and introduced new brands to meet market expectations in its IT infrastructure business segment.

Finance costs of Karin also decreased from HK\$1.7 million in 1HFY05 to HK\$1.3 million in the period under review, mainly attributable to the decrease in the average level of borrowing by our Group.

“Although we witness a slowdown in our sales, we are optimistic about the prospects of expanding our business in the PRC market as the Group intends to open new sales offices in the region. We are confident in bracing the challenges ahead and target for continuous double digit growth on future earnings,” commented Mr. Ng.

Karin had announced in late December 2005, that its subsidiary Compucon Computers Limited (“CCL”) had secured the distribution rights for a range of Apple’s products in Hong Kong. This includes Xserve RAID, Xserve G5, iBook, cinema display and Mac mini products. CCL is also appointed as the authorized distributor of Advanced Digital Information Corporation’s (“ADIC”) products. ADIC is one of the largest producers of tape libraries that provides protection and security of data assets for multinational corporations in Hong Kong.

To reward its shareholders for their loyalty and support for the Group, the Group has recommended an interim dividend of HK3.3 cents per share.

About Karin

Established in 1977, Karin is a diversified and value-added electronic components, IC software and IT infrastructure solutions provider dealing with components distribution and trading business for various segments of the electronics industry.

The Group today has three core business segments: - Components Distribution, IC Application Design and IT Infrastructure, with operations in Hong Kong and key cities within the PRC including Shenzhen, Beijing, Shanghai and Hangzhou.

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