



嘉靈集團  
KARIN  
GROUP

嘉靈控股集團有限公司

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Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)  
(Company Registration Number 32514)

**Unaudited interim condensed consolidated financial statements**

**31 December 2021**

KARIN TECHNOLOGY HOLDINGS LIMITED

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KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 31 December 2021

	Notes	31 Dec 2021 HK\$'000	31 Dec 2020 HK\$'000	% increase/ (decrease)
REVENUE	5	1,090,317	984,639	10.7
Cost of sales		<u>(1,003,603)</u>	<u>(918,455)</u>	9.3
Gross profit		86,714	66,184	31.0
Other income and gains, net	5	4,287	10,545	(59.3)
Selling and distribution costs		(34,865)	(34,219)	1.9
Administrative expenses		(41,911)	(32,909)	27.4
Other expenses, net		(618)	(1,232)	(49.8)
Finance costs		(1,312)	(524)	150.4
Share of profit of an associate		<u>615</u>	<u>80</u>	668.8
PROFIT BEFORE TAX	6	12,910	7,925	62.9
Income tax expenses	7	<u>(5,691)</u>	<u>(1,822)</u>	212.3
PROFIT FOR THE PERIOD		<u>7,219</u>	<u>6,103</u>	18.3
Profit/(loss) for the period attributable to:				
Owners of the Company		9,247	6,697	38.1
Non-controlling interests		<u>(2,028)</u>	<u>(594)</u>	241.4
		<u>7,219</u>	<u>6,103</u>	18.3

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME – UNAUDITED (continued)

For the six months ended 31 December 2021

	Notes	31 Dec 2021 HK\$'000	31 Dec 2020 HK\$'000	% increase/ (decrease)
PROFIT FOR THE PERIOD		7,219	6,103	18.3
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		2,426	13,161	(81.5)
Share of other comprehensive loss of an associate		<u>(191)</u>	<u>(32)</u>	496.8
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>2,235</u>	<u>13,129</u>	(82.9)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>9,454</u>	<u>19,232</u>	(49.8)
Total comprehensive income /(loss) attributable to:				
Owners of the Company		11,562	19,499	(40.7)
Non-controlling interests		<u>(2,108)</u>	<u>(267)</u>	689.5
		<u>9,454</u>	<u>19,232</u>	(50.8)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY (HK cents)				
Basic and diluted		<u>4.31</u>	<u>3.12</u>	

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	Group		Company	
		31 December	30 June	31 December	30 June
		2021 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2021 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	9	68,602	54,477	-	-
Investment properties	10	8,927	16,692	-	-
Goodwill		2,098	2,098	-	-
Investment in subsidiaries		-	-	76,308	76,308
Investment in associates		4,086	3,662	-	-
Deferred tax assets		7,745	7,542	-	-
Right-of-use assets		19,575	2,452	-	-
Prepayments and other assets		14,897	20,286	-	-
Total non-current assets		<u>125,930</u>	<u>107,209</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>					
Inventories	11	239,813	234,049	-	-
Trade and bills receivables		500,944	453,206	-	-
Prepayments, deposits and other receivables		136,547	138,010	2	2
Amounts due from subsidiaries		-	-	51,088	52,637
Financial assets at fair value through profit or loss		1,218	1,218	-	-
Cash and cash equivalents		<u>112,743</u>	<u>73,732</u>	<u>110</u>	<u>235</u>
		991,265	900,215	51,200	52,874
Assets classified as held for sale	12	<u>72,106</u>	<u>72,740</u>	-	-
Total current assets		<u>1,063,371</u>	<u>972,955</u>	<u>51,200</u>	<u>52,874</u>
<b>CURRENT LIABILITIES</b>					
Trade payables		307,523	283,383	-	-
Other payables and accruals		163,463	177,436	1,572	3,362
Amount due to a subsidiary		-	-	3,046	2,662
Tax payable		6,764	5,512	-	-
Derivative financial instrument		4	52	-	-
Interest-bearing bank and other borrowings	13	230,843	133,860	-	-
Lease liabilities		<u>7,963</u>	<u>1,143</u>	-	-
		716,560	601,386	4,618	6,024
Liabilities directly associated with assets classified as held for sale	12	<u>2,469</u>	<u>4,892</u>	-	-
Total current liabilities		<u>719,029</u>	<u>606,278</u>	<u>4,618</u>	<u>6,024</u>
NET CURRENT ASSETS		<u>344,342</u>	<u>366,677</u>	<u>46,582</u>	<u>46,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>470,272</u>	<u>473,886</u>	<u>122,890</u>	<u>123,158</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

31 December 2021

	Notes	Group		Company	
		31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities		615	604	-	-
Other payables and accruals		15,756	16,098	-	-
Other borrowings		115	166	-	-
Lease liabilities		11,743	1,236	-	-
		<u>28,229</u>	<u>18,104</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>442,043</u>	<u>455,782</u>	<u>122,890</u>	<u>123,158</u>
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Issued capital	14	21,476	21,476	21,476	21,476
Treasury shares	14	(19)	(19)	(19)	(19)
Reserves		<u>424,515</u>	<u>436,146</u>	<u>101,433</u>	<u>101,701</u>
		445,972	457,603	122,890	123,158
<b>Non-controlling interests</b>		<u>(3,929)</u>	<u>(1,821)</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>442,043</u>	<u>455,782</u>	<u>122,890</u>	<u>123,158</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

For the six months ended 31 December 2021

Group

	Note	Attributable to owners of the Company											
		Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2020		21,476	( 19)	45,885	898	57,810	3,341	( 890)	( 6,453)	305,652	427,700	( 464)	427,236
Profit/ (loss) for the period		-	-	-	-	-	-	-	-	6,697	6,697	( 594)	6,103
Other comprehensive income/ (loss) for the period													
Exchange difference on translation of foreign operations		-	-	-	-	-	-	-	12,834	-	12,834	327	13,161
Share of other comprehensive loss of an associate		-	-	-	-	-	-	-	( 32)	-	( 32)	-	( 32)
Total comprehensive income/ (loss) for the period		-	-	-	-	-	-	-	12,802	6,697	19,499	( 267)	19,232
Final 2020 dividend paid	8	-	-	-	-	-	-	-	-	( 9,878)	( 9,878)	-	( 9,878)
At 31 December 2020		<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>3,341</u>	<u>( 890)</u>	<u>6,349</u>	<u>302,471</u>	<u>437,321</u>	<u>( 731)</u>	<u>436,590</u>
At 1 July 2021		21,476	( 19)	45,885	898	57,810	3,435	( 890)	6,906	322,102	457,603	( 1,821)	455,782
Profit/ (loss) for the period		-	-	-	-	-	-	-	-	9,247	9,247	( 2,028)	7,219
Other comprehensive income/ (loss) for the period:													
Exchange difference on translation of foreign operations		-	-	-	-	-	-	-	2,506	-	2,506	( 80)	2,426
Share of other comprehensive loss of an associate		-	-	-	-	-	-	-	( 191)	-	( 191)	-	( 191)
Total comprehensive income/ (loss) for the period		-	-	-	-	-	-	-	2,315	9,247	11,562	( 2,108)	9,454
Final 2021 dividend paid	8	-	-	-	-	-	-	-	-	( 23,193)	( 23,193)	-	( 23,193)
At 31 December 2021		<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>3,435</u>	<u>( 890)</u>	<u>9,221</u>	<u>308,156</u>	<u>445,972</u>	<u>( 3,929)</u>	<u>442,043</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED (continued)

For the six months ended 31 December 2021

Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2020	21,476	( 19)	45,885	36,311	19,425	123,078
Profit for the period	-	-	-	-	10,497	10,497
Final 2020 dividend paid	-	-	-	-	( 9,878)	( 9,878)
At 31 December 2020	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>36,311</u>	<u>20,044</u>	<u>123,697</u>
At 1 July 2021	21,476	( 19)	45,885	36,311	19,505	123,158
Profit for the period	-	-	-	-	22,925	22,925
Final 2021 dividend paid	-	-	-	-	( 23,193)	( 23,193)
At 31 December 2021	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>36,311</u>	<u>19,237</u>	<u>122,890</u>



KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	Notes	Six months ended 31 December	
		2021 HK\$'000	2020 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		12,910	7,925
Adjustments for:			
Interest income	5	(326)	(514)
Write-down of inventories to net realisable value and write-off of obsolete inventories	6	5,818	7,907
Depreciation of property, plant and equipment	6	6,396	4,968
Depreciation of right-of-use assets	6	3,493	768
Fair value (gain)/loss on derivative financial instrument	6	(48)	45
(Reversal of impairment)/impairment of trade receivables, net	6	(458)	1,238
(Gain)/loss on disposal of items of property, plant and equipment	5	(43)	2
Gain on disposal of investment properties	5	(366)	-
Write-back of long outstanding other payables	5	(1,647)	-
Finance costs		1,312	524
Share of profit of an associate		(615)	(80)
		<u>26,426</u>	<u>22,783</u>
Increase in inventories		(11,654)	(27,074)
Increase in trade and bills receivables		(46,422)	(56,752)
Decrease/(increase) in prepayments, deposits and other receivables		6,824	(8,015)
Increase in trade and bills payables		23,964	28,036
Decrease in other payables and accruals		(16,010)	(18,684)
Cash used in operations		<u>(16,872)</u>	<u>(59,706)</u>
Interest on bank and other borrowings paid		(1,163)	(502)
Interest element on finance lease rental payments		-	(9)
Interest element on lease payment		(149)	(13)
Income tax paid		(4,821)	(7,434)
Net cash flows used in operating activities		<u>(23,005)</u>	<u>(67,664)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of items of property, plant and equipment		65	2
Proceeds from sales of investment properties		8,734	-
Purchases of items of property, plant and equipment		(17,897)	(1,030)
Dividend from an associate		-	328
Interest received		326	514
Net cash flows used in investing activities		<u>(8,772)</u>	<u>(186)</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED  
(continued)

	Notes	Group six months ended 31 December	
		2021 HK\$'000	2020 HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings		513,353	507,874
Repayment of bank and other borrowings		(416,449)	(433,242)
Principal portion of lease payment		(1,983)	(763)
Capital element of finance lease rental payments		-	(13)
Dividends paid to the owners of the Company		(23,193)	(9,878)
Net cash flows from financing activities		<u>71,728</u>	<u>63,978</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		39,951	(3,872)
Cash and cash equivalents at beginning of period		70,713	86,711
Cash and cash equivalents included in assets classified as held for sale		(843)	-
Effect of foreign exchange rate changes, net		<u>(173)</u>	<u>4,294</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>109,648</u>	<u>87,133</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENT</b>			
Cash and bank balances as stated in the consolidated statement of financial position		112,743	87,133
Bank overdraft		<u>(3,095)</u>	<u>-</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>109,648</u>	<u>87,133</u>

# KARIN TECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE INFORMATION

Karin Technology Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. During the period, on 1 December 2021, the principal place of business of the Company was relocated from 2nd Floor, Karin Building, 166 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong to 9th Floor, The Whitney, 183 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- (i) the distribution of electronic components (“Components Distribution”);
- (ii) the provision of computer data storage management solutions and services; provision of professional services in IT infrastructure, cloud solutions, network and security solutions. (“IT Infrastructure”); and
- (iii) the distribution and retailing of consumer electronics products (“Consumer Electronics Products”).

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 30 June 2021.

The Group’s accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards, except for the adoption of new and amended standards as set out in Note 2.2.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements are presented in Hong Kong dollars and all values in the tables are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 16 - COVID-19 Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2

3. SEASONAL OPERATIONS

Save for the effect of releasing new consumer electronic products by a leading multinational technology company that specializes in consumer electronics products, the Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. OPERATING SEGMENT INFORMATION

**For the six months ended 31 December 2021**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>Segment revenue</b>	<b>295,775</b>	<b>638,133</b>	<b>156,409</b>	<b>1,090,317</b>
<b>Segment results</b>	<b>( 705)</b>	<b>6,087</b>	<b>8,848</b>	<b>14,230</b>
<i>Reconciliation:</i>				
Bank interest income				326
Fair value gain on derivative financial instruments				48
Gain on disposal of property, plant and equipment				43
Gain on disposal of investment properties				366
Finance costs				( 1,312)
Share of profit of an associate				615
Corporate and other unallocated expenses				( 1,406)
Profit before tax				<u>12,910</u>
<b>Segment assets</b>	<b>324,280</b>	<b>543,558</b>	<b>55,016</b>	<b>922,854</b>
<i>Reconciliation:</i>				
Investment in an associate				4,086
Deferred tax assets				7,745
Cash and cash equivalents				112,743
Corporate and other unallocated assets				141,873
Total assets				<u>1,189,301</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4. OPERATING SEGMENT INFORMATION (continued)

**For the six months ended 31 December 2021 (continued)**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	<b>76,248</b>	<b>344,170</b>	<b>47,176</b>	<b>467,594</b>
<i>Reconciliation:</i>				
Income tax payable				6,764
Interest-bearing bank and other borrowings				230,958
Deferred tax liabilities				615
Corporate and other unallocated liabilities				41,327
Total liabilities				<u>747,258</u>
<b>Other segment information:</b>				
Depreciation				9,889
Other non-cash expenses/(income), net	3,291	2,144	( 76)	5,359
Capital expenditure				<u>17,897</u>

**For the six months ended 31 December 2020**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>Segment revenue</b>	<b>299,763</b>	<b>601,568</b>	<b>83,308</b>	<b>984,639</b>
<b>Segment results</b>	<b>( 703)</b>	<b>7,059</b>	<b>2,647</b>	<b>9,003</b>
<i>Reconciliation:</i>				
Bank interest income				514
Fair value loss on derivative financial instruments				( 45)
Finance costs				( 524)
Share of profit of an associate				80
Corporate and other unallocated expenses				( 1,103)
Profit before tax				<u>7,925</u>
<b>Segment assets</b>	<b>323,090</b>	<b>470,343</b>	<b>25,623</b>	<b>819,056</b>
<i>Reconciliation:</i>				
Investment in an associate				3,132
Deferred tax assets				8,108
Cash and cash equivalents				87,133
Corporate and other unallocated assets				68,976
Total assets				<u>986,405</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4. OPERATING SEGMENT INFORMATION (continued)

**For the six months ended 31 December 2020 (continued)**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	<b>87,392</b>	<b>254,080</b>	<b>25,565</b>	<b>367,037</b>
<i>Reconciliation:</i>				
Income tax payable				3,455
Interest-bearing bank and other borrowings				159,961
Deferred tax liabilities				2,303
Corporate and other unallocated liabilities				17,059
Total liabilities				<u>549,815</u>
<b>Other segment information:</b>				
Depreciation				5,736
Other non-cash expenses/(income), net	3,752	5,440	( 47)	9,145
Capital expenditure				<u>1,030</u>

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Company's revenue is as follows:

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers	<u>1,090,317</u>	<u>984,639</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2021</b>				
<b>Type of goods or services</b>				
Sale of goods and services	295,775	529,493	156,409	981,677
Provision of professional and warranty services	-	108,640	-	108,640
Total revenue from contracts with customers	<u>295,775</u>	<u>638,133</u>	<u>156,409</u>	<u>1,090,317</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>For the period ended 31 December 2021 (continued)</b>				
<b>Geographical markets</b>				
Hong Kong	83,114	527,130	155,804	766,048
Mainland China	188,677	37,449	-	226,126
Others	23,984	73,554	605	98,143
Total revenue from contracts with customers	<u>295,775</u>	<u>638,133</u>	<u>156,409</u>	<u>1,090,317</u>
<b>Timing of revenue recognition</b>				
Goods and services transferred at a point in time	295,775	527,366	156,409	979,550
Services transferred over time	-	110,767	-	110,767
Total revenue from contracts with customers	<u>295,775</u>	<u>638,133</u>	<u>156,409</u>	<u>1,090,317</u>
<b>For the period ended 31 December 2020</b>				
<b>Type of goods or services</b>				
Sale of goods and services	299,763	510,557	83,307	893,627
Provision of professional and warranty services	-	91,012	-	91,012
Total revenue from contracts with customers	<u>299,763</u>	<u>601,569</u>	<u>83,307</u>	<u>984,639</u>
<b>Geographical markets</b>				
Hong Kong	66,688	486,684	82,927	636,299
Mainland China	207,822	23,182	-	231,004
Others	25,253	91,703	380	113,336
Total revenue from contracts with customers	<u>299,763</u>	<u>601,569</u>	<u>83,307</u>	<u>984,639</u>
<b>Timing of revenue recognition</b>				
Goods and services transferred at a point in time	299,763	514,013	83,307	897,083
Services transferred over time	-	87,556	-	87,556
Total revenue from contracts with customers	<u>299,763</u>	<u>601,569</u>	<u>83,307</u>	<u>984,639</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	51,403	41,720
Provision of professional and warranty services	<u>107,000</u>	<u>91,835</u>
	<u><u>158,403</u></u>	<u><u>133,555</u></u>

(ii) Performance Obligations

Information about the Company's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon product delivery and payment is generally due within 30 to 60 days from delivery, where payment in advance is normally required.

Provision of professional and warranty services

The performance obligation is satisfied upon service delivery, or over time as services are rendered and payment is generally due within 30 to 60 days from the date of billing where payment in advance is normally required before rendering the services.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 are as follows:

	2021 HK\$'000	2020 HK\$'000
Within one year	120,294	103,313
After one year	<u>15,756</u>	<u>8,949</u>
	<u><u>136,050</u></u>	<u><u>112,262</u></u>

The remaining performance obligations expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.



KARIN TECHNOLOGY HOLDINGS LIMITED

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5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
<u>Other income and gains, net</u>		
Bank interest income	326	514
Gross rental income	893	619
Foreign exchange gains, net	-	62
Fair value gain on a derivative financial instrument	48	-
Gain on disposal of items of property, plant and equipment	43	-
Gain on disposal of investment properties	366	-
Reversal of impairment of trade receivables	458	-
Government subsidies*	-	8,569
Write-back of long outstanding other payables	1,647	-
Others	506	781
	<u>4,287</u>	<u>10,545</u>

\* The subsidies mainly represented subsidies received in connection with the COVID-19 pandemic in Hong Kong and Singapore. There were no unfulfilled conditions relating to the subsidies.

6. PROFIT BEFORE TAX

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

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
Cost of inventories sold	928,675	875,040
Cost of services provided	74,928	43,415
Write-down of inventories to net realisable value and write-off of obsolete inventories*	5,818	7,907
Lease payments not included in the measurement of lease liabilities	974	1,148
Depreciation of property, plant and equipment	6,396	4,968
Depreciation of right-of-use assets	3,493	768
Foreign exchange differences, net***/**	619	( 62)
Interest expense on bank and other borrowings	1,163	502
Interest expense on lease liabilities	149	13

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

6. PROFIT BEFORE TAX (continued)

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

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
(Reversal of impairment)/impairment of trade receivables, net <sup>**/**</sup>	( 458)	1,238
Fair value (gain)/loss on derivative financial instrument, net <sup>**/**</sup>	( 48)	45
(Gain)/loss on disposal of property, plant and equipment <sup>**/**</sup>	( 43)	2
Gain on disposal of investment properties <sup>**</sup>	<u>( 366)</u>	<u>-</u>

\* This item is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

\*\* Reversal of impairment of trade receivables, net fair value gain on derivative financial instrument, gain on disposal of property, plant and equipment and gain on disposal of investment properties are included in "Other income and gains, net" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

\*\*\* Impairment of trade receivables, net foreign exchange loss, net fair value loss on derivative financial instrument and loss on disposal of property, plant and equipment are included in "Other expenses, net" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (31 December 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2020/2021. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

7. INCOME TAX (continued)

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
Current		
Charge for the period	<u>5,691</u>	<u>1,822</u>
Total tax expenses for the period	<u><u>5,691</u></u>	<u><u>1,822</u></u>

8. DIVIDENDS

	For the six months ended <u>31 December</u>	
	2021 HK\$'000	2020 HK\$'000
Final dividend – HK\$0.108 (2020: HK\$0.046) per ordinary share	<u>23,193</u>	<u>9,878</u>

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets amounting to HK\$17,897,000 (31 December 2020: HK\$1,030,000) and disposed of assets amounting to net book value of HK\$21,980 (31 December 2020: HK\$2,000). The depreciation expense during the period amounted to HK\$6,396,000 (31 December 2020: HK\$4,968,000).

Units 705 to 708 on Level 7, Kerry Everbright City, No. 218 Tian Mu Road West, Zhabei District, Shanghai, The PRC were sold during the reporting period. For further details of the disposals, please refer to the Company's announcement dated 15 November 2021.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

10. INVESTMENT PROPERTIES

	Group	
	31 December 2021 HK\$'000	30 June 2021 HK\$'000
Carrying amount at beginning of financial period/year	16,692	42,123
Reclassification to assets classified as held for sale	-	(27,900)
Disposal	(7,988)	-
Net gain/(loss) from fair value adjustments recognized in profit or loss	-	1,190
Exchange realignment	<u>223</u>	<u>1,279</u>
Carrying amount at end of financial period/year	<u><u>8,927</u></u>	<u><u>16,692</u></u>

*Note:*

- (a) Units 703 and 704 on Level 7, Tower 1, Kerry Everbright City, No. 218 Tian Mu Road West, Zhabei District, Shanghai, The PRC were sold during the reporting period. For further details of the disposals, please refer to the Company's announcement dated 15 November 2021 and 26 November 2021.
- (b) For further details of Investment Properties, please refer to Note 12 to the Annual Report 2021.

11. INVENTORIES

Inventories of the Group are trading stocks.

12. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	31 December 2021 HK\$'000	30 June 2021 HK\$'000
Property, plant and equipment	42,825	44,442
Investment property	27,900	27,900
Prepayments, deposits and other receivables	270	129
Cash and cash equivalent	<u>1,111</u>	<u>269</u>
Total assets classified as held for sale	<u><u>72,106</u></u>	<u><u>72,740</u></u>

KARIN TECHNOLOGY HOLDINGS LIMITED

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12. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

	31 December 2021 HK\$'000	30 June 2021 HK\$'000
Other payables and accruals	352	2,062
Tax payable	762	1,475
Deferred tax liabilities	<u>1,355</u>	<u>1,355</u>
Total liabilities directly associated with assets classified as held for sale	<u>2,469</u>	<u>4,892</u>
Net assets	<u>69,637</u>	<u>67,848</u>

*Note :* For further details of assets classified as held for sale/liabilities directly associated with assets classified as held for sale, please refer to Note 23 to the Annual Report 2021.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	31 December 2021 HK\$'000	30 June 2021 HK\$'000
<b>Current</b>			
Lease liabilities	2022	100	98
Bank loans, unsecured	2022	227,648	130,743
Bank overdraft	On demand	<u>3,095</u>	<u>3,019</u>
		<u>230,843</u>	<u>133,860</u>
<b>Non-current</b>			
Lease liabilities	2024	<u>115</u>	<u>166</u>
		<u>230,958</u>	<u>134,026</u>

The Group's bank loans bear interest at floating rates ranging from 0.8% to 1.2% (30 June 2021: 0.7% to 1.6%) per annum.

Except for bank overdraft denominated in Singapore dollars, all the bank and other borrowings of the Group as at 31 December 2021 and 30 June 2021 were denominated in Hong Kong dollars. At 31 December 2021, bank borrowings of HK\$230,743,000 (30 June 2021: HK\$133,762,000) were covered by cross corporate guarantees given by the Company and certain of its subsidiaries.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. SHARE CAPITAL

(i) Shares

	31 December 2021 HK\$'000	30 June 2021 HK\$'000
Issued and fully paid: 214,760,000 (2020: 214,760,000) ordinary shares of HK\$0.1 each	<u>21,476</u>	<u>21,476</u>

(ii) Treasury shares

There was no movement in the Group's and the Company's treasury shares during the current and prior periods:

	Number of shares	Amount HK\$'000
At 1 July 2020, 30 June 2021, 1 July 2021 and 31 December 2021	<u>12,000</u>	<u>19</u>

15. RELATED PARTY DISCLOSURES

There are no material related party transactions apart from those disclosed elsewhere in the interim condensed consolidated financial statements.

## KARIN TECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 16. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**31 December 2021****Financial assets**

	<b>Group</b>			<b>Company</b>
	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000	Financial assets at amortised cost HK\$'000
Trade and bills receivables	-	500,944	500,944	-
Financial assets included in prepayments, deposits and other receivables	-	4,294	4,294	-
Financial asset at fair value through profit or loss	1,218	-	1,218	-
Amounts due from subsidiaries	-	-	-	51,088
Cash and cash equivalents	-	112,743	112,743	110
	<u>1,218</u>	<u>617,981</u>	<u>619,199</u>	<u>51,198</u>

**Financial liabilities**

	<b>Group</b>			<b>Company</b>
	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000	Financial liabilities at amortised cost HK\$'000
Trade payables	-	307,523	307,523	-
Financial liabilities included in other payables and accruals	-	17,817	17,817	306
Interest-bearing bank and other borrowings other than lease liabilities	-	230,958	230,958	-
Derivative financial instrument	4	-	4	-
Amount due to a subsidiary	-	-	-	3,046
Lease liabilities	-	19,921	19,921	-
	<u>4</u>	<u>576,219</u>	<u>576,223</u>	<u>3,352</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

16. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

**30 June 2021**

**Financial assets**

	<b>Group</b>			<b>Company</b>
	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000	Financial assets at amortised cost HK\$'000
Trade and bills receivables	-	453,206	453,206	-
Financial assets included in prepayments, deposits and other receivables	-	2,775	2,775	-
Financial asset at fair value through profit or loss	1,218	-	1,218	-
Amounts due from subsidiaries	-	-	-	52,637
Cash and cash equivalents	-	73,732	73,732	235
	<u>1,218</u>	<u>529,713</u>	<u>530,931</u>	<u>52,872</u>

**Financial liabilities**

	<b>Group</b>			<b>Company</b>
	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000	Financial liabilities at amortised cost HK\$'000
Trade payables	-	283,383	283,383	-
Financial liabilities included in other payables and accruals	-	10,254	10,254	262
Interest-bearing bank and other borrowings other than lease liabilities	-	133,762	133,762	-
Derivative financial instrument	52	-	52	-
Amount due to a subsidiary	-	-	-	2,662
Lease liabilities	-	2,643	2,643	-
	<u>52</u>	<u>430,042</u>	<u>430,094</u>	<u>2,924</u>

Since the carrying amounts of the Group's financial instruments approximate to their fair values, no separate disclosure of the fair values of the Group's financial instruments is made in these interim condensed consolidated financial statements.

17. EVENTS AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



31 December 2021

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

**Other information**

**1. Review**

The interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries as at 31 December 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**2(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2021, the Company held 12,000 (1 July 2020: 12,000) treasury shares. During the six months ended 31 December 2021, the Company had not purchased any (31 December 2020: Nil) of the Shares pursuant to the 2009 Share Buyback mandate.

As at 31 December 2021, the Company held 12,000 (30 June 2021: 12,000) treasury shares or 0.0056% (30 June 2021: 0.0056%) of the Company's issued shares.

As at 31 December 2021 and 30 June 2021, the Company's share capital was HK\$21,476,000 comprising 214,760,000 ordinary shares.

There were no share options outstanding as at 31 December 2021 and 30 June 2021.

During the six months ended 31 December 2021, the Company did not have any shares subdivision nor consolidation.

During the six months ended 31 December 2021, the Company's subsidiaries had not purchased nor held any of the Company's shares (30 June 2021: Nil). The interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries as at 31 December 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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- 2(ii) 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 2021 and 30 June 2021 was 214,748,000.

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

There were no sales, transfers, cancellation nor use of treasury shares during the period under review (for the six months ended 31 December 2020: Nil).

- 2(iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfer, cancellation nor use of subsidiary holdings during the period under review (for the six months ended 31 December 2020: Nil).

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

Not applicable.

- 4. Changes in treasury shares**

No

- 5. Changes in subsidiary holdings**

No

31 December 2021

**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.**

Group	Six months ended 31 December	
	2021	2020
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>4.31</u>	<u>3.12</u>
- On a fully diluted basis (HK cents)	<u>4.31</u>	<u>3.12</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>9,247</u>	<u>6,697</u>

The calculation of basic earnings per share for the six months ended 31 December 2021 and 2020 is based on the profit attributable to the ordinary shareholders of the Company for the respective periods and the weighted average of 214,748,000 and 214,748,000 ordinary shares in issue respectively, which has taken into account the effect of treasury shares.

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 214,748,000 (2020: 214,748,000) ordinary shares, which was the weighted average of 214,748,000 (2020: 214,748,000) ordinary shares in issue during the six months ended 31 December 2021.

**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.**

	Group		Company	
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021	As at 30 June 2021
Net asset value per ordinary share (HK cents)	205.8	212.2	57.2	57.4

Net asset value per ordinary share as at 31 December 2021 and 30 June 2021 was calculated based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 31 December 2021 and 30 June 2021.

31 December 2021

**8. Review of performance of the group**

**Profit and loss**

*Revenue*

Consolidated revenue of the Group for the six months ended 31 December 2021 increased by HK\$105.7 million or 10.7% to HK\$1,090.3 million from HK\$984.6 million for the corresponding period last year.

Revenue from our Components Distribution (“CD”) segment decreased by HK\$4.0 million or 1.3%, from HK\$299.8 million for the six months ended 31 December 2020 to HK\$295.8 million for the six months ended 31 December 2021. The decrease was due to the lower demand for certain electronic components mainly as a result of the continuing global outbreak of COVID-19 pandemic during the period under review.

Revenue from our Information Technology Infrastructure (“IT Infrastructure”) segment increased by HK\$36.6 million or 6.1%, from HK\$601.5 million for the six months ended 31 December 2020 to HK\$638.1 million for the six months ended 31 December 2021. The increase in demand for electronic communication was mostly due to the continuing travel or movement restrictions engendered by the global outbreak of the COVID-19 pandemic which in turn led to a stronger demand for network security products, cloud solutions as well as data management solutions and services during the period under review.

Revenue from our Consumer Electronics Products (“CEP”) segment increased by HK\$73.1 million or 87.8%, from HK\$83.3 million for the six months ended 31 December 2020 to HK\$156.4 million for the six months ended 31 December 2021. The increase was mainly due to the release of certain new CEP coincided with the consumption voucher scheme launched by the HKSAR Government.

*Gross profit*

Gross profit increased by HK\$20.5 million or 31.0%, from HK\$66.2 million for the six months ended 31 December 2020 to HK\$86.7 million for the six months ended 31 December 2021. The increase in gross profit was largely due to (1) higher revenue recorded for the period under review as explained above; (2) lower in provision of inventories of HK\$2.1 million as a result of increased sales after the Hong Kong coronavirus situation improved in the middle of 2021.

*Other income and gains, net*

The net other income and gains decreased by approximately HK\$6.2 million or 59.3%, from HK\$10.5 million for the six months ended 31 December 2020 to HK\$4.3 million for the six months ended 31 December 2021. The decrease was mainly due to the absence of HK\$8.6 million subsidies received from the Government of the Hong Kong Special Administrative Region as part of the “Employment Support Scheme” under the “Anti-epidemic Fund” in last period offset by (1) write back of other payable over seven years of HK\$1.6 million; (2) HK\$0.4 million gain on disposal of properties in Shanghai; and (3) a reversal of impairment of trade receivables of HK\$0.4 million in the current period.

31 December 2021

**8. Review of performance of the group (continued)**

**Profit and loss (continued)**

*Selling and distribution costs*

Selling and distribution costs were maintained at similar level at HK\$34.2 million for the six months ended 31 December 2020 compared to HK\$34.9 million for the six months ended 31 December 2021.

*Administrative expenses*

Administrative expenses increased by approximately HK\$9.0 million or 27.4%, from HK\$32.9 million for the six months ended 31 December 2020 to HK\$41.9 million for the six months ended 31 December 2021. The increase was mainly due to (1) increase in depreciation of right-of-use asset of HK\$3.0 million as a result of the leasing new office premises; (2) increase in depreciation of leasehold improvement in relation to the renovation of the new office premises of HK\$1.5 million ; and (3) small increase in various items such as staff salaries and bonus, building management fee and Recruitment expenses.

*Other expenses, net*

Net other expenses decreased by approximately HK\$0.6 million or 49.8%, from HK\$1.2 million for the six months ended 31 December 2020 to HK\$0.6 million for the six months ended 31 December 2021. The decrease was mainly due to (1) reversal of impairment of trade receivables of HK\$0.4 million in the current period, as opposed to an impairment of trade receivables of HK\$1.2 million in last period; offset by exchange losses of HK\$0.6 million recorded for the current period.

*Finance costs*

Finance costs increased by approximately HK\$0.8 million or 150.4%, from HK\$0.5 million for the six months ended 31 December 2020 to HK\$1.3 million for the six months ended 31 December 2021. The increase was mainly due to increase in bank borrowings in order to finance the purchase of goods to meet the increased demand for the period under review.

*Net Profit*

Net profit attributable to owners of the Company increased by HK\$2.6 million or 38.1%, from HK\$6.7 million for the six months ended 31 December 2020 to HK\$9.2 million for the six months ended 31 December 2021. The increase was mainly attributable to increase in gross profit of HK\$20.5 million offset by (1) decrease in Other income and gains of HK\$6.2 million; and (2) increase in administrative expenses of HK\$9.0 million, as explained above.

*Non-controlling interests*

Non-controlling interests represented the non-controlling shareholders' share of profit/(loss) in our non-wholly owned subsidiaries.

31 December 2021

**8. Review of performance of the group (continued)**

**Statement of financial position**

*Non-current assets*

As at 31 December 2021, non-current assets comprised goodwill of HK\$2.1 million; investment properties, office equipment, leasehold land and buildings and motor vehicles totaling HK\$77.5 million; right-of-use assets HK\$19.6 million; investment in an associate of HK\$4.0 million; prepayment of HK\$14.9 million and deferred tax assets of HK\$7.7 million. Total non-current assets amounted to HK\$125.9 million, representing approximately 10.6% of the total assets. There was an increase in non-current assets amounted to approximately HK\$18.7 million.

*Current assets*

As at 31 December 2021, current assets amounted to approximately HK\$1,063.4 million, an increase of HK\$90.4 million compared to the immediately preceding financial year end as at 30 June 2021. The increase was mainly due to (1) increase in trade and bill receivables by HK\$47.7 million as a result of higher billings towards end of the period under review; (2) increase in cash and cash equivalent by HK\$39.0 million and (3) increase in inventories by HK\$5.8 million.

*Current liabilities*

As at 31 December 2021, current liabilities amounted to approximately HK\$719.0 million, an increase of HK\$112.7 million compared to the immediately preceding financial year end as at 30 June 2021. The increase was mainly due to (1) increase in interest-bearing bank and other borrowings by HK\$97.0 million; (2) increase in trade and bills payables by HK\$24.1 million; (3) increase in lease liabilities by HK\$6.8 million; and offset by (4) decrease in other payables and accruals by HK\$14.0 million; and (5) decrease in liabilities held for sales by HK\$2.4 million.

*Non-current liabilities*

Non-current liabilities amounted to HK\$28.2 million, representing 3.8% of our total liabilities as at 31 December 2021. The amount mainly pertains to other payables of HK\$15.8 million arising from warranty service income received in advance which was classified as contract liabilities.

*Liquidity and cash flow*

As at 31 December 2021, cash and cash equivalents amounted to approximately HK\$112.7 million. Total interest-bearing bank and other borrowings as at 31 December 2021 were HK\$230.9 million. The gearing ratio, which is defined as total interest-bearing bank and other borrowings to shareholders' funds, is 0.52 times (30 June 2021: 0.29 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.

31 December 2021

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

Given the diversified nature of the Group's businesses across segments and multiple product lines, the Group is expected to weather adverse performances in individual businesses units. Some parts of the businesses are expected to continue be affected by supply disruptions. The Group has signed up several new product lines recently, and together with a smooth rolling out at our current projects, we remain cautiously hopeful on the performance of the Group 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 HK4.0 cents per share and special interim dividend of HK8.8 cents per share amounting to a total of HK\$27,488,000 have been proposed and declared by the Directors.

Name of dividend	Interim	Special interim
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	4.0 cents per share	8.8 cents per share
Par value of share (in HK cents)	10.0 cents per share	10.0 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)	2.8 cents per share	10.8 cents per share
Par value of share (in HK cents)	10.0 cents per share	10.0 cents per share
Tax rate	Not applicable	Not applicable

**(c) Date payable**

17 March 2022

31 December 2021

**11. Dividend (continued)**

**(d) Books closure date**

The Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the “**Company**”) will be closed on 3 March 2022, for the preparation of dividend warrants to the proposed interim dividend of HK4.0 cents per ordinary share and special interim dividend of HK8.8 cents per ordinary share for the financial year ending 30 June 2022. (“**Interim and Special Interim Dividends**”)

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 2 March 2022 (“**Record Date**”) 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 the Interim and Special Interim 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 the Record Date will be entitled to the Interim and Special Interim Dividends.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

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.

**14. Negative confirmation pursuant to Rule 705(5).**

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 2021 to be false or misleading in any material respect. A statement signed by two directors is on record.

We, Ng Kin Wing Raymond and Ng Mun Kit Michael, 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 2021 to be false or misleading in any material respect.

On behalf of the board of directors

Ng Kin Wing Raymond  
Executive Chairman/Executive Director

Ng Mun Kit Michael  
CEO/Executive Director



KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**BY ORDER OF THE BOARD**

Ng Kin Wing Raymond

Executive Chairman/Executive Director

11 February 2022