



嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)

(Company Registration Number 32514)

**Half Year Financial Statements And Dividend Announcement**  
**for the Six Months Ended 31 December 2012**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group Income Statement for the six months ended 31 December 2012. These figures have not been audited.

	Group		% increase/ (decrease)
	6 months to 31 Dec 2012 HK\$'000	6 months to 31 Dec 2011 HK\$'000	
REVENUE	2,123,296	1,519,399	39.7
Cost of sales	(2,008,625)	(1,430,508)	40.4
Gross profit	114,671	88,891	29.0
Other income and gains	11,514	4,381	162.8
Selling and distribution costs	( 35,445)	( 29,317)	20.9
Administrative expenses	( 41,548)	( 34,639)	19.9
Other expenses, net	( 383)	( 666)	( 42.5)
Finance costs	( 687)	( 239)	187.4
Share of loss of an associate	( 54)	-	NM
PROFIT BEFORE TAX	48,068	28,411	69.2
Income tax expense	( 8,183)	( 6,059)	35.1
PROFIT FOR THE PERIOD	<u>39,885</u>	<u>22,352</u>	78.4
Profit/(loss) for the period attributable to:			
Owners of the Company	33,698	22,842	47.5
Non-controlling interests	<u>6,187</u>	( 490)	NM
	<u>39,885</u>	<u>22,352</u>	78.4

NM: Not Meaningful

## Statement of comprehensive income for the six months ended 31 December 2012

	Group		
	6 months to 31 Dec 2012 HK\$'000	6 months to 31 Dec 2011 HK\$'000	% increase/ (decrease)
PROFIT FOR THE PERIOD	39,885	22,352	78.4
Other comprehensive income:			
Exchange differences on translation of foreign operations	<u>855</u>	<u>2,279</u>	( 62.5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>40,740</u></u>	<u><u>24,631</u></u>	65.4
Total comprehensive income/(loss) attributable to:			
Owners of the Company	34,553	25,121	37.5
Non-controlling interests	<u>6,187</u>	<u>( 490)</u>	NM
	<u><u>40,740</u></u>	<u><u>24,631</u></u>	65.4

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	6 months to 31 Dec 2012 HK\$'000	6 months to 31 Dec 2011 HK\$'000
Depreciation	8,094	7,229
Impairment/(reversal of impairment) of trade receivables	( 2,754)	103
Provision against and write-off of obsolete inventories	1,993	5,169
Fair value loss on derivative financial instruments	383	563
Interest income	( 852)	( 464)
Gross rental income	( 568)	( 257)
Foreign exchange differences, net	( 6,254)	( 3,148)
Gain on disposal of items of property, plant and equipment	( 237)	-
Share of loss of an associate	54	-

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	31 December 2012 HK\$'000	30 June 2012 HK\$'000 [Restated]	31 December 2012 HK\$'000	30 June 2012 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	261,070	260,624	-	-
Investment properties	22,368	22,149	-	-
Goodwill	2,098	2,098	-	-
Investment in subsidiaries	-	-	76,308	76,308
Investments in an associate	363	416	-	-
Deferred tax assets	1,462	1,462	-	-
Total non-current assets	<u>287,361</u>	<u>286,749</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>				
Inventories	245,873	173,615	-	-
Trade and bills receivables	361,342	313,506	-	-
Factored trade receivables	-	679	-	-
Prepayments, deposits and other receivables	42,134	43,655	79	-
Amounts due from subsidiaries	-	-	42,882	45,126
Forward currency contracts	857	1,240	-	-
Cash and cash equivalents	237,383	77,013	889	1,483
Total current assets	<u>887,589</u>	<u>609,708</u>	<u>43,850</u>	<u>46,609</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	404,340	214,813	-	-
Other payables and accruals	77,998	70,123	2,288	3,313
Tax payable	10,345	15,477	-	36
Interest-bearing bank and other borrowings	167,975	108,633	-	-
Total current liabilities	<u>660,658</u>	<u>409,046</u>	<u>2,288</u>	<u>3,349</u>
<b>NET CURRENT ASSETS</b>	<u>226,931</u>	<u>200,662</u>	<u>41,562</u>	<u>43,260</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	514,292	487,411	117,870	119,568
<b>NON-CURRENT LIABILITIES</b>				
Finance lease payables	17	68	-	-
Deferred tax liabilities	28,349	28,247	-	-
Total non-current liabilities	<u>28,366</u>	<u>28,315</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>485,926</u>	<u>459,096</u>	<u>117,870</u>	<u>119,568</u>

	<b>Group</b>		<b>Company</b>	
	31 December 2012 HK\$'000	30 June 2012 HK\$'000 [Restated]	31 December 2012 HK\$'000	30 June 2012 HK\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Issued capital	21,213	21,143	21,213	21,143
Treasury shares	( 1,597)	( 1,525)	( 1,597)	( 1,525)
Reserves	452,477	432,332	98,254	99,950
	472,093	451,950	117,870	119,568
Non-controlling interests	13,833	7,146	-	-
Total equity	485,926	459,096	117,870	119,568

### **1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

#### **Amount repayable in one year or less, or on demand**

As at 31 December 2012		As at 30 June 2012	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
159	167,816	219	108,414

#### **Amount repayable after one year**

As at 31 December 2012		As at 30 June 2012	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
17	-	68	-

#### **Details of any collaterals**

The above unsecured bank and other borrowings of HK\$167,816,000 and HK\$108,414,000 included bank borrowings of HK\$167,816,000 and HK\$108,031,000 which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 31 December 2012 and 30 June 2012 respectively.

The finance lease obligations of HK\$176,000 and HK\$287,000 were secured by the underlying assets acquired as at 31 December 2012 and 30 June 2012 respectively.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	48,068	28,411
Adjustments for:		
Finance costs	687	239
Interest income	( 852)	( 464)
Fair value loss on derivative financial instruments, net	383	563
Depreciation	8,094	7,229
Provision against and write-off of obsolete inventories	1,993	5,169
Impairment/(reversal of impairment) of trade receivables	( 2,754)	103
Share of loss of an associate	54	-
Gain on disposal of items of property, plant and equipment	( 237)	-
	<u>55,436</u>	<u>41,250</u>
Increase in inventories	( 74,250)	( 1,949)
Decrease/(increase) in trade and bills receivables	( 45,082)	9,351
Decrease in factored trade receivables	679	229
Decrease in prepayments, deposits and other receivables	1,521	9,412
Increase/(decrease) in trade and bills payables	189,527	( 21,053)
Increase/(decrease) in other payables and accruals	<u>7,874</u>	<u>( 1,432)</u>
Cash generated from operations	135,705	35,808
Interest paid	( 680)	( 224)
Interest element on finance lease rental payments	( 7)	( 15)
Dividends paid	( 14,943)	( 14,605)
Hong Kong profits tax paid	( 12,846)	( 6,770)
Mainland China and overseas corporate income tax paid	<u>( 356)</u>	<u>( 478)</u>
Net cash flows from operating activities	<u>106,873</u>	<u>13,716</u>

	Group	
	Six months ended	
	31 December	
	2012	2011
	HK\$'000	HK\$'000
Net cash flows from operating activities	106,873	13,716
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	( 7,163)	( 4,886)
Interest received	852	464
Proceeds from disposal of items of property, plant and equipment	<u>240</u>	<u>-</u>
Net cash flows used in investing activities	( <u>6,071</u> )	( <u>4,422</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee share options	605	3,744
Purchase of treasury shares	( 72)	( 886)
New bank loans	467,569	40,000
Repayment of bank loans	( 444,259)	( 63,683)
Increase in trust receipt and import loans	36,091	26,424
Capital element of finance lease rental payments	( 116)	( 128)
Capital contribution by a non-controlling shareholder	<u>500</u>	<u>2,000</u>
Net cash flows from financing activities	<u>60,318</u>	<u>7,471</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	161,120	16,765
Cash and cash equivalents at beginning of period	77,013	74,263
Effect of foreign exchange rate changes, net	( <u>750</u> )	<u>2,287</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>237,383</u></u>	<u><u>93,315</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	223,744	62,254
Non-pledged time deposits with original maturity of less than three months when acquired	<u>13,639</u>	<u>31,061</u>
Cash and cash equivalent as stated in the consolidated statement of financial position	<u><u>237,383</u></u>	<u><u>93,315</u></u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Group

	Attributable to owners of the Company											Total equity HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Exchange fluctuation reserve HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and building revaluation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2011												
- As previously reported	20,683	( 2,376)	6,562	36,227	898	2,802	104,463	2,752	209,729	381,740	863	382,603
- Prior year adjustment in respect of deferred taxation (Note 5)	-	-	-	-	-	-	-	-	2,228	2,228	-	2,228
- As restated	20,683	( 2,376)	6,562	36,227	898	2,802	104,463	2,752	211,957	383,968	863	384,831
Total comprehensive income/(loss) for the period	-	-	2,279	-	-	-	-	-	22,842	25,121	( 490)	24,631
Issue of shares under Karin Employees Share Option Scheme	425	-	-	4,788	-	( 1,469)	-	-	-	3,744	-	3,744
Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Purchase of own shares and held as treasury shares	-	( 886)	-	-	-	-	-	-	-	( 886)	-	( 886)
Final 2011 dividend paid	-	-	-	-	-	-	-	-	( 14,605)	( 14,605)	-	( 14,605)
At 31 December 2011	<u>21,108</u>	<u>( 3,262)</u>	<u>8,841</u>	<u>41,015</u>	<u>898</u>	<u>1,333</u>	<u>104,463</u>	<u>2,752</u>	<u>220,194</u>	<u>397,342</u>	<u>2,373</u>	<u>399,715</u>

## The Group

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Issued capital HK\$'000	Treasury shares HK\$'000	Exchange fluctuation reserve HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and building revaluation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
At 1 July 2012												
- As previously reported	21,143	( 1,525)	8,154	41,368	898	1,183	135,191	2,752	240,080	449,244	7,146	456,390
- Prior year adjustment in respect of deferred taxation (Note 5)	-	-	-	-	-	-	-	-	2,706	2,706	-	2,706
- As restated	21,143	( 1,525)	8,154	41,368	898	1,183	135,191	2,752	242,786	451,950	7,146	459,096
Total comprehensive income for the period	-	-	855	-	-	-	-	-	33,698	34,553	6,187	40,740
Issue of shares under Karin Employees Share Option Scheme	70	-	-	745	-	( 210)	-	-	-	605	-	605
Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	500	500
Purchase of own shares and held as treasury shares	-	( 72)	-	-	-	-	-	-	-	( 72)	-	( 72)
Final 2012 dividend paid	-	-	-	-	-	-	-	-	( 14,943)	( 14,943)	-	( 14,943)
At 31 December 2012	<u>21,213</u>	<u>( 1,597)</u>	<u>9,009</u>	<u>42,113</u>	<u>898</u>	<u>973</u>	<u>135,191</u>	<u>2,752</u>	<u>261,541</u>	<u>472,093</u>	<u>13,833</u>	<u>485,926</u>



## The Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2011	20,683	( 2,376)	36,227	36,311	2,802	21,270	114,917
Total comprehensive income for the period	-	-	-	-	-	15,856	15,856
Issue of shares under Karin Employees Share Option Scheme	425	-	4,788	-	( 1,469)	-	3,744
Purchase of own shares and held as treasury shares	-	( 886)	-	-	-	-	( 886)
Final 2011 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 14,605)</u>	<u>( 14,605)</u>
At 31 December 2011	<u>21,108</u>	<u>( 3,262)</u>	<u>41,015</u>	<u>36,311</u>	<u>1,333</u>	<u>22,521</u>	<u>119,026</u>
At 1 July 2012	21,143	( 1,525)	41,368	36,311	1,183	21,088	119,568
Total comprehensive income for the period	-	-	-	-	-	12,712	12,712
Issue of shares under Karin Employees Share Option Scheme	70	-	745	-	( 210)	-	605
Purchase of own shares and held as treasury shares	-	( 72)	-	-	-	-	( 72)
Final 2012 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 14,943)</u>	<u>( 14,943)</u>
At 31 December 2012	<u>21,213</u>	<u>( 1,597)</u>	<u>42,113</u>	<u>36,311</u>	<u>973</u>	<u>18,857</u>	<u>117,870</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 1 July 2012, the Company held 965,000 (1 July 2011: 1,681,000) treasury shares. During the six months ended 31 December 2012, pursuant to the 2009 Share Buyback mandate, the Company had purchased 40,000 (31 December 2011: 634,000) of its own shares (the “Shares”) and holds such Shares as treasury shares. All the 40,000 (31 December 2011: 634,000) Shares were market purchases with the highest and lowest purchase price per share paid by the Company being S\$0.280 (31 December 2011: S\$0.225) and S\$0.280 (31 December 2011: S\$0.220), respectively, amounting to an aggregate purchase price of S\$11,000 (equivalent to HK\$72,000) (31 December 2011: S\$142,000, equivalent to HK\$886,000). As at 31 December 2012, the Company held 1,005,000 (31 December 2011: 2,315,000) treasury shares.

During the six months ended 31 December 2012, the Company issued 700,000 (31 December 2011: 4,250,000) new shares upon the exercise of options under the Karin Employees Share Option Scheme.

	6 months to 31 Dec 2012			6 months to 31 Dec 2011		
Exercise price per share	S\$0.1264	S\$0.1608	S\$0.1060	S\$0.1264	S\$0.1608	S\$0.1060
Number of new shares issued	500,000	200,000	-	700,000	2,600,000	950,000

As at 31 December 2012, the Company's share capital was HK\$21,213,000 (30 June 2012: HK\$21,143,000) comprising 212,130,000 (30 June 2012: 211,430,000) ordinary shares including 1,005,000 (30 June 2012: 965,000) treasury shares.

The share options outstanding as at 31 December 2012 was 2,630,000 (30 June 2012: 3,330,000) which when fully vested could be convertible to 2,630,000 (30 June 2012: 3,330,000) ordinary shares of the Company upon exercise.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury shares as at 31 December 2012 was 211,125,000 (30 June 2012: 210,465,000).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation nor use of treasury shares during the period under review.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as described in point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the six months ended 31 December 2012 as compared with the audited financial statements of the Group for the year ended 30 June 2012.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the following amendments to International Financial Reporting Standards ("IFRSs") for the first time in the financial statements for the six months ended 31 December 2012:

IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
IAS 12 Amendments	Amendments to IAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of amendments to IAS 12, the adoption of the revised IFRSs has had no significant financial effect on these financial statements.

The IAS 12 Amendments clarified the determination of deferred tax for investment property measured at fair value and introduced a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in SIC-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties

was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of IAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised as below:

- (i) Deferred tax liabilities as at 1 July 2011 and 30 June 2012 have been decreased by HK\$2,228,000 and HK\$2,706,000, respectively; and
- (ii) Retained profits as at 1 July 2011 and 30 June 2012 have been increased by HK\$2,228,000 and HK\$2,706,000, respectively.

The adoption of the amendments did not have any impact on the consolidated income statements for the periods ended 31 December 2012 and 2011 as there were no fair value changes on the Group's investment properties during the interim periods.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

**The Group**

	Six months ended 31 December	
	2012	2011
Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in HK cents):		
- Based on weighted average number of ordinary shares on issue (HK cents)	<u>15.93</u>	<u>10.93</u>
- On a fully diluted basis (HK cents)	<u>15.84</u>	<u>10.86</u>
Profit attributable to the ordinary shareholders of the Company for earnings per share (HK\$'000)	<u>33,698</u>	<u>22,842</u>

The calculation of basic earnings per share for the six months ended 31 December 2012 and 2011 is based on the profit attributable to the ordinary shareholders of the Company for the respective periods and the weighted average of 211,528,369 and 208,970,164 shares respectively.

The calculation of diluted earnings per share amounts is based on the profit attributable to ordinary shareholders of the Company for the respective periods and 212,710,312 (2011: 210,358,779) ordinary shares, which was the weighted average of 211,528,369 (2011: 208,970,164) ordinary shares in issue during the six months ended 31 December 2012, and the weighted average of 1,181,943 (2011: 1,388,615) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all outstanding share options during the period under review.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	As at 31 December 2012	As at 30 June 2012 [Restated]	As at 31 December 2012	As at 30 June 2012
Net asset value per ordinary share (HK cents)	230.2	218.1	55.8	56.8

Net asset value per ordinary share as at 31 December 2012 and 30 June 2012 was calculated based on the issued share capital excluding treasury shares of 211,125,000 and 210,465,000 ordinary shares as at 31 December 2012 and 30 June 2012 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **Income Statement**

### **Revenue**

In spite of the challenging global economy throughout the period under review, the Group continued to maintain a healthy growth in both revenue and net profit. Consolidated revenue of the Group for the six months ended 31 December 2012 increased by HK\$603.9 million or 39.7% to a record high of HK\$2,123.3 million from HK\$1,519.4 million for the corresponding period last year.

Revenue from our Components Distribution segment improved by HK\$118.1 million or 45.1%, from HK\$262.0 million for the six months ended 31 December 2011 to HK\$380.1 million for the six months ended 31 December 2012. The improvement was mostly due to

increase in demand for certain electronic components which are used in the assembly of certain high demand consumers electronics products.

Revenue from our Integrated Circuit Application Design (“**ICAD**”) segment reduced by HK\$13.3 million or 17.5% from HK\$76.1 million for the six months ended 31 December 2011 to HK\$62.8 million for the six months ended 31 December 2012. Continuing economic uncertainties in USA and Europe had affected negatively the demand for toys which have our application design solution embedded.

Since the commencement of our retail stores operation which sells the full range of Apple products (announcement was made in October 2011), revenue of our Information Technology Infrastructure (“**IT Infrastructure**”) increased significantly. In view of the different nature in the distribution of Consumer Electronics Products (“**CEP**”) from that of the distribution of IT Infrastructure products, a CEP segment was established and separated from the IT Infrastructure segment. To provide greater transparency for the reporting of the Group's operating results, the IT Infrastructure segment revenue from last period (HK\$1,181.3 million) has been separated into HK\$423.2 millions for the IT Infrastructure segment and HK\$758.1 millions for the CEP segment. The latter figure reflects the revenue from distributing only a limited range of Apple products.

Revenue from our IT Infrastructure segment increased by HK\$69.0 million or 16.3%, from HK\$423.2 million for the six months ended 31 December 2011 to HK\$492.2 million for the six months ended 31 December 2012. The increase was mainly due to the increase in demand for network security products as well as enterprise software and hardware products.

Revenue from our CEP segment increased substantially by HK\$430.1 million or 56.7%, from HK\$758.1 million for the six months ended 31 December 2011 to HK\$1,188.2 million for the six months ended 31 December 2012. The increase in revenue was due to our getting enhanced licensing to sell the full range of Apple products through our retail stores. Before operating our retail stores, the Group was only licensed to distribute a limited range of Apple products.

#### Gross profit

Gross profit increased by HK\$25.8 million or 29.0%, from HK\$88.9 million for the six months ended 31 December 2011 to HK\$114.7 million for the six months ended 31 December 2012. The improvement was mainly due to the 39.7% increase in revenue during the period under review. However, gross profit margin decreased by 8.5% from 5.9% for the six months ended 31 December 2011 to 5.4% for the six months ended 31 December 2012. Such decrease was mainly attributed to the commencement of operation of high volume but with relatively low margin retail stores which diluted the overall gross margin of the Group.

#### Other income and gains

Other income and gains increased by approximately HK\$7.1 million or 161.4%, from HK\$4.4 million for the six months ended 31 December 2011 to HK\$11.5 million for the six months ended 31 December 2012. The increase was mainly due to (1) the increase in gain on foreign exchange differences of HK\$3.2 million which was mostly attributable to the well managed foreign currencies forward contract bookings during the period under review; (2)

the reversal of impairment of trade receivables of HK\$2.8 million while impairment loss of HK\$0.1 million was booked for the six months ended 31 December 2011; (3) increase in bank interest income of HK\$0.4 million; and (4) increase in rental income of HK\$0.3 million for the leasing out of investment properties in Shanghai.

#### Selling and distribution costs

Selling and distribution costs increased by approximately HK\$6.1 million or 20.8% from HK\$29.3 million for the six months ended 31 December 2011 to HK\$35.4 million for the six months ended 31 December 2012. The increase was mainly attributed to increase in staff cost; retail stores rental and management fee of totally HK\$5.7 million, which were in turn due to the opening of retail stores.

#### Administrative expenses

Administrative expenses increased by approximately HK\$6.9 million or 19.9%, from HK\$34.6 million for the six months ended 31 December 2011 to HK\$41.5 million for the six months ended 31 December 2012. The increase was mainly due to (1) increase in staff cost of HK\$3.9 million which was in turn due to higher bonus provision as a result of increase in net profit; (2) increase in depreciation charge of HK\$0.9 million which was based on the appreciated property values for leasehold land and buildings located in Hong Kong, Shenzhen and Shanghai; and (3) increase in information technology expenses of HK\$0.8 million in order to cope with the Group's expansion.

#### Other expenses, net

Other expenses, net decreased by approximately HK\$0.3 million or 42.9%, from HK\$0.7 million for the six months ended 31 December 2011 to HK\$0.4 million for the six months ended 31 December 2012.

#### Finance costs

Finance costs increased by approximately HK\$0.5 million or 250%, from HK\$0.2 million for the six months ended 31 December 2011 to HK\$0.7 million for the six months ended 31 December 2012. The increase was due to higher level of bank borrowings at certain points of time during the current period to support the working capital requirement for the HK\$603.9 million increase in revenue.

#### Net Profit

Net profit attributable to owners of the Company increased by HK\$10.9 million or 47.8%, from HK\$22.8 million for the six months ended 31 December 2011 to HK\$33.7 million for the six months ended 31 December 2012. The increase was mainly attributable to the increase in gross profit offset by additional selling and distribution and administration costs as explained above.

## Statement of Financial Position

### Non-current assets

Non-current assets comprised goodwill of HK\$2.1 million; investment properties, office equipment, leasehold land and buildings and motor vehicles totaling HK\$283.4 million; deferred tax assets of HK\$1.5 million and investment in an associate of HK\$0.4 million. There were no significant changes in non-current assets compared with the immediately preceding financial year end as at 30 June 2012.

### Current assets

As at 31 December 2012, current assets amounted to approximately HK\$887.6 million, an increase of HK\$277.9 million compared to the immediately preceding financial year end as at 30 June 2012. The increase was mainly due to (1) increase in inventories level by HK\$72.3 million resulting from an anticipation of increase in sales in January 2013 which was subsequently realised; (2) increase in net trade, factored trade and bills receivables by HK\$47.8 million which was in turn due to increase in sales towards the end of the current financial period; and (3) increase in cash and cash equivalents by HK\$160.4 million.

### Current liabilities

As at 31 December 2012, current liabilities amounted to approximately HK\$660.7 million, an increase of HK\$251.6 million compared to the immediately preceding financial year end as at 30 June 2012. The increase was mainly due to (1) increase in trade and bills payables by HK\$189.5 million and (2) increase in interest-bearing bank and other borrowings by HK\$59.3 million in order to support increase in sales towards the end of the current financial period.

### Non-current liabilities

Non-current liabilities amounted to HK\$28.4 million, representing 4.1% of our total liabilities as at 31 December 2012. The amount mostly comprised of deferred tax liabilities. Deferred tax liabilities were recognised as a result of temporary differences between the carrying amounts and tax bases of our land and buildings and investment properties.

### Liquidity and cash flow

As at 31 December 2012, cash and cash equivalents amounted to approximately HK\$237.4 million. Total interest bearing loans and borrowings as at 31 December 2012 were HK\$168.0 million and the gearing ratio, which is defined as total borrowings and finance leases payables to equity attributable to owners of the Company, is 0.36 times (30 June 2012: 0.24 times).

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.



**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Company's diversification into retail consumer electronics products continues to show good returns. Revenue of the Group for the period under review reached a six-month period record high since its establishment. We expect demand for consumer electronics products to remain strong.

In our electronic components distribution segment, we expect to continue to work at entrenching further our supply of existing and new electronic components to the manufacturers of high growth consumer electronic products in the PRC.

As the demand for network security products and enterprise software products continue to trend up, the Group's IT Infrastructure business team will continue to deepen our reach in the market and widen our value-added product offerings.

The Group is cautiously optimistic of its performance in the next reporting period and the next 12 months.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

Yes. Tax not applicable interim dividend of HK7.2 cents per share amounting to a total of HK\$15,201,000 have been proposed and declared by the Directors.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in HK cents)	7.2 cents per share
Par value of share (in HK cents)	10.0 cents per share
Tax rate	Not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim	Special	Final
Dividend type	Cash	Cash	Cash
Dividend amount			
per share (in HK cents)	3.5 cents per share	3.5 cents per share	7.1 cents per share
Par value of share			
(in HK cents)	10 cents per share	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable	Not applicable

**(c) Date payable**

21 March 2013

**(d) Books closure date**

The Register of Members and Share Transfer Books of the Company will be closed on 8 March 2013, for the purpose of determining Members' entitlements to interim dividends of HK7.2 cents for the financial year ending 30 June 2013. Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 7 March 2013 by the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00 Singapore 068898 will be registered to determine Members' entitlements to such dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5:00 p.m. on 7 March 2013 will be entitled to such dividend.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained and there is no IPT during the period under review.

**14. Negative Assurance Confirmation On Interim Financial Results Pursuant To Rule 705(4) Of The Listing Manual**

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the six months ended 31 December 2012 to be false or misleading in any material respect. A statement signed by two directors is on record.

We, Ng Yuk Wing and Ng Kin Wing, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the six months ended 31 December 2012 to be false or misleading in any material respect.

On behalf of the board of directors

Ng Yuk Wing  
Executive Director/Executive Chairman

Ng Kin Wing  
Executive Director/CEO

**BY ORDER OF THE BOARD**

Ng Yuk Wing  
Executive Chairman

5 February 2013