



Karin Technology achieves net attributable profit of HK\$6.0m and sales of HK\$1,067.2m in 1H FY2020

- Declares interim dividend of 3.9 HK cents per share payable on 19 March 2020 as a reflection of business confidence.

6 months ended 31 Dec (HK\$'M)	1H FY2020	1H FY2019	% Change
Revenue	1,067.2	1,059.8	0.7
Gross profit	81.0	94.5	(14.2)
Gross profit margin (%)	7.6%	8.9%	(1.3) % pt
Profit before tax	7.0	15.6	(55.2)
Net profit attributable to owners of the Company	6.0	11.9	(49.2)
EPS (HK cts) ^a	2.81	5.55	(49.4)
NAV per share (HK cts) ^b	204.4 (as at 31 Dec 2019)	210.5 (as at 30 Jun 2019)	(2.9)

a. Based on 214,748,000 and 214,654,000 weighted average number of ordinary shares in issue for the six months ended 31 December in 2019 and 2018 respectively.

b. Based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 31 December 2019 and 30 June 2019.

SINGAPORE – 13 February 2020 – As a reflection of business confidence, 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 proposed and declared an interim dividend of 3.9 Hong Kong cents for the six months ended 31 December 2019 (“**1H FY2020**”).

This is despite recent challenges in its operating environment including months of social unrest in Hong Kong followed by the outbreak of the 2019 Novel Coronavirus (“**COVID-19**”), which has caused widespread economic uncertainty worldwide.

Mr. Raymond Ng (伍建榮), Karin’s Executive Chairman and CEO said: “Our Group has weathered many seasons of adverse conditions in our 43-year history and managed to



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remain profitable throughout them all. We will employ the same basic fundamentals that have ensured our business sustainability including strict cost and inventory controls and focusing on sought-after solutions and service-based products across our business segments.

“There may be a slowdown in sales and delivery due to supply chain disruption and project delivery schedule delays as a result of the COVID-19 outbreak, the trade dispute between the PRC and the US and the unrest in Hong Kong. Nevertheless, demand is solid from our customers and the Group has already set up business continuity plans to mitigate disruptions to our businesses. I believe Karin will be able to tide through this period as our financial position remains healthy with gearing at 0.26 times and HK\$65.3 million in cash and equivalents as at 31 December 2019.”

In 1H FY2020, the Group achieved net attributable profit of HK\$6.0 million on the back of HK\$1,067.2 million in sales as compared to HK\$11.9 million in net attributable profit and HK\$1,059.8 million in sales achieved in the corresponding six months the year before (“**1H FY2019**”).

The increase in sales during the period under review was mainly due to higher revenue from the Group’s Information Technology Infrastructure (“**IT Infrastructure**”) and Consumer Electronics Products (“**CEP**”) segments, partially offset by lower sales from the Components Distribution (“**CD**”) segment. Revenue from the IT Infrastructure rose 14.9% YOY to HK\$570.5 million due to strong demand in network security products, cloud solution services and data visualisation tools. The 28.5% YOY increase in CEP sales to HK\$150.7 million was mostly due to new distribution rights secured by the Group for prestigious brands, while the 22.4% YOY decline in CD segment revenue to HK\$346.0 million was due to a slow down in customer orders for design-in changes for certain electronic component modules used in smart phones.

In 1H FY2020, gross profit declined 14.2% YOY to HK\$81.0 million with gross profit margin coming in 1.3 percentage point lower at 7.6%. This was mainly due to intense competition across all three business segments and stock clearance of certain inventories before these become obsolete under the CD segment at relatively low margins. Falling in tandem with gross profit, net attributable profit declined 49.2% YOY to HK\$6.0 million.



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In line with the 1H FY2020 performance, earnings per share fell to 2.81 HK cents (1H FY2019: 5.55 Hong Kong cents). Net asset value per share was at 204.4 Hong Kong cents as at 31 December 2019 (30 June 2019: 210.5 Hong Kong cents).

Business Plans & Outlook

The Group expects the next 12 months to be challenging as world economies grapple with the fallout from the COVID-19 outbreak and US-China relations remain in limbo.

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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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