



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 2022**

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 2022

		31.12.2022	31.12.2021	% increase/ (decrease)
	Notes	HK\$'000	HK\$'000	
Revenue	5	1,162,795	1,090,317	6.6%
Cost of sales		<u>( 1,079,535)</u>	<u>( 1,003,603)</u>	7.6%
Gross profit		83,260	86,714	-4.0%
Other income and gains, net	5	10,369	4,287	141.9%
Selling and distribution costs		( 34,999)	( 34,865)	0.4%
Administrative expenses		( 39,000)	( 41,911)	-6.9%
Other expenses, net		( 895)	( 618)	44.8%
Finance costs		( 3,852)	( 1,312)	193.6%
Share of profit of an associate		<u>1,406</u>	<u>615</u>	128.6%
PROFIT BEFORE TAX	6	16,289	12,910	26.2%
Income tax expense	7	<u>( 4,674)</u>	<u>( 5,691)</u>	-17.9%
PROFIT FOR THE PERIOD		<u>11,615</u>	<u>7,219</u>	60.9%
Profit/(loss) for the period attributable to:				
Owners of the Company		11,330	9,247	22.5%
Non-controlling interests		<u>285</u>	<u>( 2,028)</u>	114.1%
		<u>11,615</u>	<u>7,219</u>	60.9%

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 2022

	31.12.2022	31.12.2021	% increase/ (decrease)
	HK\$'000	HK\$'000	
PROFIT FOR THE PERIOD	11,615	7,219	60.9%
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	( 4,732)	2,426	-295.1%
Share of other comprehensive loss of an associate	<u>( 212)</u>	<u>( 191)</u>	11.0%
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>( 4,944)</u>	<u>2,235</u>	-321.2%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>6,671</u></u>	<u><u>9,454</u></u>	-29.4%
Total comprehensive income/(loss) attributable to:			
Owners of the Company	6,706	11,562	-42.0%
Non-controlling interests	<u>( 35)</u>	<u>( 2,108)</u>	-98.3%
	<u><u>6,671</u></u>	<u><u>9,454</u></u>	-29.4%
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY (HK Cents)			
Basic and diluted	<u>5.28</u>	<u>4.31</u>	

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	Group		Company	
		31.12.2022 (Unaudited) HK\$'000	30.06.2022 (Audited) HK\$'000	31.12.2022 (Unaudited) HK\$'000	30.06.2022 (Audited) HK\$'000
<b>Non-current assets</b>					
Property, plant and equipment	9	37,169	56,062	-	-
Investment properties	10	-	4,506	-	-
Goodwill		2,098	2,098	-	-
Investment in subsidiaries		-	-	76,308	76,308
Investment in associates		5,669	4,884	-	-
Deferred tax assets		7,318	7,342	-	-
Right-of-use assets		15,101	20,155	-	-
Prepayments and other assets		31,120	27,855	-	-
Total non-current assets		<u>98,475</u>	<u>122,902</u>	<u>76,308</u>	<u>76,308</u>
<b>Current assets</b>					
Inventories	11	274,525	258,217	-	-
Trade and bills receivables		466,853	455,061	-	-
Prepayments, other receivables and other assets		169,666	182,742	2	2
Amounts due from subsidiaries		-	-	49,765	50,498
Financial asset at fair value through profit or loss		1,431	1,445	-	-
Derivatives financial instruments		304	-	-	-
Cash and cash equivalents		107,730	125,265	258	311
		<u>1,020,509</u>	<u>1,022,730</u>	<u>50,025</u>	<u>50,811</u>
Assets classified as held for sale	12	71,340	71,615	-	-
Total current assets		<u>1,091,849</u>	<u>1,094,345</u>	<u>50,025</u>	<u>50,811</u>
<b>Current liabilities</b>					
Trade and bills payables		233,861	276,827	-	-
Other payables and accruals		212,679	213,173	1,613	2,356
Amount due to a subsidiary		-	-	2,653	2,254
Tax payable		6,025	8,772	-	-
Derivative financial instruments		-	18	-	-
Interest-bearing bank borrowings	13	283,467	244,610	-	-
Lease liabilities		9,520	9,923	-	-
		<u>745,552</u>	<u>753,323</u>	<u>4,266</u>	<u>4,610</u>
Liabilities directly associated with assets classified as held for sale	12	1,463	2,262	-	-
Total current liabilities		<u>747,015</u>	<u>755,585</u>	<u>4,266</u>	<u>4,610</u>
NET CURRENT ASSETS		<u>344,834</u>	<u>338,760</u>	<u>45,759</u>	<u>46,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>443,309</u>	<u>461,662</u>	<u>122,067</u>	<u>122,509</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2022

	Notes	Group		Company	
		31.12.2022 (Unaudited) HK\$'000	30.06.2022 (Audited) HK\$'000	31.12.2022 (Unaudited) HK\$'000	30.06.2022 (Audited) HK\$'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	9	6,620	6,925	-	-
Other payables		26,546	21,140	-	-
Other borrowings		9	63	-	-
Lease liabilities		5,853	10,584	-	-
		<u>39,028</u>	<u>38,712</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>404,281</u>	<u>422,950</u>	<u>122,067</u>	<u>122,509</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>386,357</u>	<u>404,991</u>	<u>100,610</u>	<u>101,052</u>
		<u>407,814</u>	<u>426,448</u>	<u>122,067</u>	<u>122,509</u>
<b>Non-controlling interests</b>		<u>( 3,533)</u>	<u>( 3,498)</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>404,281</u>	<u>422,950</u>	<u>122,067</u>	<u>122,509</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

For the six months ended 31 December 2022

**GROUP**

	Attributable to owners of the Company												
	Note	Issued capital	Treasury shares	Share premium account	Contributed surplus	Land and buildings revaluation reserve	General reserve	Other reserves	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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/(loss) for the period		-	-	-	-	-	-	-	-	9,247	9,247	( 2,028)	7,219
Other comprehensive income 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)
<b>At 31 December 2021</b>		<b>21,476</b>	<b>( 19)</b>	<b>45,885</b>	<b>898</b>	<b>57,810</b>	<b>3,435</b>	<b>( 890)</b>	<b>9,221</b>	<b>308,156</b>	<b>445,972</b>	<b>( 3,929)</b>	<b>442,043</b>
At 1 July 2022		21,476	( 19)	45,885	898	57,810	6,150	( 890)	6,013	289,125	426,448	( 3,498)	422,950
Profit/(loss) for the period		-	-	-	-	-	-	-	-	11,330	11,330	285	11,615
Other comprehensive income for the period													
Exchange difference on translation of foreign operations		-	-	-	-	-	-	-	( 4,412)	-	( 4,412)	( 320)	( 4,732)
Share of other comprehensive loss of an associate		-	-	-	-	-	-	-	( 212)	-	( 212)	-	( 212)
Total comprehensive income/(loss) for the period		-	-	-	-	-	-	-	( 4,624)	11,330	6,706	( 35)	6,671
Final 2022 dividend paid	8	-	-	-	-	-	-	-	-	( 25,340)	( 25,340)	-	( 25,340)
<b>At 31 December 2022</b>		<b>21,476</b>	<b>( 19)</b>	<b>45,885</b>	<b>898</b>	<b>57,810</b>	<b>6,150</b>	<b>( 890)</b>	<b>1,389</b>	<b>275,115</b>	<b>407,814</b>	<b>( 3,533)</b>	<b>404,281</b>

KARIN TECHNOLOGY HOLDINGS LIMITED

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

For the six months ended 31 December 2022

<b>COMPANY</b>	<u>Issued capital</u> HK\$'000	<u>Treasury shares</u> HK\$'000	<u>Share premium account</u> HK\$'000	<u>Contributed surplus</u> HK\$'000	<u>Retained profits</u> HK\$'000	<u>Total equity</u> HK\$'000
At 1 July 2021	21,476	( 19)	45,885	36,311	19,505	123,158
Profit for the period and total comprehensive income for the period	-	-	-	-	22,925	22,925
Final 2021 dividend paid	-	-	-	-	( 23,193)	( 23,193)
<b>At 31 December 2021</b>	<b>21,476</b>	<b>( 19)</b>	<b>45,885</b>	<b>36,311</b>	<b>19,237</b>	<b>122,890</b>
At 1 July 2022	21,476	( 19)	45,885	36,311	18,856	122,509
Profit for the period and total comprehensive income for the period	-	-	-	-	24,898	24,898
Final 2022 dividend paid	-	-	-	-	(25,340)	(25,340)
<b>At 31 December 2022</b>	<b>21,476</b>	<b>( 19)</b>	<b>45,885</b>	<b>36,311</b>	<b>18,414</b>	<b>122,067</b>



KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	Notes	Six months ended	
		31 December	
		2022	2021
		HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		16,289	12,910
Adjustments for:			
Interest income	5	( 57)	( 326)
Write down of inventories to net realisable value	6	9,575	5,818
Depreciation of property, plant and equipment	6	5,606	6,396
Depreciation of right-of-use assets	6	4,903	3,493
Fair value gain on derivative financial instrument	6	( 322)	( 48)
Fair value loss on a financial asset at fair value through profit or loss	6	14	-
Reversal of impairment of trade receivables, net	6	( 2,814)	( 458)
Gain on disposal of items of property, plant and equipment	5	( 3,360)	( 43)
Gain on disposal of an investment property	5	( 981)	( 366)
Write-back of long outstanding other payables	5	-	( 1,647)
Financial costs		3,852	1,312
Share of profit of an associate		( 1,406)	( 615)
		<u>31,299</u>	<u>26,426</u>
Increase in inventories		( 25,608)	( 11,654)
Increase in trade and bills receivables		( 11,377)	( 46,422)
Decrease in prepayments, deposits and other receivables		8,820	6,824
(Decrease)/increase in trade and bills payables		( 41,892)	23,964
Increase/(decrease) in other payables and accruals		<u>4,863</u>	<u>( 16,010)</u>
Cash used in operations		( 33,895)	( 16,872)
Interest on bank and other borrowings paid		( 3,680)	( 1,163)
Interest element on lease payment		( 172)	( 149)
Income tax paid		( 6,510)	( 4,821)
Net cash used in operating activities		<u>( 44,257)</u>	<u>( 23,005)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sales of items of property, plant and equipment		19,398	65
Proceeds from sale of an investment property		5,782	8,734
Purchases of items of property, plant and equipment		( 1,916)	( 17,897)
Dividend from an associate		408	-
Interest received		<u>57</u>	<u>326</u>
Net cash generated from/(used in) investing activities		<u>23,729</u>	<u>( 8,772)</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

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

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
<b>Cash flows from financing activities</b>		
New bank and other borrowings	466,221	513,353
Repayment of bank and other borrowings	( 425,853)	( 416,449)
Principal portion of lease payment	( 5,028)	( 1,983)
Dividends paid to the owners of the Company	( 25,340)	( 23,193)
Net cash generated from financing activities	<u>10,000</u>	<u>71,728</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	( 10,528)	39,951
<b>Cash and cash equivalents at beginning of financial period</b>	123,751	70,713
<b>Increase/(decrease) in cash and cash equivalents included in assets classified as held for sale</b>	243	( 843)
<b>Effect on foreign exchange rate changes, net</b>	<u>( 5,736)</u>	<u>( 173)</u>
<b>Cash and cash equivalents at end of financial period</b>	<u><u>107,730</u></u>	<u><u>109,648</u></u>
<b>Analysis of balances of cash and cash equivalent</b>		
Cash and bank balances as stated in the consolidated statement of financial position	107,730	112,743
Bank overdraft	<u>-</u>	<u>( 3,095)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u><u>107,730</u></u>	<u><u>109,648</u></u>

# KARIN TECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

### 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. The principal place of business of the Company is located at 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 2022 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 2022.

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 2022

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 2022, except for the adoption of new standards effective as of 1 July 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to IFRSs 2018-2020 - Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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 2022**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
<b>Segment revenue</b>	<b>229,926</b>	<b>771,338</b>	<b>161,531</b>	<b>1,162,795</b>
<b>Segment results</b>	<b>( 9,468)</b>	<b>22,077</b>	<b>2,709</b>	<b>15,318</b>
<i>Reconciliation:</i>				
Bank interest income				57
Fair value gain on derivative financial instruments				322
Fair value loss on a financial asset at fair value through profit or loss				(14)
Gain on disposal of items of property, plant and equipment				3,360
Gain on disposal of an investment property				981
Finance costs				(3,852)
Share of profit of an associate				1,406
Corporate and other unallocated expenses				(1,289)
Profit before tax				<u>16,289</u>

## KARIN TECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

## 4. OPERATING SEGMENT INFORMATION (continued)

**For the six months ended 31 December 2022**

	Components <u>Distribution</u> HK\$'000	IT <u>Infrastructure</u> HK\$'000	Consumer Electronics <u>Products</u> HK\$'000	<u>Total</u> HK\$'000
<b>Segment assets</b>	<b>280,093</b>	<b>638,536</b>	<b>50,625</b>	<b>969,254</b>
<i>Reconciliation:</i>				
Investment in an associate				5,669
Deferred tax assets				7,318
Forward currency contracts				304
Financial assets at fair value through profit or loss				1,431
Cash and cash equivalents				107,730
Assets held for sale				71,340
Corporate and other unallocated assets				27,278
Total assets				<u>1,190,324</u>
<b>Segment liabilities</b>	<b>68,710</b>	<b>344,546</b>	<b>40,128</b>	<b>453,384</b>
<i>Reconciliation:</i>				
Income tax payable				6,025
Interest-bearing bank and other borrowings				283,476
Deferred tax liabilities				6,620
Corporate and other unallocated liabilities				36,538
Total liabilities				<u>786,043</u>
<b>Other segment information:</b>				
Depreciation				10,509
Other non-cash expenses	6,250	47	464	6,761
Capital expenditure				1,916

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

4. OPERATING SEGMENT INFORMATION (continued)

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

	Components Distribution	IT Infrastructure	Consumer Electronics Products	Total
	HK\$'000	HK\$'000	HK\$'000	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>
<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>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	For the six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers	<u>1,162,795</u>	<u>1,090,317</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 2022</b>				
<b>Type of goods or services</b>				
Sale of goods and services	229,926	661,733	161,531	1,053,190
Provision of professional and warranty services	-	109,605	-	109,605
Total revenue from contracts with customers	<u>229,926</u>	<u>771,338</u>	<u>161,531</u>	<u>1,162,795</u>
<b>Geographical markets</b>				
Hong Kong	74,279	685,839	159,496	919,614
Mainland China	121,707	21,732	-	143,439
Others	33,940	63,767	2,035	99,742
Total revenue from contracts with customers	<u>229,926</u>	<u>771,338</u>	<u>161,531</u>	<u>1,162,795</u>
<b>Time of revenue recognition</b>				
Goods and services transferred at a point in time	229,926	654,147	161,531	1,045,604
Services transferred over time	-	117,191	-	117,191
Total revenue from contracts with customers	<u>229,926</u>	<u>771,338</u>	<u>161,531</u>	<u>1,162,795</u>

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31 December 2022

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

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

	Components <u>Distribution</u> HK\$'000	IT <u>Infrastructure</u> HK\$'000	Consumer Electronics <u>Products</u> HK\$'000	<u>Total</u> 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>
<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>Time 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>

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 31 December	
	2022 HK\$'000	2021 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	62,894	51,403
Provision of professional and warranty services	<u>136,944</u>	<u>107,000</u>
	<u>199,838</u>	<u>158,403</u>



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31 December 2022

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

Revenue from contracts with customers (continued)

(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 2022 are as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	159,182	120,294
After one year	<u>26,546</u>	<u>15,756</u>
	<u>185,728</u>	<u>136,050</u>

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

	For the six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
<b><u>Other income and gains, net</u></b>		
Bank interest income	57	326
Gross rental income	128	893
Fair value gain on a derivative financial instrument	322	48
Gain on disposal of items of property, plant and equipment	3,360	43
Gain on disposal of an investment property	981	366
Reversal of impairment of trade receivables	2,814	458
Government subsidies*	1,819	-
Write-back of long outstanding other payables	-	1,647
Others	888	506
	<u>10,369</u>	<u>4,287</u>

\* The subsidies mainly represent subsidies received with the COVID-19 pandemic in Hong Kong and China. There are no unfulfilled conditions relating to the subsidies.

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6. PROFIT BEFORE TAX

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

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Cost of inventories sold	1,010,122	928,675
Cost of services provided	69,413	74,928
Write-down of inventories to net realisable value*	9,575	5,818
Lease payments not included in the measurement of lease liabilities	563	974
Depreciation of property, plant and equipment	5,606	6,396
Depreciation of right-of-use assets	4,903	3,493
Foreign exchange differences, net***	881	619
Interest expense on bank and other borrowings	3,680	1,163
Interest expense on lease liabilities	172	149
Reversal of impairment of trade receivables, net**	(2,814)	(458)
Fair value gain on a derivative financial instrument**	(322)	(48)
Fair value loss on a financial asset at fair value through profit or loss ***	14	-
Gain on disposal of items of property, plant and equipment**	(3,360)	(43)
Gain on disposal of an investment property**	(981)	(366)

\* 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 a derivative financial instrument, gain on disposal of property, plant and equipment and gain on disposal of an investment property are included in "Other income and gains, net" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

\*\*\* Net foreign exchange loss and fair value loss on a financial asset at fair value through profit or loss 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 2021: 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 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.

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7. INCOME TAX (continued)

	For the six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Current		
Charge for the period	<u>4,674</u>	<u>5,691</u>
Total tax expenses for the period	<u><u>4,674</u></u>	<u><u>5,691</u></u>

8. DIVIDENDS

	For the six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Final dividend – HK\$0.118 (2021: HK\$0.108) per ordinary share	<u>25,340</u>	<u>23,193</u>

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired assets amounting to HK\$1,916,000 (31 December 2021: HK\$17,897,000) and disposed of assets amounting to net book value of HK\$15,151,000 (31 December 2021: HK\$21,980). The depreciation expense during the period amounted to HK\$5,606,000 (31 December 2021: HK\$6,396,000).

The whole fourth floor, East Block, Shengtang Business Building, No. 1, Tai Ran Jiu Road, Futian District, Shenzhen, The PRC were sold during the reporting period. However, the disposal was not completed by 31 December 2022. For further details of the disposals, please refer to the Company's announcements dated 24 November 2022 and 13 December 2022.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10. INVESTMENT PROPERTIES

	31 December 2022 HK\$'000	30 June 2022 HK\$'000
Carrying amount at beginning of financial period/year	4,506	16,692
Disposal	( 4,511)	( 12,142)
Exchange realignment	<u>5</u>	<u>( 44)</u>
Carrying amount at end of financial period/year	<u><u>-</u></u>	<u><u>4,506</u></u>

*Note:*

(a) Investment property in Singapore was disposed of during the period under review. For further details of the disposal, please refer to the Company's announcements dated 19 August 2022, 22 August 2022 and 11 November 2022.

(b) For further details of Investment Properties, please refer to Note 12 to the Annual Report 2022.

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 2022 HK\$'000	30 June 2022 HK\$'000
Property, plant and equipment	44,458	44,458
Investment property	26,100	26,100
Prepayments, deposits and other receivables	287	319
Cash and cash equivalent	<u>495</u>	<u>738</u>
Total assets classified as held for sale	<u><u>71,340</u></u>	<u><u>71,615</u></u>
Other payables and accruals	112	268
Tax payable	21	664
Deferred tax liabilities	<u>1,330</u>	<u>1,330</u>
Total liabilities directly associated with assets classified as held for sale	<u><u>1,463</u></u>	<u><u>2,262</u></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 2022.

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13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	31 December 2022 HK\$'000	30 June 2022 HK\$'000
<b>Current</b>			
Lease liabilities	2023	106	103
Bank loans, unsecured	2023	283,361	242,993
Bank overdraft	On demand	-	1,514
		<u>283,467</u>	<u>244,610</u>
<b>Non-current</b>			
Lease liabilities	2024	9	63
		<u>283,476</u>	<u>244,673</u>

The Group's bank loans bear interest at floating rates ranging from 1.8% to 5.5% (30 June 2022: 0.9% to 1.7%) per annum.

Except for bank overdraft denominated in Singapore dollars, all the bank and other borrowings of the Group as at 31 December 2022 and 30 June 2022 were denominated in Hong Kong dollars and United States dollars. At 31 December 2022, bank borrowings of HK\$283,361,000 (30 June 2022: HK\$244,507,000) were covered by cross corporate guarantees given by the Company and certain of its subsidiaries.

14. SHARE CAPITAL

(i) Shares

	31 December 2022 HK\$'000	30 June 2022 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 2021, 30 June 2022, 1 July 2022 and 31 December 2022	<u>12,000</u>	<u>19</u>

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31 December 2022

15. RELATED PARTY DISCLOSURES

(a) Transactions and balances with related parties

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

(b) Remuneration of directors

	For the six months ended <u>31 December</u>	
	2022 HK\$'000	2021 HK\$'000
Fees	422	431
Others emoluments	2,757	3,054
	<u>3,179</u>	<u>3,485</u>

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

	For the six months ended <u>31 December</u>	
	2022 HK\$'000	2021 HK\$'000
Short term employee benefits	8,078	8,695
Post-employment benefits	72	72
	<u>8,150</u>	<u>8,767</u>

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.

KARIN TECHNOLOGY HOLDINGS LIMITED

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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 2022**

Finance 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	-	466,853	466,853	-
Financial assets included in prepayments, deposits and other receivables	-	5,175	5,175	-
Financial assets at fair value through profit or loss	1,431	-	1,431	-
Derivative financial instrument	304	-	304	-
Amounts due from subsidiaries	-	-	-	49,765
Cash and cash equivalents	-	107,730	107,730	258
	<u>1,735</u>	<u>579,758</u>	<u>581,493</u>	<u>50,023</u>

Finance 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	-	233,861	233,861	-
Financial liabilities included in other payables and accruals	-	16,899	16,899	499
Interest-bearing bank and other borrowings other than lease liabilities	-	283,361	283,361	-
Amount due to a subsidiary	-	-	-	2,653
Lease liabilities	-	15,488	15,488	-
	<u>-</u>	<u>549,609</u>	<u>549,609</u>	<u>3,152</u>

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16. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

**30 June 2022**

<b>Finance assets</b>	<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	-	455,061	455,061	-
Financial assets included in prepayments, deposits and other receivables	-	6,562	6,562	-
Financial assets 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>

<b>Finance liabilities</b>	<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	-	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>

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 2022

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 2022 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 2022, the Company held 12,000 (1 July 2021: 12,000) treasury shares. During the six months ended 31 December 2022, the Company had not purchased any (31 December 2021: Nil) of the Shares pursuant to the 2009 Share Buyback mandate.

As at 31 December 2022, the Company held 12,000 (30 June 2022: 12,000) treasury shares or 0.0056% (30 June 2022: 0.0056%) of the Company's issued shares.

As at 31 December 2022 and 30 June 2022, 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 2022 and 30 June 2022.

During the six months ended 31 December 2022, the Company did not have any shares subdivision nor consolidation.

During the six months ended 31 December 2022, the Company's subsidiaries had not purchased nor held any of the Company's shares (30 June 2022: Nil). The interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries as at 31 December 2022 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.

31 December 2022

**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 2022 and 30 June 2022 was 214,748,000.

Subsequent to the current period end date, pursuant to Karin Performance Share Plan, 1,600,000 shares were issued to Independent Directors and eligible employees of the Company on 4 January 2023. For further details, please refer to the announcement released by the Company on 4 January 2023.

**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 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, transfer, cancellation nor use of subsidiary holdings during the period under review (for the six months ended 31 December 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.**

Group	Six months ended 31 December	
	2022	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>5.28</u>	<u>4.31</u>
- On a fully diluted basis (HK cents)	<u>5.28</u>	<u>4.31</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>11,330</u>	<u>9,247</u>

The calculation of basic earnings per share for the six months ended 31 December 2022 and 2021 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 (2021: 214,748,000) ordinary shares, which was the weighted average of 214,748,000 (2021: 214,748,000) ordinary shares in issue during the six months ended 31 December 2022.

**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 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
Net asset value per ordinary share (HK cents)	188.2	197.0	56.8	57.0

Net asset value per ordinary share as at 31 December 2022 and 30 June 2022 was calculated based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 31 December 2022 and 30 June 2022.

31 December 2022

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

**Profit and loss**

*Revenue*

Consolidated revenue of the Group for the six months ended 31 December 2022 increased by HK\$72.5 million or 6.6% to HK\$1,162.8 million from HK\$1,090.3 million for the corresponding period last year.

Revenue from our Components Distribution (“CD”) segment decreased by HK\$65.9 million or 22.3%, from HK\$295.8 million for the six months ended 31 December 2021 to HK\$229.9 million for the six months ended 31 December 2022. The decrease was due to the COVID-19 pandemic lockdown and supply disruption which led to the lower demand for certain electronic components during the period under review.

Revenue from our Information Technology Infrastructure (“IT Infrastructure”) segment increased by HK\$133.2 million or 20.9%, from HK\$638.1 million for the six months ended 31 December 2021 to HK\$771.3 million for the six months ended 31 December 2022. The increase was mainly due to the commencement of several projects tendered and awarded during the period under review.

Revenue from our Consumer Electronics Products (“CEP”) segment increased by HK\$5.1 million or 3.3%, from HK\$156.4 million for the six months ended 31 December 2021 to HK\$161.5 million for the six months ended 31 December 2022. The increase was mainly due to the launch of certain new CEP and supported by the consumption voucher scheme launched by the HKSAR Government.

*Gross profit*

Gross profit decreased by HK\$3.4 million or 4.0%, from HK\$86.7 million for the six months ended 31 December 2021 to HK\$83.3 million for the six months ended 31 December 2022. The decrease in gross profit was mainly due to increase in write-down of inventories to net realisable value of HK\$3.8 million as a result of mostly slow demand in certain electronic components as a result of COVID-19 pandemic lockdown and supply disruption during the current period.

*Other income and gains, net*

Net other income and gains increased by approximately HK\$6.1 million or 141.9%, from HK\$4.3 million for the six months ended 31 December 2021 to HK\$10.4 million for the six months ended 31 December 2022. The increase was mainly due to (1) HK\$3.9 million increase in gain on disposal of properties; (2) an increase in reversal of impairment of trade receivable of HK\$2.4 million; (3) Government subsidies on COVID-19 pandemic of HK\$1.8 million; offset by (a) HK\$1.6 million write-back of long outstanding other payable in the last period did not recur in this period; and (b) HK\$0.8 million decrease in rental income due to the disposal of investment properties in Shanghai last year.

31 December 2022

**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\$34.9 million for the six months ended 31 December 2021 compared to HK\$35.0 million for the six months ended 31 December 2022.

*Administrative expenses*

Administrative expenses decreased by approximately HK\$2.9 million or 6.9%, from HK\$41.9 million for the six months ended 31 December 2021 to HK\$39.0 million for the six months ended 31 December 2022. The decrease was mainly due to cost savings in various expense items during the period under review.

*Other expenses, net*

Net other expenses increased by approximately HK\$0.3 million or 44.8%, from HK\$0.6 million for the six months ended 31 December 2021 to HK\$0.9 million for the six months ended 31 December 2022.

*Finance costs*

Finance costs increased by approximately HK\$2.6 million or 193.6%, from HK\$1.3 million for the six months ended 31 December 2021 to HK\$3.9 million for the six months ended 31 December 2022. The increase was mainly due to (1) increase in bank borrowings in order to finance the purchase of goods to meet the increased demand for the period under review; and (2) increase in interest borrowing rate during the current period.

*Net Profit*

Net profit attributable to owners of the Company increased by HK\$2.1 million or 22.5%, from HK\$9.2 million for the six months ended 31 December 2021 to HK\$11.3 million for the six months ended 31 December 2022. The increase was mainly attributable to (1) HK\$6.1 million increase in other income and gains, net; (2) HK\$2.9 million savings in administrative expenses; (3) HK\$0.8 million increase in share of profit of an associate; (4) HK\$1.0 million savings in income tax expenses; offset by (a) HK\$3.4 million decrease in gross profit; (b) HK\$0.3 million increase in other expenses; (c) HK\$2.6 million increase in finance costs; and (d) HK\$2.3 million increase in share of profit with non-controlling interests.

*Non-controlling interests*

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

31 December 2022

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

**Statement of financial position**

*Non-current assets*

As at 31 December 2022, non-current assets comprised goodwill of HK\$2.1 million; office equipment, leasehold land and buildings and motor vehicles totaling HK\$37.2 million; right-of-use assets HK\$15.1 million; investment in an associate of HK\$5.7 million; prepayments and other assets of HK\$31.1 million and deferred tax assets of HK\$7.3 million. Total non-current assets amounted to HK\$98.5 million, representing approximately 8.3% of the total assets. There was a decrease in non-current assets amounted to approximately HK\$24.4 million. The decrease was mainly due to HK\$18.9 million decrease in properties as a result of the disposal of property in Singapore; and decrease in right-of-use assets of HK\$5.1 million.

*Current assets*

As at 31 December 2022, current assets amounted to approximately HK\$1,091.8 million, an decrease of HK\$2.5 million compared to the immediately preceding financial year end as at 30 June 2022. The decrease was mainly due to (1) decrease in cash and cash equivalent by HK\$17.5 million; (2) decrease in prepayment by HK\$13.1 million; offset by (a) increase in trade and bill receivables by HK\$11.8 million as a result of higher billings towards end of the period under review; and (b) increase in inventories by HK\$16.3 million to cater for projected increase in sales in the early part of 2023.

*Current liabilities*

As at 31 December 2022, current liabilities amounted to approximately HK\$747.0 million, a decrease of HK\$8.6 million compared to the immediately preceding financial year end as at 30 June 2022. The decrease was mainly due to (1) decrease in trade and bills payables by HK\$43.0 million; (2) decrease in tax payable by HK\$2.7 million; and offset by increase in interest-bearing bank and other borrowings by HK\$38.9 million.

*Non-current liabilities*

Non-current liabilities amounted to HK\$39.0 million, representing 5.0% of our total liabilities as at 31 December 2022. The amount pertains mainly to other payables of HK\$26.5 million arising from warranty service income received in advance which was classified as contract liabilities.

*Liquidity and cash flow*

As at 31 December 2022, cash and cash equivalents amounted to approximately HK\$107.7 million. Total interest-bearing bank and other borrowings as at 31 December 2022 were HK\$283.5 million. The gearing ratio, which is defined as total interest-bearing bank and other borrowings to shareholders' funds, is 0.70 times (30 June 2022: 0.58 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 2022

**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.**

For the past few years, the pandemic has given the Group the chance to rationalize our existing operations and speed up the development of new ones. Through new vendors, new markets, and new projects, the Group is continuing to expand its IT and CEP commercial operations. The management is also looking into the possibilities of expanding our technological business to other areas of the region. With a more positive economic forecast for China and a stabilized production and supply chain, our core businesses in components distribution are anticipated to progressively return.

**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 HK5.2 cents per share amounting to a total of HK\$11,167,000 have been proposed and declared by the Directors.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in HK cents)	5.2 cents per share
Par value of share (in HK cents)	10.0 cents per share
Tax rate	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.

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

**(c) Date payable**

16 March 2023

31 December 2022

**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 2 March 2023, for the preparation of dividend warrants to the proposed interim dividend of HK5.2 cents per ordinary share for the financial year ending 30 June 2023. (“**Interim Dividend**”)

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 1 March 2023 (“**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 Dividend. 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 Dividend.

**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 2022 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 2022 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 2022

- 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

14 February 2023