



Karin Technology achieves more than threefold increase in earnings to HK\$11.9 million in 1H FY2019

- Gross profit posts strong double-digit growth as focus on high-margin solutions and services pays off.
- Declares interim dividend of 5.8 HK cents per share payable on 20 March 2019.

6 months ended 31 Dec (HK\$'M)	1H FY2019	1H FY2018	% Change
Revenue	1,059.8	1,053.8	0.6
Gross profit	94.5	74.6	26.7
Gross profit margin	8.9%	7.1%	1.8% pt
Profit before tax	15.6	6.0	159.9
Net profit attributable to owners of the Company	11.9	3.2	268.5
EPS (HK cts) ^a	5.55	1.51	267.5
NAV per share (HK cts) ^b	192.1 (as at 31 Dec 2018)	204.1 (as at 30 June 2018)	5.9

a. Based on 214,654,250 and 214,598,000 weighted average number of ordinary shares in issue for the six months ended 31 December in 2018 and 2017 respectively.

b. Based on the issued share capital excluding treasury shares of 214,748,000 and 214,598,000 ordinary shares as at 31 December 2018 and 30 June 2018 respectively.

SINGAPORE – 13 February 2019 – 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, has more than tripled its bottomline year-on-year (“yoy”) to HK\$11.9 million on the back of a modest 0.6% increase in sales to HK\$1,059.8 million for the six months ended 31 December 2018 (“1H FY2019”).

The stellar earnings performance as compared to the corresponding six months in 2017 (“1H FY2018”) was mainly due to higher demand for the Group’s high-margin solutions and services, including an increase in projects that require solution-based products secured by both the Group’s Components Distribution (“CD”) and IT Infrastructure (“IT”) segments as well as more sales of technical services by its IT segment. This led to a 26.7% yoy increase



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in gross profit from HK\$74.6 million in 1H FY2018 to HK\$94.5 million in 1H FY2019 with gross profit margin rising in tandem from 7.1% to 8.9% over the same period.

The Group's performance lifted its earnings per share to 5.55 Hong Kong cents as at 31 December 2018 as compared to 1.51 Hong Kong cents as at 31 December 2017. Net asset value per share was at 192.1 Hong Kong cents as at 31 December 2018.

Segmental Breakdown

In terms of performance by segment, both the Group's CD and IT segments achieved lower revenue in 1H FY2019 mainly due to tighter credit controls through more stringent customer selection during the period. As a result, sales generated by the CD and IT segments fell 2.1% yoy to HK\$445.8 million and 12.5% yoy to HK\$496.7 million respectively.

However the aforementioned decline was partially offset by a 279.6% yoy leap in revenue generated by the Group's Consumer Electronics Products ("CEP") segment to HK\$117.3 million in 1H FY2019. The increase was mainly due to the Group's decision to re-invest in the retail stores business in March 2018 following a two-year hiatus.

Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO said: *"I am pleased that Karin was able to deliver a very strong set of interim results despite the rising of global uncertainties because of our strategy to focus on solution and service-based products across our IT and CD segments. We are also encouraged by the performance of our CEP segment, which had performed strongly due to the popularity of our carrying products."*

Dividend

To share the fruits of a strong half-year, Karin's Board of Directors has declared an interim dividend of 5.8 Hong Kong cents per share (tax not applicable) amounting to a total of HK\$12,455,000 payable on 20 March 2019.

Business Plans & Outlook

The Group is cautiously optimistic about the next 12 months due to the increase in demand observed by its IT, CD and CEP segments.



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Mr. Ng said: *“We expect the increase in demand for high-end products such as smartphones, wireless controlled appliances for consumer, medical and commercial sectors to continue. In line with this, our CD segment is working with vendors on more projects that require customised solution products, which fetch a higher margin.*

“We also expect gross profit generated through our IT segment to remain healthy due to strong demand for network and security products and enterprise cloud solutions and services. In view of rising manpower costs, sales of IT manpower services has been growing and is expected to continue as more companies outsource this area to us. As a result of the investment in the distribution and retail businesses, we have seen consistent revenue growth in the CEP segment and we expect this growth to continue.”

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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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