



Karin achieves 6.6% increase in profit before tax as revenue grows 6.2% to HK\$1,992.6 million in FY2022

- Proposes final dividend of 11.8 Hong Kong cents per share, which together with interim dividend of 4.0 Hong Kong cents per share and the special interim dividend of 8.8 Hong Kong cents per share, brings total dividend payout in respect of FY2022 to 24.6 Hong Kong cents per share.

12 months ended 30 Jun (HK\$' million)	FY2022	FY2021	% Change
Segment Revenue			
• Components Distribution	572.7	654.6	(12.5)
• IT Infrastructure	1,163.7	1,065.8	9.2
• Consumer Electronics Products	256.1	155.2	65.0
Total Revenue	1,992.6	1,875.6	6.2
Gross profit	176.6	173.6	1.7
Profit before tax	39.5	37.1	6.6
Net profit attributable to owners of the Company	20.4	32.4	(37.0)
EPS (HK cents)^a	9.5	15.1	(37.1)
NAV per share (HK cents)^b	197.0 (as at 30 Jun 2022)	212.2 (as at 30 Jun 2021)	(7.2)

a) Based on 214,748,000 weighted average number of ordinary shares in issue for financial year ended 30 June for both 2022 and 2021.

b) Based on the issued share capital of 214,748,000 ordinary shares (excluding treasury shares) as at 30 June for both 2022 and 2021.

SINGAPORE – 29 August 2022 – SGX Mainboard-listed Karin Technology Holdings Limited (嘉靈控股集團有限公司) (“Karin”, the “Company”, or together with its subsidiaries, the “Group”), a leading Hong Kong-based electronic and industrial components and IT solutions distributor and outsourcing service provider, has achieved year-on-year (“YoY”) revenue growth of 6.2% to HK\$1,992.6 million for the financial year ended 30 June 2022 (“FY2022”) driven mainly by the encouraging performance across its two main business segments.

The Group’s **IT Infrastructure** business, which is its main revenue generator, chalked up sales of HK\$1,163.7 million in FY2022, a 9.2% YoY revenue growth over the previous corresponding financial year (“FY2021”). The improved performance bore testament to the Group’s efforts to strengthen its track record as a technology partner and solutions provider for network security products, cloud solution services and data visualisation tools.

With the release of new products coinciding with the Hong Kong SAR government's consumption voucher scheme to encourage spending, the Group's **Consumer Electronics Products** (“**CEP**”) segment enjoyed strong YoY sales increase of 65.0% to HK\$256.1 million in FY2022.

However, the revenue growth achieved by the two aforementioned segments was partially offset by lower sales generated by the **Components Distribution** (“**CD**”) segment, which was affected by prolonged lockdowns in various cities in the People's Republic of China (“**PRC**”). The market's strict zero Covid-19 stance had led to the cessation of many business activities especially in the second half of FY2022 and this resulted in the CD segment's revenue declining 12.5% YoY to HK\$572.7 million during the year under review.

Karin's Chief Executive Officer and Executive Director, Mr. Michael Ng, said: *“We are very encouraged by the performance of our IT Infrastructure segment because the growing demand for our solutions and support services is an affirmation of the work that we had put in to build up our reputation and capabilities in this area. We will continue to work closely with our principals and customers in order to capitalise on the increasing need for such solutions.*”

“We are cautious about our CD segment, which we hope will recover some ground once the PRC lifts its Covid-19 restrictions. As for our CEP segment, we will continue to actively seek out new brands and products to add to our portfolio because the sales achieved by this segment is largely influenced by new product launches and the latest market trends in consumer electronics.”

In line with higher revenue, there was a 1.7% uptick in the Group's gross profit to HK\$176.6 million in FY2022 versus HK\$173.6 million in FY2021, after deducting among others a write-down of inventories to net realisable value of HK\$9.1 million in FY2022 (FY2021: reversal of write-down of inventories to net realisable value of HK\$5.9 million).

Lifted by higher share of profit of an associate and an increase in other income and gains mostly due mainly to a gain on disposal of properties held for own use and investment respectively in the PRC, the Group's profit before tax rose 6.6% YoY to HK\$39.5 million.

However, Karin's FY2022 net profit was reduced by a higher tax expense. This was due mainly to withholding tax of HK\$5.6 million paid on dividend declared by subsidiaries in

the PRC and repatriated to Hong Kong in FY2022; and the accrual of withholding tax liabilities of HK\$6.1 million on those retained profits recorded in those PRC subsidiaries that have yet to be declared as dividend for repatriation to Hong Kong. As a result, net profit attributable to owners of the Company declined to HK\$20.4 million in FY2022 from HK\$32.4 million in FY2021.

During the financial year, the Group's cash and cash equivalents strengthened to HK\$125.3 million as at 30 June 2022 as compared to HK\$73.7 million as at 30 June 2021. Its gearing ratio remained healthy at 0.58 times (as at 30 June 2021: 0.29 times).

Dividend

To thank shareholders for their support, the Board of Directors has proposed a final dividend (tax not applicable) of 11.8 HK cents per share subject to shareholders' approval at the forthcoming AGM.

Including the 12.8 HK cents per share (comprising an interim dividend of 4.0 HK cents a share and a special interim dividend of 8.8 HK cents a share in celebration of the 45th anniversary of the Group), this brings total dividend in respect of FY2022 to 24.6 HK cents per share.

Business Outlook

Karin 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. 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, its 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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About Karin Technology Holdings Limited

Listed on the Mainboard of the Singapore Exchange since 2005, Karin is a leading electronic and industrial components distributor and IT solutions integrator and outsourcing service provider in Hong Kong and the People's Republic of China. Established in 1977, Karin has been principally engaged in the electronic and industrial components and computer distribution business for various segments of the electronics industry, including the communications, computer, electrical appliances and utility segments. Karin expanded its business to include the provision of outsourcing services such as IC application design solutions and data storage management solutions, riding on the increasing demand for IC software applications in the 1990s. For more information, please visit: <http://www.karingroup.com/eng/global/home.php>.

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