



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)

Full Year Financial Statements And Dividend Announcement
for the Year Ended 30 June 2009

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

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

Group Income Statement for the year ended 30 June 2009. These figures have not been audited.

	Group		Increase/ (Decrease) %
	2009 HK\$'000	2008 HK\$'000	
REVENUE	1,566,262	1,893,938	(17.3)
Cost of sales	<u>(1,423,597)</u>	<u>(1,711,598)</u>	(16.8)
Gross profit	142,665	182,340	(21.8)
Other income and gains	6,589	8,835	(25.4)
Selling and distribution costs	(50,094)	(52,894)	(5.3)
Administrative expenses	(55,156)	(56,817)	(2.9)
Other expenses, net	(6,215)	(4,726)	31.5
Finance costs	(1,360)	(2,917)	(53.4)
Share of losses of associates	<u>-</u>	<u>(67)</u>	NM
PROFIT BEFORE TAX	36,429	73,754	(50.6)
Tax	<u>(5,761)</u>	<u>(11,583)</u>	(50.3)
PROFIT FOR THE YEAR	<u>30,668</u>	<u>62,171</u>	(50.7)
Attributable to:			
Equity holders of the Company	32,351	61,334	(47.3)
Minority interests	<u>(1,683)</u>	<u>837</u>	(301.1)
	<u>30,668</u>	<u>62,171</u>	(50.7)

NM: Not Meaningful

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

	Group	
	2009	2008
	HK\$'000	HK\$'000
Auditors' remuneration	930	1,200
Cost of inventories sold	1,378,245	1,682,843
Depreciation	6,636	6,482
Loss/(gain) on disposal of items of property, plant and equipment	(49)	40
Directors' remuneration:		
Fees	640	613
Other emoluments	6,336	6,976
Employee share option benefits	383	684
	<u>7,359</u>	<u>8,273</u>
Operating lease rentals in respect of land and buildings	5,623	4,701
Impairment of trade receivables	1,494	4,625
Impairment of goodwill	-	2,748
Provision against and write-off of obsolete inventories	2,917	2,454
Employees benefits expense (excluding directors' remuneration):		
Wages and salaries	65,203	66,703
Equity-settled share option expense	860	1,006
Pension scheme contributions	4,407	3,779
	<u>70,470</u>	<u>71,488</u>
Direct operating expense (including repairs and maintenance) arising on rental-earning investment properties	152	259
Fair value gains on investment properties	(1,000)	(1,150)
Fair value gains on derivative financial instruments, net	(811)	(1,930)
Reversal of impairment of other receivables	-	(718)
Reversal of impairment of a loan to an associate	-	(2,692)
Reversal of impairment of an amount due from an associate	-	(2,013)
Interest income	(383)	(552)
Gross rental income	(385)	(323)
Management fee income	(101)	(1,600)
Foreign exchange differences, net	3,471	1,046
Excess over the cost of business combinations	-	(871)
Gain on disposal of a subsidiary	(259)	-
	<u><u> </u></u>	<u><u> </u></u>

The Group's tax charge is as follows:

	Group	
	2009	2008
	HK\$'000	HK\$'000
Current - Hong Kong		
Charge for the year	5,544	7,981
Underprovision/(overprovision) in prior years	3	(68)
Current - Mainland China		
Charge for the year	2,035	4,279
Overprovision in prior years	(1,070)	-
Current – Elsewhere		
Charge for the year	-	189
Overprovision in prior years	(3)	-
Deferred	(748)	(798)
Total tax charge for the year	<u>5,761</u>	<u>11,583</u>

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

	Group		Company	
	30 June 2009 HK\$'000	30 June 2008 HK\$'000	30 June 2009 HK\$'000	30 June 2008 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	53,072	49,669	-	-
Investment properties	6,000	5,000	-	-
Goodwill	2,356	2,356	-	-
Investments in subsidiaries	-	-	75,785	74,926
Prepayment for acquisition of properties	19,055	-	-	-
Deferred tax assets	1,099	1,137	-	-
Total non-current assets	<u>81,582</u>	<u>58,162</u>	<u>75,785</u>	<u>74,926</u>
CURRENT ASSETS				
Inventories	73,584	128,256	-	-
Trade and bills receivables	209,692	443,890	-	-
Factored trade receivables	11,174	6,650	-	-
Prepayments, deposits and other receivables	15,923	12,740	53	52
Amounts due from subsidiaries	-	-	47,534	36,532
Forward currency contracts	436	-	-	-
Cash and cash equivalents	<u>57,384</u>	<u>52,603</u>	<u>238</u>	<u>385</u>
Total current assets	<u>368,193</u>	<u>644,139</u>	<u>47,825</u>	<u>36,969</u>
CURRENT LIABILITIES				
Trade and bills payables	140,833	228,075	-	-
Other payables and accruals	39,602	50,264	1,892	3,833
Amount due to a subsidiary	-	-	10,338	-
Tax payable	9,495	13,175	-	-
Forward currency contracts	-	375	-	-
Bank advances on factored trade receivables	-	6,650	-	-
Interest-bearing bank and other borrowings	<u>4,144</u>	<u>160,371</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>194,074</u>	<u>458,910</u>	<u>12,230</u>	<u>3,833</u>
NET CURRENT ASSETS	<u>174,119</u>	<u>185,229</u>	<u>35,595</u>	<u>33,136</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	255,701	243,391	111,380	108,062
NON-CURRENT LIABILITIES				
Finance lease payables	739	553	-	-
Deferred tax liabilities	<u>5,057</u>	<u>4,540</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>5,796</u>	<u>5,093</u>	<u>-</u>	<u>-</u>
Net assets	<u>249,905</u>	<u>238,298</u>	<u>111,380</u>	<u>108,062</u>

	Group		Company	
	30 June 2009 HK\$'000	30 June 2008 HK\$'000	30 June 2009 HK\$'000	30 June 2008 HK\$'000
EQUITY				
Equity attributable to equity holders of the Company				
Issued capital	20,200	20,200	20,200	20,200
Reserves	218,797	200,053	80,272	71,500
Proposed dividend	<u>10,908</u>	<u>16,362</u>	<u>10,908</u>	<u>16,362</u>
	249,905	236,615	111,380	108,062
Minority interests	<u>-</u>	<u>1,683</u>	<u>-</u>	<u>-</u>
Total equity	<u>249,905</u>	<u>238,298</u>	<u>111,380</u>	<u>108,062</u>

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

Amount repayable in one year or less, or on demand

As at 30 June 2009		As at 30 June 2008	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
211	3,933	305	160,066

Amount repayable after one year

As at 30 June 2009		As at 30 June 2008	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
739	-	553	-

Details of any collaterals

The above unsecured bank borrowings of HK\$3,933,000 and HK\$160,066,000 included bank borrowings of HK\$3,933,000 and HK\$153,241,000 which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 30 June 2009 and 30 June 2008 respectively.

As at 30 June 2008, the above bank borrowings of approximately HK\$6,825,000 were guaranteed by the Company and a subsidiary.

The finance lease obligations of HK\$950,000 and HK\$858,000 were secured by the underlying assets acquired as at 30 June 2009 and 30 June 2008 respectively.

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

	Group	
	30 June 2009	30 June 2008
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	36,429	73,754
Adjustments for:		
Finance costs	1,360	2,917
Share of losses of associates	-	67
Interest income	(383)	(552)
Loss/(gain) on disposal of items of property, plant and equipment	(49)	40
Gain on disposal of a subsidiary	(259)	-
Fair value gains on investment properties	(1,000)	(1,150)
Fair value gains on derivative financial instruments, net	(811)	(1,930)
Excess over the cost of business combination	-	(871)
Depreciation	6,636	6,482
Reversal of impairment of a loan to an associate	-	(2,692)
Impairment of goodwill	-	2,748
Provision against and write-off of obsolete inventories	2,917	2,454
Impairment of trade receivables	1,494	4,625
Reversal of impairment of other receivables	-	(718)
Equity-settled share option expense	1,243	1,690
	<u>47,577</u>	<u>86,864</u>
Decrease in inventories	51,755	9,090
Decrease/(increase) in trade and bills receivables	231,069	(196,538)
Increase in factored trade receivables	(4,524)	(6,650)
Decrease/(increase) in prepayments, deposits and other receivables	(2,998)	286
Increase/(decrease) in trade and bills payables	(85,903)	31,086
Increase/(decrease) in other payables and accruals	(10,619)	12,855
Increase/(decrease) in bank advances on factored trade receivables	(6,650)	6,650
Cash generated from/(used in) operations	219,707	(56,357)

	Group	
	30 June 2009	30 June 2008
	HK\$'000	HK\$'000
Interest paid	(1,296)	(2,880)
Interest element on finance lease rental payments	(64)	(37)
Dividends paid	(26,866)	(19,998)
Hong Kong profits tax paid	(7,113)	(4,929)
Mainland China and overseas corporate income tax paid	(3,172)	(3,307)
Net cash inflow/(outflow) from operating activities	<u>181,196</u>	<u>(87,508)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(2,300)	(3,629)
Interest received	383	552
Proceeds from disposal of items of property, plant and equipment	75	41
Increase in prepayment for acquisition of properties	(19,055)	-
Acquisition of subsidiaries	-	3,757
Disposal of a subsidiary	391	-
Acquisition of minority interests	-	(3)
Proceeds from derecognition of financial assets at fair value through profit or loss	<u>-</u>	<u>14,070</u>
Net cash inflow/(outflow) from investing activities	<u>(20,506)</u>	<u>14,788</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	38,572	196,446
Repayment of bank loans	(132,089)	(130,578)
Increase/(decrease) in trust receipt and import loans	(61,142)	28,178
Capital element of finance lease rental payment	(332)	(216)
Net cash inflow/(outflow) from financing activities	<u>(154,991)</u>	<u>93,830</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,699	21,110
Cash and cash equivalents at beginning of year	51,256	26,958
Effect of foreign exchange rate changes, net	<u>96</u>	<u>3,188</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>57,051</u>	<u>51,256</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	36,969	30,279
Non-pledged time deposits with original maturity of less than three months when acquired	20,415	22,324
Bank overdrafts	<u>(333)</u>	<u>(1,347)</u>
	<u>57,051</u>	<u>51,256</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 ordinary equity holders of the Company											
	Issued capital 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	Proposed dividends HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 July 2007	20,200	1,094	31,637	898	708	11,990	-	108,602	9,696	184,825	-	184,825
Exchange realignment	-	3,402	-	-	-	-	-	-	-	3,402	-	3,402
Fair value revaluation of land and building, net of deferred tax	-	-	-	-	-	5,362	-	-	-	5,362	-	5,362
Total income for the year recognised directly in equity	-	3,402	-	-	-	5,362	-	-	-	8,764	-	8,764
Profit for the year	-	-	-	-	-	-	-	61,334	-	61,334	837	62,171
Total income and expense for the year	-	3,402	-	-	-	5,362	-	61,334	-	70,098	837	70,935
Transfer to general reserve	-	-	-	-	-	-	2,715	(2,715)	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	846	846
Equity-settled share option arrangements	-	-	-	-	1,690	-	-	-	-	1,690	-	1,690
Final 2007 dividend paid	-	-	-	-	-	-	-	(9,696)	(9,696)	-	(9,696)	
Interim 2008 dividend paid	-	-	-	-	-	-	(10,302)	(10,302)	-	(10,302)	(10,302)	
Proposed final 2008 dividend	-	-	-	-	-	-	(16,362)	16,362	-	-	-	
At 30 June 2008 and at 1 July 2008	20,200	4,496	31,637	898	2,398	17,352	2,715	140,557	16,362	236,615	1,683	238,298
Exchange realignment	-	(65)	-	-	-	-	-	-	-	(65)	-	(65)
Fair value revaluation of land and building, net of deferred tax	-	-	-	-	-	6,627	-	-	-	6,627	-	6,627
Total income and expense for the year recognised directly in equity	-	(65)	-	-	-	6,627	-	-	-	6,562	-	6,562
Profit/(loss) for the year	-	-	-	-	-	-	-	32,351	-	32,351	(1,683)	30,668
Total income and expenses for the year	-	(65)	-	-	-	6,627	-	32,351	-	38,913	(1,683)	37,230
Transfer to general reserve	-	-	-	-	-	-	37	(37)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	1,243	-	-	-	-	1,243	-	1,243
Final 2008 dividend paid	-	-	-	-	-	-	-	(16,362)	(16,362)	-	(16,362)	
Interim 2009 dividend paid	-	-	-	-	-	-	(10,504)	(10,504)	-	(10,504)	(10,504)	
Proposed final 2009 dividend	-	-	-	-	-	-	(5,454)	5,454	-	-	-	
Proposed special 2009 dividend	-	-	-	-	-	-	(5,454)	5,454	-	-	-	
At 30 June 2009	<u>20,200</u>	<u>4,431</u>	<u>31,637</u>	<u>898</u>	<u>3,641</u>	<u>23,979</u>	<u>2,752</u>	<u>151,459</u>	<u>10,908</u>	<u>249,905</u>	<u>-</u>	<u>249,905</u>

The Company

	Issued capital HK\$'000	Contributed surplus HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000	Total equity HK\$'000
At 1 July 2007	20,200	36,311	31,637	708	7,478	9,696	106,030
Profit for the year	-	-	-	-	20,340	-	20,340
Equity-settled share option arrangements	-	-	-	1,690	-	-	1,690
Final 2007 dividend paid	-	-	-	-	-	(9,696)	(9,696)
Interim 2008 dividend paid	-	-	-	-	(10,302)	-	(10,302)
Proposed final 2008 dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,362)</u>	<u>16,362</u>	<u>-</u>
At 30 June 2008 and At 1 July 2008	20,200	36,311	31,637	2,398	1,154	16,362	108,062
Profit for the year	-	-	-	-	28,941	-	28,941
Equity-settled share option arrangements	-	-	-	1,243	-	-	1,243
Final 2008 dividend paid	-	-	-	-	-	(16,362)	(16,362)
Interim 2009 dividend paid	-	-	-	-	(10,504)	-	(10,504)
Proposed final 2009 dividend	-	-	-	-	(5,454)	5,454	-
Proposed special 2009 dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,454)</u>	<u>5,454</u>	<u>-</u>
At 30 June 2009	<u>20,200</u>	<u>36,311</u>	<u>31,637</u>	<u>3,641</u>	<u>8,683</u>	<u>10,908</u>	<u>111,380</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 30 June 2009, The Company's share capital was HK\$20,200,000 (30 June 2008: HK\$20,200,000) comprising 202,000,000 (30 June 2008: 202,000,000) ordinary shares.

There was no change in the company's share capital during the reporting period since the end of the previous reported period.

The share options outstanding as at 30 June 2009 was 12,860,000 (30 June 2008: 10,460,000) which upon expiration of the vesting period could be convertible to 12,860,000 (30 June 2008: 10,460,000) 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.

The Company does not have any treasury share. Total number of issued shares as at 30 June 2009 was 202,000,000 (30 June 2008: 202,000,000)

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.

Not applicable.

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 year ended 30 June 2009 as compared with the audited financial statements of the Group for the year ended 30 June 2008.

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 new interpretations and amendments to International Financial Reporting Standards (“IFRSs”) and International Accounting Standards (“IASs”) for the first time in the financial statements for the year ended 30 June 2009:

IAS 39 & IFRS 7 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and IFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
IFRIC-Int 9 and IAS 39 Amendments	Amendments to IFRIC-Int 9 <i>Reassessment of Embedded Derivatives</i> and IAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
IFRIC-Int 12	<i>Service Concession Arrangements</i>
IFRIC-Int 13	<i>Customer Loyalty Programmes</i>
IFRIC-Int 14	IAS 19 - <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of these new interpretations and amendments has had no significant financial effect and there have been no significant changes to the accounting policies applied in these financial statements.

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

	30 June 2009	30 June 2008
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>16.0</u>	<u>30.4</u>
- On a fully diluted basis (HK cents)	<u>15.9</u>	<u>29.7</u>
Profit attributable to the equity holders of the Company for earnings per share (HK\$'000)	<u>32,351</u>	<u>61,334</u>

The calculation of basic earnings per share for the years ended 30 June 2009 and 2008 is based on the profit attributable to the ordinary equity holders of the Company for the respective years and the weighted average of 202,000,000 shares.

The calculation of diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the respective years and 203,474,474 (2008: 206,264,880) ordinary shares, which was the weighted average of 202,000,000 (2008: 202,000,000) ordinary shares in issue during the year ended 30 June 2009, and the weighted average of 1,474,474 (2008: 4,264,880) 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.

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
Net asset value per ordinary share (HK cents)	123.7	118.0	55.1	53.5

Net asset value per ordinary share as at 30 June 2009 and 30 June 2008 was calculated based on the issued share capital of 202,000,000 ordinary shares.

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.**

Profit and Loss

Revenue

In tandem with the outbreak of financial tsunami in the second half of 2008, consolidated revenue of the Group decreased by HK\$327.6 million or 17.3% to HK\$1,566.3 million from HK\$1,893.9 million for last year.

Revenue from our Components Distribution segment decreased by HK\$105.9 million or 17.3%, from HK\$612.1 million for the year ended 30 June 2008 to HK\$506.2 million for the year ended 30 June 2009. The decrease was mainly due to the demand for electronic components in mobile phones and computers was negatively affected by the downturn of the global economy.

Revenue from our Integrated Circuit Application Design ("ICAD") segment decreased by HK\$56.9 million or 19.6%, from HK\$289.8 million for the year ended 30 June 2008 to HK\$232.9 million for the year ended 30 June 2009. The drop was mainly due to the decrease in demand for toys. This decrease was partially relieved by increase in demand for greeting cards built-in with Integrated Circuits embedded with our application design solutions during the year under review as those cards are more affectionate than e-cards during the time of financial turmoil.

Revenue from our Information Technology Infrastructure ("IT Infrastructure") segment decreased by HK\$164.8 million or 16.6%, from HK\$992.0 million for the year ended 30 June 2008 to HK\$827.2 million for the year ended 30 June 2009. The reduction was mainly due to the adverse impact of financial tsunami to the financial service industry.

Gross profit

Gross profit decreased by HK\$39.6 million or 21.7%, from HK\$182.3 million for the year ended 30 June 2008 to HK\$142.7 million for the year ended 30 June 2009. The decrease was mostly due to decrease in revenue. Gross profit margin recorded a small decrease of approximately 0.5 percentage from 9.6% for the year ended 30 June 2008 to 9.1% for the year ended 30 June 2009.

Other income and gains

Other income and gains decreased by approximately HK\$2.2 million or 25.0%, from HK\$8.8 million for the year ended 30 June 2008 to HK\$6.6 million for the year ended 30 June 2009. The decrease was mostly due to (i) no more management fee of HK\$1.5 million received from an associate which became a subsidiary in April 2008; and (ii) decrease in fair value gain on derivative financial instrument of HK\$1.1 million.

Selling and distribution costs

Selling and distribution costs slightly decreased by approximately HK\$2.8 million or 5.3%, from HK\$52.9 million for the year ended 30 June 2008 to HK\$50.1 million for the year ended 30 June 2009. The decrease was mainly attributed to the decrease in bonus and commission paid to sales staff which was in turn due to decrease in revenue.

Administrative expenses

Administrative expenses decreased by approximately HK\$1.6 million or 2.8%, from HK\$56.8 million for the year ended 30 June 2008 to HK\$55.2 million for the year ended 30 June 2009. The decrease was mainly due to decrease in net profit linked staff bonus for supporting staff. There was neither staff retrenchment nor salary cut during the year.

Other expenses, net

Other expenses, net increased by approximately HK\$1.5 million or 31.9%, from HK\$4.7 million for the year ended 30 June 2008 to HK\$6.2 million for the year ended 30 June 2009. The increase was mainly due to (i) increase in loss on foreign exchange differences of HK\$2.4 million which was mostly attributable to the appreciation of Japanese Yen against United States Dollar; (ii) there was reversal of impairment of receivables totalling HK\$5.4 million due from an associate last year. There was no such item this year; (iii) decrease in impairment of trade receivables by HK\$3.1 million which was attributable to management's continuing effort in debt collection; (iv) there was impairment of goodwill of HK\$2.7 million in last year which was due to the increase in investment in a then associate which became a subsidiary since April 2008. There was no such item in the year under review; and (v) decrease in employee share option expenses of HK\$0.4 million upon the expiration of vesting period of certain share options during the year.

Finance costs

Finance costs decreased by approximately HK\$1.5 million or 51.7%, from HK\$2.9 million for the year ended 30 June 2008 to HK\$1.4 million for the year ended 30 June 2009. The decrease was due to improvement in debts collection which led to less requirement in bank borrowing.

Net Profit

Net profit attributable to equity holders of the Company decreased by HK\$28.9 million or 47.1%, from HK\$61.3 million for the year ended 30 June 2008 to HK\$32.4 million for the year ended 30 June 2009. The decrease was attributable to the drop in revenue which resulted in the reduction in gross profit as explained above and was offset by various costs such as staff costs, plus decrease in tax expenses which was in line with the reduction in net profit.

Minority interests

Minority interests represent the minority shareholder's share of loss in our subsidiaries.

Balance Sheet

Non-current assets

Non-current assets comprised goodwill HK\$2.4 million, investment properties, office equipment, leasehold land and buildings and motor vehicles HK\$59.1 million, prepayment of acquisition of properties in the PRC HK\$19.1 million and deferred tax assets HK\$1.1 million. As at 30 June 2009, non-current assets amounted to HK\$81.6 million, representing approximately 18.1% of the total assets.

Current assets

As at 30 June 2009, current assets amounted to approximately HK\$368.2 million, a decrease of HK\$275.9 million compared to the immediately preceding financial year end as at 30 June 2008. The significant reduction was mainly due to the decrease in trade and bills receivables by HK\$234.2 million which was in turn mainly due to the employment of tighter credit control policy. In addition, high trade and bills receivables balance as at 30 June 2008 was due to a few big projects which were completed in the 4th quarter of last financial year. The decrease in current assets was also attributed to decrease in inventories by HK\$54.7 million which was due to the tightening of inventories control. Prepayments, deposits and other receivables amounted to HK\$15.9 million, representing approximately 4.3% of our current assets, comprised mainly advance deposits paid to suppliers for the purchase of inventories.

Current liabilities

As at 30 June 2009, current liabilities amounted to approximately HK\$194.1 million, a decrease of HK\$264.8 million compared to the immediately preceding financial year end as at 30 June 2008. The decrease was mainly due to the decrease in interest-bearing bank and other borrowings by HK\$156.3 million which was due to (i) settlement of vendors for big projects in the 4th quarter of financial year ended 30 June 2008 in conjunction with the completion of those projects and payments received from our customers; (ii) prudent financial policies to maintain low gearing ratio; and (iii) a decrease in trade and bills payables by HK\$87.3 million which was due to the decrease in purchasing activities towards the end of the financial year which was in line with decrease in trade and bills receivables as at the year end date.

Non-current liabilities

Non-current liabilities amounted to HK\$5.8 million, representing 2.9% of the total liabilities as at 30 June 2009. It mainly comprised finance lease payable of HK\$0.7 million to finance purchase of office equipment and deferred tax liabilities of HK\$5.1 million. Deferred tax liabilities are recognized as a result of temporary difference between the carrying amount and tax base of our land and building and investment properties.

Liquidity and cash flow

As at 30 June 2009, cash and cash equivalents amounted to approximately HK\$57.4 million. Total interest bearing loans and borrowings (all short-term) as at 30 June 2009 were HK\$4.1 million and the gearing ratio which is defined as total borrowings and finance leases to shareholders' funds excluding minority interests, is 0.020 times (30 June 2008: 0.68 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.

Based on the latest statistic, target set by the Chinese Central Government in early 2009 to maintain a 8% Gross Domestic Product (GDP) growth rate for the year of 2009 seems very much achievable. Moreover, various signals in the United States show that the economic worst time has passed. Here in Karin, customer orders for electronic components are returning gradually recently. Nevertheless, during this time of economic uncertainty, fierce competition is expected to be intensified which will have a direct impact to our profit margins. Moreover, foreign currency fluctuation of United States Dollar against other major foreign currencies, such as Japanese Yen and EURO will also impose pressure on our profit margins. The Group will continue to monitor and manage its foreign currency exposure closely. Overall, with credit risk management continues to be our top agenda, the Group will still continue to focus on distributing new products with relative high profit margins; providing value-added solutions to its customers and extending industry coverage in Mainland China.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. At the Annual General Meeting (“AGM”) to be held, a tax not applicable final dividend of HK2.7 cents per share and special dividend of HK2.7 cents per share amounting to a total of HK\$5,454,000 and HK\$5,454,000 respectively will be recommended at the forthcoming AGM

Name of dividend	Interim (paid)	Final & special
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.2 cents per share	5.4 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	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	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.1 cents per share	8.1 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

(c) Date payable

12 November 2009

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 27 October 2009, for the purpose of determining Members’ entitlements to final and special dividends of HK2.7 cents and HK2.7 cents per ordinary share respectively for the financial year ended 30 June 2009. 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 26 October 2009 by the Company’s Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 8 Cross Street, #11-00 PWC Building, Singapore 048424 will be registered to determine Members’ entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 26 October 2009 will be entitled to such dividends.

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

Not applicable.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR
ANNOUNCEMENT**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENT INFORMATION

Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group’s business segments for the years ended 30 June 2009 and 2008.

	Components distribution HK\$’000	IC application design HK\$’000	IT infrastructure HK\$’000	Total HK\$’000
For the year ended 30 June 2009				
Segment revenue:				
Sales to external customers	506,168	232,916	827,178	1,566,262
Other revenue, excluding interest income	<u>4,571</u>	<u>259</u>	<u>1,376</u>	<u>6,206</u>
Total	<u>510,739</u>	<u>233,175</u>	<u>828,554</u>	<u>1,572,468</u>
Segment results	<u>6,703</u>	<u>9,898</u>	<u>20,805</u>	37,406
Interest income				383
Finance costs				(1,360)
Profit before tax				36,429
Tax				(5,761)
Profit for the year				<u>30,668</u>
As at 30 June 2009				
Assets and liabilities				
Segment assets	130,057	48,096	186,342	364,495
Unallocated assets				<u>85,280</u>
Total assets				<u>449,775</u>
Segment liabilities	39,705	22,010	107,804	169,519
Unallocated liabilities				<u>30,351</u>
Total liabilities				<u>199,870</u>
Other segment information:				
Depreciation				6,636
Other non-cash expenses	2,892	795	724	4,411
Capital expenditure				21,355
Fair value gains on investment properties				(1,000)

	Components distribution HK\$'000	IC application design HK\$'000	IT infrastructure HK\$'000	Total HK\$'000
For the year ended 30 June 2008				
Segment revenue:				
Sales to external customers	612,125	289,802	992,011	1,893,938
Other revenue, excluding interest income	<u>4,373</u>	<u>920</u>	<u>2,990</u>	<u>8,283</u>
Total	<u>616,498</u>	<u>290,722</u>	<u>995,001</u>	<u>1,902,221</u>
Segment results	<u>27,946</u>	<u>21,282</u>	<u>26,958</u>	76,186
Interest income				552
Finance costs				(2,917)
Share of losses of associates	-	-	(67)	(67)
Profit before tax				73,754
Tax				(11,583)
Profit for the year				<u>62,171</u>
As at 30 June 2008				
Assets and liabilities				
Segment assets	157,853	64,798	399,476	622,127
Unallocated assets				<u>80,174</u>
Total assets				<u>702,301</u>
Segment liabilities	61,296	43,280	192,520	297,096
Unallocated liabilities				<u>166,907</u>
Total liabilities				<u>464,003</u>
Other segment information:				
Depreciation				6,482
Other non-cash expenses/(income)	503	(430)	3,460	3,533
Capital expenditure				4,202
Fair value gains on investment properties				(1,150)

Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 30 June 2009 and 2008.

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
For the year ended 30 June 2009				
Segment revenue:				
Sales to external customers	1,052,669	349,820	163,773	1,566,262
Other revenue	<u>4,259</u>	<u>1,875</u>	<u>72</u>	<u>6,206</u>
Total	<u>1,056,928</u>	<u>351,695</u>	<u>163,845</u>	<u>1,572,468</u>
Other segment information:				
Segment assets	354,353	81,821	13,601	449,775
Capital expenditure	<u>1,940</u>	<u>19,374</u>	<u>41</u>	<u>21,355</u>
For the year ended 30 June 2008				
Segment revenue:				
Sales to external customers	1,359,717	383,972	150,249	1,893,938
Other revenue	<u>6,259</u>	<u>1,904</u>	<u>120</u>	<u>8,283</u>
Total	<u>1,365,976</u>	<u>385,876</u>	<u>150,369</u>	<u>1,902,221</u>
Other segment information:				
Segment assets	618,232	64,786	19,283	702,301
Capital expenditure	<u>1,165</u>	<u>2,098</u>	<u>939</u>	<u>4,202</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8.

15. A breakdown of sales as follows:-

	Group		
	2009	2008	% increase/ (decrease)
	HK\$'000	HK\$'000	HK\$'000
	Group	Group	Group
(a) Sales reported for the first half year	902,820	908,444	(0.6)
(b) Operating profit after tax before deducting minority interests reported for the first half year	22,620	36,882	(38.7)
(c) Sales reported for the second half year	663,442	985,494	(32.7)
(d) Operating profit after tax before deducting minority interests reported for the second half year	8,048	25,289	(68.2)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	2009	2008
	HK\$'000	HK\$'000
Declared and paid during the year	10,504	10,302
Proposed final dividend	5,454	16,362
Proposed special dividend	5,454	-
Total	<u>21,412</u>	<u>26,664</u>

17. Interested Person Transactions.

Not applicable.

BY ORDER OF THE BOARD

Ng Yuk Wing
Executive Chairman

26 August 2009