



嘉靈集團
KARIN
GROUP

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)

**INTERIM FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE SIX MONTHS AND FULL YEAR
ENDED 30 JUNE 2022 (UNAUDITED)**

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

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KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

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

	Note	Group					
		Six months ended 30/06/2022 HK\$'000	Six months ended 30/06/2021 HK\$'000	% inc/ (dec)	Full year ended 30/06/2022 HK\$'000	Full year ended 30/06/2021 HK\$'000	% inc/ (dec)
REVENUE	5	902,245	890,932	1.3	1,992,562	1,875,571	6.2
Cost of sales		(812,334)	(783,480)	3.7	(1,815,937)	(1,701,935)	6.7
Gross profit		89,911	107,452	(16.3)	176,625	173,636	1.7
Other income and gains, net		14,265	5,581	155.6	18,552	16,126	15.0
Selling and distribution costs		(33,930)	(42,347)	19.9	(68,795)	(76,566)	(10.1)
Administrative expenses		(34,928)	(34,337)	1.7	(76,839)	(67,246)	14.3
Other expenses, net		(7,825)	(6,391)	22.4	(8,443)	(7,623)	10.8
Finance costs		(1,857)	(869)	113.7	(3,169)	(1,393)	127.5
Share of profit of an associate		991	82	1,108.5	1,606	162	891.4
PROFIT BEFORE TAX	6	26,627	29,171	(8.7)	39,537	37,096	6.6
Income tax expense	7	(15,133)	(4,213)	259.2	(20,824)	(6,035)	245.1
PROFIT FOR THE PERIOD/YEAR		11,494	24,958	(53.9)	18,713	31,061	(39.8)

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

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

	Note	Group					
		Six months ended 30/06/2022 HK\$'000	Six months ended 30/06/2021 HK\$'000	% inc/ (dec)	Full year ended 30/06/2022 HK\$'000	Full year ended 30/06/2021 HK\$'000	% inc/ (dec)
PROFIT FOR THE PERIOD/YEAR		11,494	24,958	(53.9)	18,713	31,061	(39.8)
OTHER COMPREHENSIVE INCOME/(LOSS)							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation of foreign operations		(2,907)	(87)	(3,241.4)	(481)	13,074	(103.7)
Share of other comprehensive (loss)/ income of an associate		(193)	480	(140.2)	(384)	448	(185.7)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX		(3,100)	393	(888.8)	(865)	13,522	(106.4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		<u>8,394</u>	<u>25,351</u>	(66.9)	<u>17,848</u>	<u>44,583</u>	(60.0)
Profit for the year attributable to:							
Owners of the Company		11,171	25,738	(56.6)	20,418	32,435	(37.0)
Non-controlling interests		323	(780)	141.4	(1,705)	(1,374)	24.1
		<u>11,494</u>	<u>24,958</u>	(53.9)	<u>18,713</u>	<u>31,061</u>	(39.8)
Total comprehensive income attributable to:							
Owners of the Company		7,963	26,295	(69.7)	19,525	45,794	(57.4)
Non-controlling interests		431	(944)	145.7	(1,677)	(1,211)	38.5
		<u>8,394</u>	<u>25,351</u>	(66.9)	<u>17,848</u>	<u>44,583</u>	(60.0)

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	9	56,062	54,477	-	-
Investment properties	10	4,506	16,692	-	-
Goodwill		2,098	2,098	-	-
Investments in subsidiaries		-	-	76,308	76,308
Investment in an associate		4,884	3,662	-	-
Deferred tax assets		7,342	7,542	-	-
Right-of-use assets		20,155	2,452	-	-
Prepayments and other assets		27,855	20,286	-	-
Total non-current assets		<u>122,902</u>	<u>107,209</u>	<u>76,308</u>	<u>76,308</u>
CURRENT ASSETS					
Inventories		258,217	234,049	-	-
Trade and bills receivables		455,061	453,206	-	-
Prepayments, other receivables and other assets		182,742	138,010	2	2
Amounts due from subsidiaries		-	-	50,498	52,637
Financial asset at fair value through profit or loss		1,445	1,218	-	-
Cash and cash equivalents		<u>125,265</u>	<u>73,732</u>	<u>311</u>	<u>235</u>
		<u>1,022,730</u>	<u>900,215</u>	<u>50,811</u>	<u>52,874</u>
Assets classified as held for sale	11	<u>71,615</u>	<u>72,740</u>	-	-
Total current assets		<u>1,094,345</u>	<u>972,955</u>	<u>50,811</u>	<u>52,874</u>
CURRENT LIABILITIES					
Trade and bills payables		276,827	283,383	-	-
Other payables and accruals		213,173	177,436	2,356	3,362
Amount due to a subsidiary		-	-	2,254	2,662
Tax payable		8,772	5,512	-	-
Derivative financial instruments		18	52	-	-
Interest-bearing bank borrowings	12	244,610	133,860	-	-
Lease liabilities		<u>9,923</u>	<u>1,143</u>	-	-
		<u>753,323</u>	<u>601,386</u>	<u>4,610</u>	<u>6,024</u>
Liabilities directly associated with assets classified as held for sale	11	<u>2,262</u>	<u>4,892</u>	-	-
Total current liabilities		<u>755,585</u>	<u>606,278</u>	<u>4,610</u>	<u>6,024</u>
NET CURRENT ASSETS		<u>338,760</u>	<u>366,677</u>	<u>46,201</u>	<u>46,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>461,662</u>	<u>473,886</u>	<u>122,509</u>	<u>123,158</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	Group		Company	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities		6,925	604	-	-
Other payables		21,140	16,098	-	-
Other borrowings	12	63	166	-	-
Lease liabilities		10,584	1,236	-	-
Total non-current liabilities		<u>38,712</u>	<u>18,104</u>	-	-
Net assets		<u>422,950</u>	<u>455,782</u>	<u>122,509</u>	<u>123,158</u>
EQUITY					
Equity attributable to owners of the Company					
Issued capital	13	21,476	21,476	21,476	21,476
Treasury shares	13	(19)	(19)	(19)	(19)
Reserves		<u>404,991</u>	<u>436,146</u>	<u>101,052</u>	<u>101,701</u>
		426,448	457,603	122,509	123,158
Non-controlling interests		(3,498)	(1,821)	-	-
Total equity		<u>422,950</u>	<u>455,782</u>	<u>122,509</u>	<u>123,158</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Group

	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 for the year	-	-	-	-	-	-	-	-	32,435	32,435	(1,374)	31,061
Other comprehensive income/(loss) for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	12,911	-	12,911	163	13,074
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	448	-	448	-	448
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	13,359	32,435	45,794	(1,211)	44,583
Final 2020 dividend paid	-	-	-	-	-	-	-	-	(9,878)	(9,878)	-	(9,878)
Interim 2021 dividend paid	-	-	-	-	-	-	-	-	(6,013)	(6,013)	-	(6,013)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(146)	(146)
Transfer between reserves of a subsidiary	-	-	-	-	-	94	-	-	(94)	-	-	-
At 30 June 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>6,906</u>	<u>322,102</u>	<u>457,603</u>	<u>(1,821)</u>	<u>455,782</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

The Group

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total equity HK\$'000
	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			
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 for the year	-	-	-	-	-	-	-	-	20,418	20,418	(1,705)	18,713	
Other comprehensive income for the year:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(509)	-	(509)	28	(481)	
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	(384)	-	(384)	-	(384)	
Total comprehensive income for the year	-	-	-	-	-	-	-	(893)	20,418	19,525	(1,677)	17,848	
Final 2021 dividend paid	-	-	-	-	-	-	-	-	(23,193)	(23,193)	-	(23,193)	
Interim 2022 dividend paid	-	-	-	-	-	-	-	-	(27,487)	(27,487)	-	(27,487)	
Transfer between reserves of a subsidiary	-	-	-	-	-	2,715	-	-	(2,715)	-	-	-	
At 30 June 2022	<u>21,476</u>	<u>(19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>6,150</u>	<u>(890)</u>	<u>6,013</u>	<u>289,125</u>	<u>426,448</u>	<u>(3,498)</u>	<u>422,950</u>	

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

The 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 year and total comprehensive income for the year	-	-	-	-	15,971	15,971
Final 2020 dividend paid	-	-	-	-	(9,878)	(9,878)
Interim 2021 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,013)</u>	<u>(6,013)</u>
At 30 June 2021 and at 1 July 2021	21,476	(19)	45,885	36,311	19,505	123,158
Profit for the year and total comprehensive income for the year	-	-	-	-	50,031	50,031
Final 2021 dividend paid	-	-	-	-	(23,193)	(23,193)
Interim 2022 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,487)</u>	<u>(27,487)</u>
At 30 June 2022	<u>21,476</u>	<u>(19)</u>	<u>45,885</u>	<u>36,311</u>	<u>18,856</u>	<u>122,509</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2022	2021
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	39,537	37,096
Adjustments for:		
Bank interest income	(396)	(713)
Fair value losses/(gains) on investment properties	1,800	(1,190)
Write-down of/(reversal of) write-down of inventories to net realisable value, net	9,143	(5,913)
Depreciation of property, plant and equipment	10,439	9,293
Depreciation of right-of-use assets	8,322	1,509
Fair value (gain)/loss on derivative financial instrument	(34)	197
Fair value gain on financial asset at fair value through profit or loss	(227)	(47)
Impairment of trade receivables, net	5,746	6,552
Gain on disposal of items of investment property	(559)	-
(Gain)/loss on disposal of items of property, plant and equipment	(9,984)	154
Finance costs	3,169	1,393
Share of profit of an associate	(1,606)	(162)
Gain on rent concession	-	(63)
	<u>65,350</u>	<u>48,106</u>
Increase in inventories	(34,267)	(58,635)
Increase in trade and bills receivables	(9,392)	(114,496)
Increase in prepayments, other receivables and other assets	(53,240)	(20,686)
(Decrease)/increase in trade and bills payables	(5,779)	81,306
Increase in other payables and accruals	38,058	24,253
Cash generated from/(used in) operations	<u>730</u>	<u>(40,152)</u>
Interest paid	(3,169)	(1,393)
Income tax paid	<u>(11,264)</u>	<u>(7,454)</u>
Net cash flows used in operating activities	<u>(13,703)</u>	<u>(48,999)</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(continued)

	Group	
	2022	2021
	HK\$'000	HK\$'000
Net cash flows used in operating activities	(13,703)	(48,999)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(21,317)	(1,703)
Proceeds from disposal of property, plant and equipment	18,067	139
Proceeds from sales of investment properties	12,701	-
Dividend from an associate	-	361
Interest received	396	713
Net cash flows (used in)/from investing activities	<u>9,847</u>	<u>(490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	815,331	954,147
Repayment of bank and other borrowings	(703,081)	(908,587)
Principal portion of lease payments	(6,595)	(1,329)
Dividends paid to owners of the Company	(50,680)	(15,891)
Dividends paid to a non-controlling shareholder	-	(146)
Net cash flows from financing activities	<u>54,975</u>	<u>28,194</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,119	(21,295)
Cash and cash equivalents at beginning of financial year	70,713	86,711
Cash and cash equivalents included in assets classified as held for sale	(469)	(269)
Effect of foreign exchange rate changes, net	<u>2,388</u>	<u>5,566</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u><u>123,751</u></u>	<u><u>70,713</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the statement of financial position	125,265	73,732
Bank overdraft	<u>(1,514)</u>	<u>(3,019)</u>
Cash and cash equivalents as stated in the statement of cash flows	<u><u>123,751</u></u>	<u><u>70,713</u></u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 year, 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 and full year ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 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 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

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements:

Amendments to IFRS 9, IAS 39 and IFRS 7 IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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The nature and the impact of the revised IFRSs are described below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 30 June 2022. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the LIBOR-based borrowing, since the interest rate of the instrument was not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rate of the borrowing is replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of the instrument provided that the “economically equivalent” criterion is met.

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.

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the six months ended 30 June 2022				
Segment revenue	276,921	525,585	99,739	902,245
Segment results	4,621	15,893	(838)	19,676
<i>Reconciliation:</i>				
Bank interest income				70
Fair value gain on financial asset at fair value through profit or loss				227
Fair value loss on derivative financial instruments			(14)	(14)
Fair value loss on investment property			(1,800)	(1,800)
Gain on disposal of investment property			193	193
Finance costs			(1,857)	(1,857)
Share of profit of an associate			991	991
Gain on disposal of property, plant and equipment			9,941	9,941
Corporate and other unallocated expenses			(800)	(800)
Profit before tax				26,627
Income tax expense				(15,133)
Profit for the period				11,494
Other segment information:				
Depreciation				8,872
Other non-cash expenses/(income), net	7,905	1,130	495	9,530
Capital expenditure				3,420
For the six months ended 30 June 2021				
Segment revenue	354,828	464,250	71,854	890,932
Segment results	9,409	19,436	749	29,594
<i>Reconciliation:</i>				
Bank interest income				199
Fair value gains on investment properties, net				1,190
Fair value gain on financial asset at fair value through profit or loss				47
Fair value loss on derivative financial instruments			(152)	(152)
Finance costs			(869)	(869)
Share of profit of an associate			82	82
Corporate and other unallocated expenses			(920)	(920)
Profit before tax				29,171
Income tax expenses				(4,213)
Profit for the period				24,958

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the six months ended 30 June 2021 (continued)				
Other segment information:				
Depreciation				5,066
Other non-cash expenses/(income), net	(3,034)	(5,081)	(391)	(8,506)
Capital expenditure				673
For the year ended 30 June 2022				
Segment revenue	572,696	1,163,718	256,148	1,992,562
Segment results	3,916	21,980	8,010	33,906
<i>Reconciliation:</i>				
Bank interest income				396
Fair value gain on financial asset at fair value through profit or loss				227
Fair value gain on derivative financial instruments				34
Fair value loss on investment property				(1,800)
Finance costs				(3,169)
Share of profit of an associate				1,606
Gain on disposal of investment properties				559
Gain on disposal of property, plant and equipment				9,984
Corporate and other unallocated expenses				(2,206)
Profit before tax				39,537
Income tax expenses				(20,824)
Profit for the year				18,713
Segment assets	318,132	584,943	51,804	954,879
<i>Reconciliation:</i>				
Investment in an associate				4,884
Deferred tax assets				7,342
Cash and cash equivalents				125,265
Corporate and other unallocated assets				124,877
Total assets				1,217,247

KARIN TECHNOLOGY HOLDINGS LIMITED

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the year ended 30 June 2022 (continued)				
Segment liabilities	66,403	365,326	56,852	488,581
<i>Reconciliation:</i>				
Income tax payable				8,772
Interest-bearing bank and other borrowings				244,673
Deferred tax liabilities				6,925
Corporate and other unallocated liabilities				45,346
Total liabilities				<u>794,297</u>
Other segment information:				
Depreciation				18,761
Other non-cash expenses/(income), net	11,196	3,274	419	14,889
Capital expenditure				<u>21,317</u>
For the year ended 30 June 2021				
Segment revenue	654,591	1,065,819	155,161	1,875,571
Segment results	8,706	26,495	3,396	38,597
<i>Reconciliation:</i>				
Bank interest income				713
Fair value gains on investment properties, net				1,190
Fair value gain on financial asset at fair value through profit or loss				47
Fair value loss on derivative financial instruments				(197)
Finance costs				(1,393)
Share of profit of an associate				162
Corporate and other unallocated expenses				(2,023)
Profit before tax				<u>37,096</u>
Income tax expenses				(6,035)
Profit for the year				<u>31,061</u>
Segment assets	331,978	496,901	42,074	870,953
<i>Reconciliation:</i>				
Investment in an associate				3,662
Deferred tax assets				7,542
Cash and cash equivalents				73,732
Corporate and other unallocated assets				124,275
Total assets				<u>1,080,164</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the year ended 30 June 2021 (continued)				
Segment liabilities	93,629	314,989	39,016	447,634
<i>Reconciliation:</i>				
Income tax payable				5,512
Interest-bearing bank and other borrowings				134,026
Deferred tax liabilities				604
Corporate and other unallocated liabilities				36,606
Total liabilities				<u>624,382</u>
Other segment information:				
Depreciation				10,802
Other non-cash expenses/(income), net	718	359	(438)	639
Capital expenditure				<u>1,703</u>

5. REVENUE

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

	<u>For the year ended 30 June</u>	
	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers	<u>1,992,562</u>	<u>1,875,571</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
Six months ended 30 June 2022				
Type of goods or services				
Sale of goods and services	276,921	412,558	99,739	789,218
Provision of professional and warranty services	-	113,027	-	113,027
Total revenue from contracts with customers	<u>276,921</u>	<u>525,585</u>	<u>99,739</u>	<u>902,245</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (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
Six months ended 30 June 2022 (continued)				
Geographical markets				
Hong Kong	94,619	436,811	99,302	630,732
Mainland China	154,061	26,470	-	180,531
Others	28,241	62,304	437	90,982
Total revenue from contracts with customers	<u>276,921</u>	<u>525,585</u>	<u>99,739</u>	<u>902,245</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	276,921	442,994	99,739	819,654
Services transferred over time	-	82,591	-	82,591
Total revenue from contracts with customers	<u>276,921</u>	<u>525,585</u>	<u>99,739</u>	<u>902,245</u>
Six months ended 30 June 2021				
Type of goods or services				
Sale of goods and services	354,828	367,139	71,854	793,821
Provision of professional and warranty services	-	97,111	-	97,111
Total revenue from contracts with customers	<u>354,828</u>	<u>464,250</u>	<u>71,854</u>	<u>890,932</u>
Geographical markets				
Hong Kong	93,692	365,021	71,622	530,335
Mainland China	227,028	21,688	-	248,716
Others	34,108	77,541	232	111,881
Total revenue from contracts with customers	<u>354,828</u>	<u>464,250</u>	<u>71,854</u>	<u>890,932</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	354,828	375,203	71,854	801,885
Services transferred over time	-	89,047	-	89,047
Total revenue from contracts with customers	<u>354,828</u>	<u>464,250</u>	<u>71,854</u>	<u>890,932</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (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
For the year ended 30 June 2022				
Type of goods or services				
Sale of goods and services	572,696	942,051	256,148	1,770,895
Provision of professional and warranty services	-	221,667	-	221,667
Total revenue from contracts with customers	<u>572,696</u>	<u>1,163,718</u>	<u>256,148</u>	<u>1,992,562</u>
Geographical markets				
Hong Kong	177,733	963,941	255,106	1,396,780
Mainland China	342,738	63,919	-	406,657
Others	52,225	135,858	1,042	189,125
Total revenue from contracts with customers	<u>572,696</u>	<u>1,163,718</u>	<u>256,148</u>	<u>1,992,562</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	572,696	970,360	256,148	1,799,204
Services transferred over time	-	193,358	-	193,358
Total revenue from contracts with customers	<u>572,696</u>	<u>1,163,718</u>	<u>256,148</u>	<u>1,992,562</u>
For the year ended 30 June 2021				
Type of goods or services				
Sale of goods and services	654,591	877,696	155,161	1,687,448
Provision of professional and warranty services	-	188,123	-	188,123
Total revenue from contracts with customers	<u>654,591</u>	<u>1,065,819</u>	<u>155,161</u>	<u>1,875,571</u>
Geographical markets				
Hong Kong	160,380	851,705	154,549	1,166,634
Mainland China	434,850	44,870	-	479,720
Others	59,361	169,244	612	229,217
Total revenue from contracts with customers	<u>654,591</u>	<u>1,065,819</u>	<u>155,161</u>	<u>1,875,571</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	654,591	889,216	155,161	1,698,968
Services transferred over time	-	176,603	-	176,603
Total revenue from contracts with customers	<u>654,591</u>	<u>1,065,819</u>	<u>155,161</u>	<u>1,875,571</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (continued)

A breakdown of sales

	Group		
	Full year ended 30/6/2022 HK\$'000	Full year ended 30/6/2021 HK\$'000	% increase/ (decrease)
(a) Sales reported for the first half year	1,090,317	984,639	10.7
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	7,219	6,103	18.3
(c) Sales reported for the second half year	902,245	890,932	1.3
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	11,494	24,958	(53.9)

6. PROFIT BEFORE TAX

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

	Six months ended 30/6/2022 HK\$'000	Six months ended 30/6/2021 HK\$'000	Full year ended 30/6/2022 HK\$'000	Full year ended 30/6/2021 HK\$'000
Cost of inventories sold	781,009	742,780	1,709,684	1,617,820
Cost of services provided	31,325	40,700	106,253	84,115
Write-down of/(reversal of write-down of) inventories to net realisable value, net*	3,325	(13,820)	9,143	(5,913)
Lease payments not included in the measurement of lease liabilities	1,096	942	2,070	2,090
Depreciation of property, plant and equipment	4,043	4,325	10,439	9,293
Depreciation of right-of-use assets	4,829	741	8,322	1,509
Foreign exchange differences, net***/**	278	790	897	728
Interest expense on bank and other borrowings	1,666	855	2,829	1,357
Interest expense on lease liabilities	191	23	340	36
Impairment of trade receivables, net***	6,204	5,314	5,746	6,552
Fair value gain on financial asset at fair value through profit or loss**	(277)	(47)	(277)	(47)
Fair value (gain)/loss on derivative financial instrument, net**/**	14	152	(34)	197
Gain on disposal of investment properties**	(193)	-	(559)	-
(Gain)/loss on disposal of property, plant and equipment**/**	(9,941)	152	(9,984)	154

KARIN TECHNOLOGY HOLDINGS LIMITED

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX (continued)

- * This item is included in “Cost of sales” in the annual condensed consolidated statement of profit or loss and other comprehensive income.
- ** Fair value gain on financial asset at fair value through profit or loss, net fair value gain on derivative financial instrument, gain on disposal of investment properties and gain on disposal of property, plant and equipment are included in “Other income and gains, net” in the annual 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 annual 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% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting year, 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 2021/2022. The first HK\$2,000,000 (2021: 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.

	Six months ended 30/6/2022 HK\$'000	Six months ended 30/6/2021 HK\$'000	Full year ended 30/6/2022 HK\$'000	Full year ended 30/6/2021 HK\$'000
Current				
Charge for the period	8,397	3,975	14,088	5,797
(Over)/underprovision in prior years	(3)	153	(3)	153
	8,394	4,128	14,085	5,950
Deferred	6,739	85	6,739	85
	<u>15,133</u>	<u>4,213</u>	<u>20,824</u>	<u>6,035</u>

8. DIVIDENDS

	For the year ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interim dividend and Interim special declared and paid during the year	27,487	6,013
Proposed final dividend	<u>25,340</u>	<u>23,193</u>
Total	<u>52,827</u>	<u>29,206</u>
Dividend per share (in HK cents)	24.6 cents	13.6 cents

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2022, the Group acquired assets amounting to HK\$21,317,000 (2021: HK\$1,703,000) and disposed of assets amounting to net book value of HK\$8,083,000 (2021: HK\$293,000). The depreciation expense during the period amounted to HK\$10,439,000 (2021: HK\$9,293,000).

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 year. For further details of the disposals, please refer to the Company's announcement dated 15 November 2021.

10. INVESTMENT PROPERTIES

	2022 HK\$'000	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	(12,142)	-
Net gain from fair value adjustments recognized in profit or loss	-	1,190
Exchange realignment	(44)	1,279
Carrying amount at end of financial year	<u>4,506</u>	<u>16,692</u>

Note:

Units 703, 704 and 709 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.

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

	2022 HK\$'000	2021 HK\$'000
Property, plant and equipment	44,458	44,442
Investment property	26,100	27,900
Prepayments, deposits and other receivables	319	129
Cash and cash equivalents	<u>738</u>	<u>269</u>
Total assets classified as held for sale	<u>71,615</u>	<u>72,740</u>

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

	2022 HK\$'000	2021 HK\$'000
Other payables and accruals	268	2,062
Tax payable	664	1,475
Deferred tax liabilities	<u>1,330</u>	<u>1,355</u>
Total liabilities directly associated with assets classified as held for sale	<u>2,262</u>	<u>4,892</u>
Net assets	<u>69,353</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.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	2022 HK\$'000	2021 HK\$'000
Current			
Lease liabilities	2022	103	98
Bank loans, unsecured	2022	242,993	130,743
Bank overdraft	On demand	<u>1,514</u>	<u>3,019</u>
		<u>244,610</u>	<u>133,860</u>
Non-current			
Lease liabilities	2024	<u>63</u>	<u>166</u>
		<u>244,673</u>	<u>134,026</u>

The Group's bank loans bear interest at floating rates ranging from 0.9% to 1.7% (30 June 2021: 0.7% to 1.6%) per annum.

Except for bank overdraft denominated in Singapore dollars, the remaining bank and other borrowings of the Group as at 30 June 2022 and 30 June 2021 were denominated in Hong Kong dollars and United States dollars. At 30 June 2022, bank borrowings of HK\$244,507,000 (2021: HK\$133,762,000) were covered by cross corporate guarantees given by the Company and certain of its subsidiaries.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

(i) Shares

	<u>The Group and the Company</u>			
	30 June 2022		30 June 2021	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Beginning and end of interim period	<u>214,760</u>	<u>21,476</u>	<u>214,760</u>	<u>21,476</u>
			2022 HK\$'000	2021 HK\$'000
Issued and fully paid: 214,760,000 (2021: 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 30 June 2022	<u>12,000</u>	<u>19</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTY DISCLOSURES

(a) Transactions and balances with related parties

Other than the related party transactions and balances disclosed elsewhere in the financial statements, the Group had no material transaction with related parties during the year and at the end of the reporting period.

(b) Remuneration of directors

	2022 HK\$'000	2021 HK\$'000
Fees	860	842
Other emoluments	<u>5,885</u>	<u>6,340</u>
	<u>6,745</u>	<u>7,182</u>

(c) Compensation of key management personnel (including directors' remuneration as disclosed in (b) above) of the group

	2022 HK\$'000	2021 HK\$'000
Short term employee benefits	17,516	14,872
Post-employment benefits	<u>144</u>	<u>144</u>
	<u>17,660</u>	<u>15,016</u>

Other than the foregoing, there were no principal interested party relationships where control over financial and operating policies existed as at the end of the reporting period.

In the opinion of the directors, the above related party transactions were entered into in the ordinary course of the Group's business and were in accordance with the terms of arrangements governing the transactions.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. 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:

30 June 2022

Financial assets

	Group			Company
	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	-	455,061	455,061	-
Financial assets included in prepayments, other receivables and other assets	-	6,562	6,562	-
Financial asset at fair value through profit or loss	1,445	-	1,445	-
Amounts due from subsidiaries	-	-	-	50,498
Cash and cash equivalents	-	125,265	125,265	311
	<u>1,445</u>	<u>586,888</u>	<u>588,333</u>	<u>50,809</u>

Financial liabilities

	Group			Company
	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 and bills payables	-	276,827	276,827	-
Financial liabilities included in other payables and accruals	-	17,895	17,895	286
Interest-bearing bank and other borrowings other than lease liabilities	-	244,507	244,507	-
Derivative financial instrument	18	-	18	-
Amount due to a subsidiary	-	-	-	2,254
Lease liabilities	-	20,673	20,673	-
	<u>18</u>	<u>559,902</u>	<u>559,920</u>	<u>2,540</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

30 June 2021

Financial assets

	Group			Company
	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

	Group			Company
	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.

16. EVENTS AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to the condensed annual financial statements.

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

Other information

1. Review

For the six months and full year ended 30 June 2022, the interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries 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 year 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 year ended 30 June 2022, the Company did not purchase any (30 June 2021: Nil) of the shares pursuant to the 2009 Share Buyback mandate (last renewed on 28 October 2021).

As at 30 June 2022, 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 30 June 2022 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 30 June 2022 and 30 June 2021.

During the year ended 30 June 2022, the Company did not have any shares subdivision nor consolidation.

During the year ended 30 June 2022, the Company's subsidiaries did not purchased nor held any of the Company's shares.

KARIN TECHNOLOGY HOLDINGS LIMITED

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 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 share as at 30 June 2022 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 year under review (30 June 2021: 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, transfers, cancellation nor use of treasury shares during the year under review (30 June 2021: 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

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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 2022	30 June 2021
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>9.5</u>	<u>15.1</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>20,418</u>	<u>32,435</u>

The calculation of basic earnings per share for the years ended 30 June 2022 and 2021 is based on the profit attributable to the ordinary shareholders of the Company for the respective years 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 Group has no potentially dilutive ordinary shares in issue during the year ended 30 June 2022 and 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.

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2022	As at 30 June 2021	As at 30 June 2022	As at 30 June 2021
Net asset value per ordinary share (HK cents)	197.0	212.2	57.0	57.4

Net asset value per ordinary share as at 30 June 2022 and 30 June 2021 was calculated based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 30 June 2022 and 30 June 2021 respectively.

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8. Review of performance of the group

Profit and loss

Revenue

Consolidated revenue of the Group increased by approximately HK\$117.0 million or 6.2% to HK\$1,992.6 million for the year ended 30 June 2022 (“**FY2022**”) from HK\$1,875.6 million for the year ended 30 June 2021 (“**FY2021**”).

Revenue from our Components Distribution (“**CD**”) segment decreased by HK\$81.9 million or 12.5% to HK\$572.7 million for the year under review from HK\$654.6 million for the year ended 30 June 2021. The decrease was mainly due to the protracted lockdowns for prolonged periods in various major cities in the PRC as a result of China’s zero-COVID strategy which ceased most of the business activities especially in the second half of FY2022.

Revenue from our Information Technology Infrastructure (“**IT Infrastructure**”) segment increased by HK\$97.9 million or 9.2% to HK\$1,163.7 million for the current year from HK\$1,065.8 million for the year ended 30 June 2021. The increase was mainly due to strong demand for network security products, cloud solution services and data visualization tools as a result of accredited work done in past years that this segment was able to go wider and deeper in the market during FY2022.

Revenue from our Consumer Electronics Products (“**CEP**”) segment increased by HK\$100.9 million or 65.0% to HK\$256.1 million for the current year from HK\$155.2 million for the year ended 30 June 2021. The increase was mostly 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\$3.0 million or 1.7% to HK\$176.6 million for the year ended 30 June 2022 from HK\$173.6 million for the year ended 30 June 2021. Gross profit for FY2022 was arrived at after deducting, among others, a write-down of inventories to net realizable value of HK\$9.1 million (FY2021: reversal of write-down of inventories to net realizable value of HK\$5.9 million). The substantial increase in write-down of inventories to net realizable value of HK\$9.1 million was mainly due to customers’ deferral of placing their orders with the Group in view of the protracted COVID-19 pandemic lockdown periods in the second half of the year under review.

Other income and gains, net

Other income and gains, net increased by HK\$2.5 million or 15.5% to HK\$18.6 million for the year ended 30 June 2022 from HK\$16.1 million for the year ended 30 June 2021. The increase was mainly due to (1) HK\$10.5 million gain on disposal of properties held for own use and investment in the PRC; offset by (2) decrease in COVID-19 pandemic subsidy received; and (3) no fair value gain on investment properties recorded for the year.

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8. Review of performance of the group (continued)

Profit and loss (continued)

Selling and distribution costs

Selling and distribution costs decreased by HK\$7.8 million or 10.2% to HK\$68.8 million for the year ended 30 June 2022 from HK\$76.6 million for the year ended 30 June 2021. The decrease was mainly due to decrease in staff bonus expenses of HK\$7.0 million.

Administrative expenses

Administrative expenses increased by HK\$9.6 million or 14.3% to HK\$76.8 million for the year ended 30 June 2022 from HK\$67.2 million for the year ended 30 June 2021. The increase was mainly due to increase in (1) depreciation of right-of-use assets of HK\$7.2 million; and (2) building management fee of HK\$1.1 million.

Other expenses, net

Other expenses, net increased by HK\$0.8 million or 10.5% to HK\$8.4 million for the year ended 30 June 2022 from HK\$7.6 million for the year ended 30 June 2021. The increase was mainly due to fair value loss on investment properties of HK\$1.8 million; and offset by decrease in impairment of trade receivables of HK\$0.8 million.

Finance costs

Finance costs increased by HK\$1.8 million or 128.6% to HK\$3.2 million for the year ended 30 June 2022 from HK\$1.4 million for the year ended 30 June 2021. The increase was mainly due to (1) an increase in bank borrowings interest rate by almost 20 basis points from last year coupled with (2) an increase in bank borrowings to support the increase in revenue.

Income tax expenses

Substantial increase in income tax expenses was mainly due to (1) withholding tax of HK\$5.6 million paid on dividend declared by subsidiaries in the PRC and repatriated to Hong Kong during the year under review; and (2) accrual of withholding tax liabilities of HK\$6.1 million on retained profits recorded in those subsidiaries in the PRC that have yet to be declared as dividends for repatriation to Hong Kong.

Net profit

Net profit attributable to owners of the Company decreased by HK\$12.0 million or 37.0% to HK\$20.4 million for the year ended 30 June 2022 from HK\$32.4 million for the year ended 30 June 2021. The decrease was mostly attributable to (1) increase in tax expenses of HK\$14.8 million which includes the withholding taxes as explained above; (2) increase in depreciation of right-of-use asset of HK\$6.8 million; (3) increase in finance costs of HK\$1.8 million; and (4) offset by gain on disposal of properties in the PRC of HK\$10.5 million.

8. Review of performance of the group (continued)

Profit and loss (continued)

Non-controlling interests

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

Statement of financial position

Non-current assets

At 30 June 2022, non-current assets amounted to HK\$122.9 million, representing approximately 10.1% of the total assets. Non-current assets increased by HK\$15.7 million or 14.6% to HK\$122.9 million as at 30 June 2022 from HK\$107.2 million as at 30 June 2021. The increase was mostly due to (1) increase in right-of-use assets of HK\$17.7 million which was due to the Company moving to a leased office premises during the year; (2) increase in long term prepayments and other receivables of HK\$4.5 million; and (3) increase in contract assets of HK\$3.0 million which was a result of the increase in the ongoing sale of IT infrastructure towards the end of the financial year; and offset by (4) decrease in investment properties of HK\$12.2 million due to the disposal of properties in the PRC.

Current assets

As at 30 June 2022, current assets amounted to HK\$1,094.3 million, an increase of HK\$121.3 million compared to the preceding financial year end as at 30 June 2021. The increase was mainly due to (1) increase in trade and bills receivables of HK\$1.9 million; (2) increase in prepayment and other receivables of HK\$38.0 million; (3) increase in contract assets of HK\$6.8 million which was a result of the increase in the ongoing sale of IT infrastructure at the end of the financial year; (4) increase in cash and cash equivalents of HK\$51.6 million; and (5) increase in inventories of HK\$24.2 million.

Current liabilities

As at 30 June 2022, current liabilities amounted to approximately HK\$753.3 million, an increase of HK\$151.9 million compared to the 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\$110.7 million; and (2) increase in other payables and accruals by HK\$35.8 million.

Non-current liabilities

Non-current liabilities amounted to HK\$38.7 million, representing 4.9% of the total liabilities as at 30 June 2022. The amount comprised of deferred tax liabilities, long term contract liabilities and long-term lease liabilities. Deferred tax liabilities were recognised as a result of temporary differences between the carrying amounts and tax bases of property, plant and equipment due to depreciation and withholding tax on retained profits on PRC subsidiaries.

8. Review of performance of the group (continued)

Statement of financial position (continued)

Liquidity and cash flows

As at 30 June 2022, cash and cash equivalents amounted to HK\$125.3 million. Total interest-bearing loans and borrowings as at 30 June 2022 were HK\$244.6 million (30 June 2021: HK\$134.0 million). The gearing ratio (total interest-bearing borrowings to total equity) is 0.58 times (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.

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.

The Group expects the industry to be impacted by external factors such as geopolitical tensions, which have led to global economic uncertainties, ongoing supply chain disruptions, and rising inflation. This may potentially lead to slower demand for electronic components and weigh down on consumer spending. In this connection, the Group has also observed a build-up of inventory within the industry, which may slow down orders in the near term.

On the other hand, the Group expects its IT Infrastructure segment to benefit from government and commercial projects as well as increase in business spending on IT upgrades. This is expected to offset some near-term weakness in the CD segment. Meanwhile, our CEP segment is expected to launch new consumer electronics products in the coming months in view of the Hong Kong Government's ongoing consumer voucher scheme. The rising costs in logistics and manpower resources as well as interest rate hikes may continue to impact our profit margins in the near term.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Tax not applicable final dividend of HK11.8 cents per share amounting to HK\$25,340,000 have been proposed and will be subject to shareholders' approval at the forthcoming Annual General Meeting (AGM).

Name of dividend	Interim (paid)	Special interim (paid)	Final
Dividend type	Cash	Cash	Cash
Dividend amount per share (in HK cents)	4.0 cents per share	8.8 cents per share	11.8 cents per share
Par value of share (in HK cents)	10 cents	10 cents	10 cents
Tax rate	Not applicable	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 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

(c) Date payable

17 November 2022

(d) Books closure date

The Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the "**Company**") will be closed on 1 November 2022, for the preparation of dividend warrants to the proposed final dividend of HK11.8 cents per ordinary share for the financial year ended 30 June 2022. ("**Final Dividend**")

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 31 October 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 Final 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 Final Dividend.

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- 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).**

Not applicable

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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.

16. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr. Ng Yuk Wing, Philip	73	He is the father of Ng Mun Kit, Michael and brother of Ng Kin Wing, Raymond. Mr. Ng Mun Kit, Michael is the Chief Executive Officer and an Executive Director while Mr. Ng Kin Wing, Raymond is the Executive Chairman of the Group.	He is the Executive Director and took on the role as Chairman Emeritus. He is responsible to provide counsel and assistance in setting out policies as well as charting the strategic direction for the Group. He is one of the founders of the Group since 1977.	He was appointed an Executive Director of the Group on 1 April 2022 and Chairman Emeritus on 1 July 2021.
Mr. Ng Kin Wing, Raymond	72	He is uncle of Ng Mun Kit, Michael and brother of Ng Yuk Wing, Philip.	He is the Executive Chairman and Executive Director and is responsible for the overall strategic planning and business development of the Group. He is one of the founders of the Group since 1977.	He stepped down from the Chief Executive Officer post on 1 July 2021.
Mr. Ng Mun Kit, Michael	44	He is son of Ng Yuk Wing, Philip and nephew of Ng Kin Wing, Raymond.	He is an Executive Director and Chief Executive Officer and is responsible for overseeing the entire operations and general management of the Group.	He was appointed Chief Executive Officer of the Group on 1 July 2021.

BY ORDER OF THE BOARD

Ng Kin Wing
Executive Chairman/Executive Director

29 August 2022