



嘉靈控股集團有限公司

Karin Technology Holdings Limited



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NEWS RELEASE

**Karin Technology's HY06 Net Profit surge 29.6% to
HK\$21 million**

- Record HoH Net Profit growth
- Gross Margin increased by 44.6%
- All round revenue growth in business segments
- Solid recovery in the ICAD sector
- Proposed dividend of HK3.8 cents and Special dividend of HK0.5cents

Financial Highlights (in HK\$'m)	6 months ended 31 Dec 2006		
	HY 2006	HY 2005	% Change
Revenue	702.9	564.5	+24.5
Profit Before Tax	25.9	20.1	+28.9
Net Attributable Profit	21.0	16.2	+29.6

Business Segments (in HK\$'m)	Revenue		
	HY 2006	HY 2005	% Change
Components Distribution	239.8	223.5	+7.3
IC Application Design	119.5	85.6	+39.6
IT Infrastructure	343.6	255.4	+34.5

Singapore, February 14, 2007 – Karin Technology Holdings Limited (“Karin” or the “Group”) (嘉靈控股集團有限公司), a diversified and value-added electronic components, integrated circuit (“IC”) software and IT infrastructure solutions provider, today reported a

29.6% surge in net profit to HK\$21 million for half year ended 31 December 2006, from HK\$16.2 million in the first six months of FY2005/06. The financial statements reflect the increased business and scaling up of operations in Shanghai, Beijing and Shenzhen. The Group has recently completed the remodelling of their core business segments and expansion of their distribution channels in the PRC, through the setting up of two additional sales offices in Qingdao and Xiamen.

Operating Revenue

Group Revenue for HY06/07 rose to HK\$702.9 million, a 24.5% increase from HK\$564.5 million in HY05/06. The Group's overall turnover maintained its remarkable growth on a year to year basis, boosted by an increase in all three business segments, namely Component Distribution, IC Application and IT Infrastructure.

Overall, IT infrastructure was the main contributor this half year, attaining the highest increase in revenue of HK\$88.2 million from HK\$255.4 million. The 34.5% surge for this segment was mainly contributed by the securing of sizable contracts, notably the supply of IT products and storage solutions to reputable international financial institutions and the contract to upgrade and enhance a multinational retailer's system infrastructure in PRC and Hong Kong.

The Component Distribution segment experienced a 7.3% increase in turnover to HK\$239.8 million as demand for mobile phone components remains persistently strong. The IC Application Design (ICAD) segment experienced a turnaround in demand for ICs of application design solutions for toys and wireless application products in the games/consumer electronic market, to increase by 39.6% to HK\$119.5 million. Karin has expanded their graphic design for games application and engineering operations in PRC to cater for this growing demand.

Gross Profit

Gross Profit for the period increased by HK\$21.5 million, representing an increase of about 44.6% from the previous financial period. Increased sales in high margin products in the Component Distribution segment, which is in line with the strategy to diversify its existing product lines and more stringent controls on inventory management improved the Group's gross profit margin to about 9.9%.

Mr. Philip Ng (伍鈺榮), Executive Chairman of Karin commented; "We are delighted with this stellar performance in the first six months of FY06/07 which was a direct result of our successful shift in the Group's business model and operational strategies and tenacious marketing efforts to capitalise on market trends and opportunities while constantly delivering great values to our satisfied customers. Judging from the consequent boost in revenue from electrical appliances, IT Infrastructure and mobile phone industry, we will continue to leverage on our experience as one of the leading IT solutions provider in China to capitalize on these growth sectors by expanding our distribution channels and range of products and solutions from existing and new vendors in PRC and Hong Kong."

Expenses

Increase in Selling and Distribution costs by HK\$4.4 million during the current period was attributable to the addition of staff for the sales and marketing division. Administrative expenses increase by HK\$3.7 million or 21.1% due to reviews in salaries under administrative and supportive divisions and setting up of two additional offices in PRC and expansion of our head offices in Hong Kong.

Finance costs were kept minimal at HK\$1.3 million as the Group obtained more favourable terms on new borrowings upon the renewal of banking facilities.

Earnings Per Share/ NTA

As at 31 December 2006, the Group shareholders' equity increased to HK\$165 million from HK\$150.9 million as at 31 December 2006. The Group achieved an EPS of 10.68 HKcents in HY06/07, an increase of 33% as compared to 8.03 HKcents in the previous period. Net tangible asset per ordinary share increased to 81.8 HKcents as at 31 December 2006, up 9.5% from 74.7 HKcents in the previous year.

To reward the shareholders for their loyalty and support for the Group, the Directors have proposed a special dividend of HK0.5 cents and interim dividend of HK3.8 cents per ordinary share for the current financial period.

About Karin

Listed on the Main Board of Singapore Exchange in March 2005, we are an electronic components and computer products distributor and out-sourcing service provider. Since 1977, we have been principally engaged in the components distribution and trading business for various segments of the electronics industry including the communication, computer, electrical appliances, utility, watch and toy segments in Hong Kong and the PRC. In 1990, in view of the increasing demand for IC software application solutions, we expanded our business to include the provision of IC software application design solutions for a wide range of electronic products and electrical appliances. In 1996, we further diversified our business and commenced our IT infrastructure services and computer data storage management solutions business.

