



**Karin Technology
Holdings Limited**



Intelligence and Technologies Powering Transformation

Annual Report 2024



CORPORATE PROFILE

Since its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) in March 2005, our Group has established itself as a leading IT and Components Solutions and Services provider with over 47 years of market experience in Hong Kong and the People’s Republic of China (“PRC”).

Founded in 1977, the Group initially focused on distributing electronic components for various sectors, including communications, computing, electrical appliances, and utilities. In the 1990s, we expanded our offerings to include computing and outsourcing services, integrated circuit (“IC”) application design solutions, and data storage management.

Following our SGX-ST listing in 2005, we have developed a robust presence in three key areas: Components Distribution, IT Infrastructure Solutions and Services, and Consumer Electronics Products, serving the markets of Hong Kong and the PRC.

In 2011, Karin added a retail business arm to its operations under the trade name “In-Smart” which was subsequently disposed of on 30 June 2016 and re-invested on 1 April 2018.

Today, Karin stands as a prominent distributor and IT solutions provider in Hong Kong, delivering comprehensive end-to-end solutions in Information Technology, Network and Cybersecurity, and Data and Applications services.

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VISION

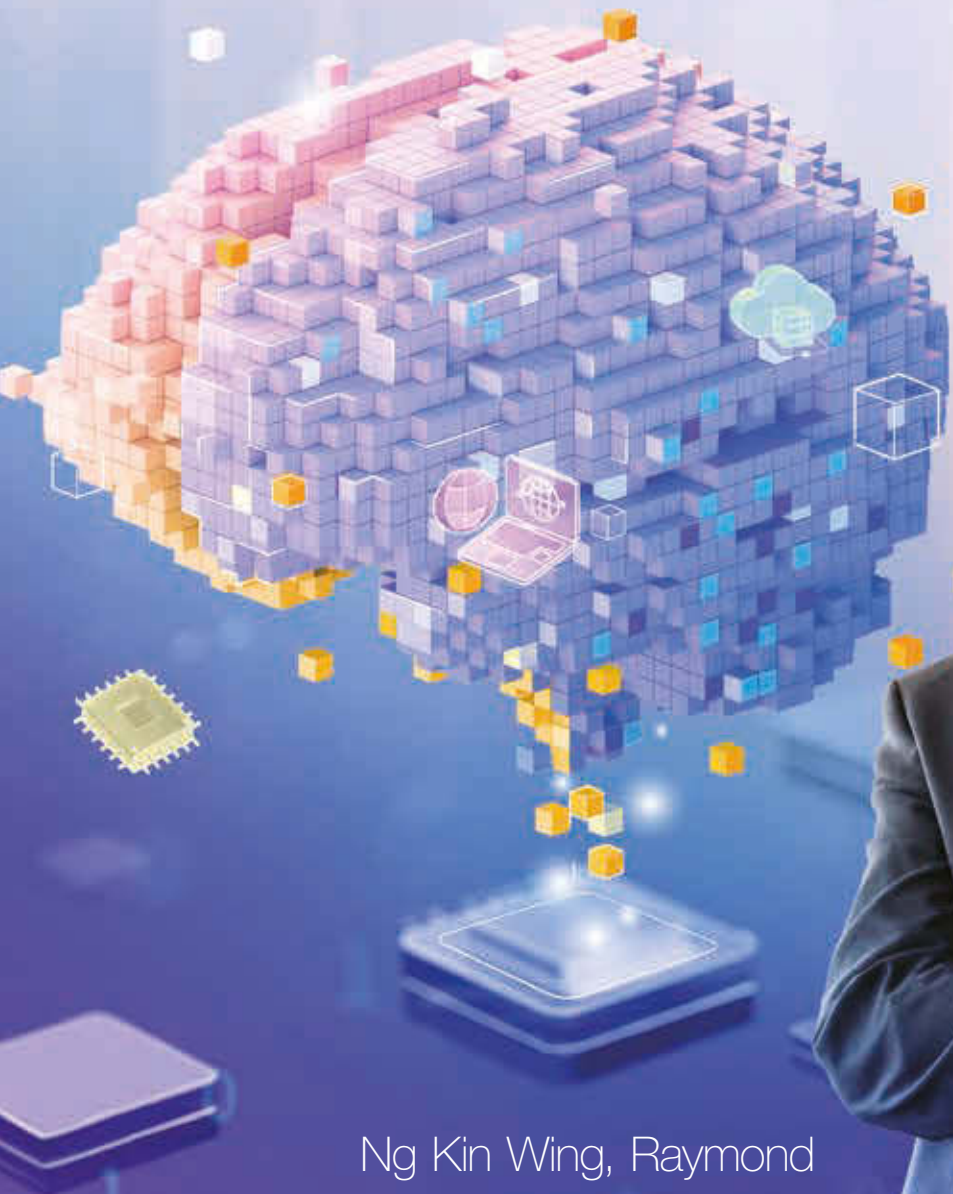
To be the leading technology innovator in Asia, empowering businesses and individuals through cutting-edge solutions that enhance connectivity, drive efficiency, and foster sustainable growth. We aspire to bridge cultures and markets, leveraging our Hong Kong roots and extensive operations across China to create a digitally inclusive future where technology transforms lives and industries.



MISSION

Our mission is to deliver high-quality IT solutions, electronic components, and innovative electronic goods that meet the diverse needs of our customers across Hong Kong and China. We are committed to excellence, leveraging advanced technology and strategic partnerships to enhance productivity and connectivity. As we expand our footprint across Asia, we aim to empower businesses and consumers with reliable, cutting-edge products that drive progress and foster a smarter, more connected world.

Chairman's Statement



Ng Kin Wing, Raymond

Executive Chairman and Executive Director






Karin Technology Holdings Limited

The fiscal year (FY) 2024 has been one of the most challenging periods since Karin's establishment in 1977. Operating within the Information Technology (IT) and Electronic Componentry (EC) sectors, we have successfully navigated multiple economic cycles. Despite these challenges, Karin has consistently delivered profits and rewarded shareholders with dividends over the past four decades.

With Karin's 50th anniversary on the horizon, we continue with our unwavering passion to deliver innovative IT solutions and distribute high-quality electronic components to our customers. We have also been refining our business strategies and enhancing our skillsets to stay ahead in the rapidly evolving IT and electronics industries.

Regardless of the uncertainties and dynamics in the global macroeconomic environment, our dedicated staff and resilient management team are well prepared to meet the challenges that lie ahead. Through informed decision-making, drawing on our extensive experience, and prudent risk management, we remain committed to safeguarding the strength of our operations.

Karin's sustained growth can be attributed to several key factors:

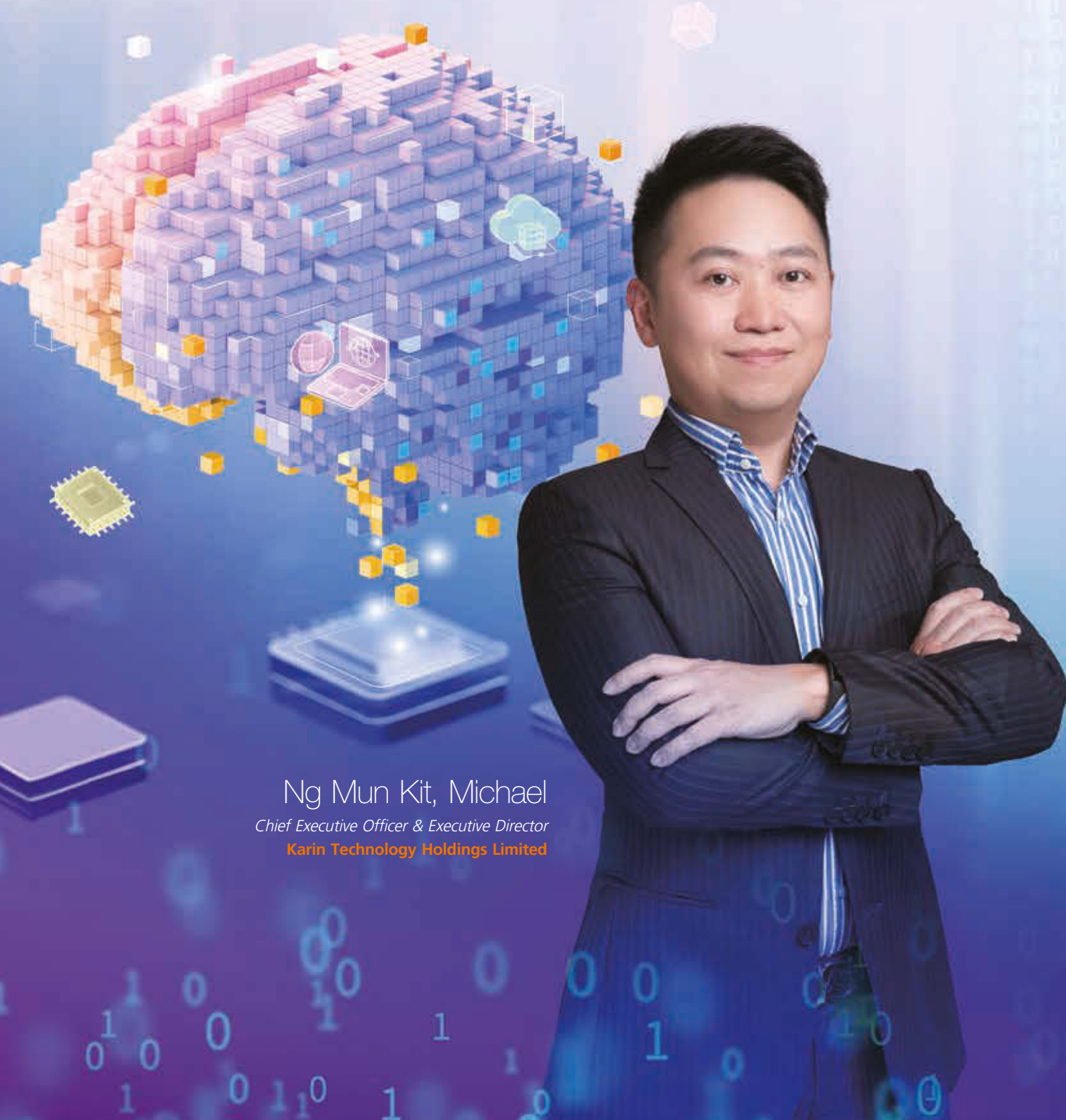
-  A robust business foundation
-  Strong financial stability
-  The core competencies and dedication of our staff
-  Our commitment to the well-being of our staff
-  Long-standing relationships with our vendors and customers

This strong foundation, which has taken years to establish, is underpinned by the values and culture instilled by Karin's co-founders and business partners. It is this solid base that will enable us to weather future challenges and position us for our next chapter of growth.

Together,
we pace for tomorrow!

Ng Kin Wing, Raymond
Executive Chairman and Executive Director
Karin Technology Holdings Limited

CEO's Message and **Operational Review**



Ng Mun Kit, Michael

Chief Executive Officer & Executive Director

Karin Technology Holdings Limited

Dear Shareholders,

FY2024 was a challenging year for our industry and for our Group mainly due to weak business and consumer sentiment in our core markets. This was mainly a result of China's slower GDP growth to 5.2% in 2023 as compared to the strong double-digits the country saw during its industrial boom in the early 2000s.

The widely anticipated post-COVID 19 rebound had failed to materialise and instead there was uneven recovery across sectors with consumer spending and domestic demand lagging behind. Internally, the country is dealing with a real estate crisis due to over-leveraging, as well as rising unemployment among its youths. Externally, it is facing trade tensions with key trading partners such as the US, which has led to restrictions that have created challenges for China's tech ambitions.

FY2024 PERFORMANCE REVIEW

Despite these headwinds, I am pleased to report that Karin did well to achieve year-on-year ("**yoy**") topline growth of 8.0% to HK\$2,202.0 million in FY2024. Although our profitability had declined as compared to FY2023, it was due to the absence of a one-off gain on disposals of properties in Singapore and the PRC in FY2023. Nevertheless, we achieved yet another year of profitability with net profit after tax coming in at HK\$17.4 million, making it 47 consecutive years of positive earnings accomplished by the Group.

The healthy topline performance was thanks to the stellar performance of our IT Infrastructure segment, which achieved 21.1% yoy revenue growth, mainly due to mega projects secured by the segment in FY2024. This offsets the weaker performance of our CD and CEP segments, which fell 13.3% and 25.8% respectively, mainly due to the impact of market conditions on business and consumer sentiments.

We are heartened by the performance of our IT Infrastructure segment, which we believe will spearhead our Group's growth over the next 5 to 10 years. As more companies embrace digitalisation and apply Artificial Intelligence to their operations, the requirements for secure and high-performance IT infrastructure becomes increasingly sophisticated and complex. Karin is well-positioned to partner with our customers on their digital transformation journey and our growing reputation in this area is evidenced by the major deals that we have secured in recent years.

As for our other segments, we expect the market's lacklustre conditions to persist in the short term. This will continue to impact consumption, which will in turn affect demand for electronic components and consumer electronics. However, we are committed to hold onto our market share by pursuing opportunities for our CEP and CD segments through maintaining a dynamic portfolio of brands and products that can satisfy customer needs. With the economy remaining uncertain, we will also prudently manage inventory levels in keeping with market conditions.

As at 30 June 2024, the Group's cash and cash equivalent rose to HK\$127.2 million from HK\$90.1 million as at 30 June 2023, mainly due to prompt payment of a major contract that was secured in June 2024. This puts us in a healthy financial position to navigate challenges that may come our way.

In light of the Group's healthy performance, we are pleased to continue our unbroken track record of paying yearly dividends. The Board of Directors has proposed a final tax-exempt dividend of 3.88 HK cents per share subject to shareholders' approval at the forthcoming AGM. Including the interim dividend of 4.90 HK cents per share, this brings total dividend in respect of FY2024 to 8.78 HK cents per share, which represents a payout ratio of nearly 100.0% of net profit attributable to shareholders.

BUSINESS OUTLOOK

Looking ahead, both businesses and consumers are expected to maintain a cautious outlook amidst lacklustre economic growth. We believe this will continue to cause headwinds for the components and retail segments into 2025 as manufacturing activity remains muted and consumption remains slow.

Against this backdrop, Karin expects the performance of its CD and CEP segments to remain weak in the short term. However, the Group is cautiously optimistic of sustained growth from its IT Infrastructure segment, which has been fuelled by strong demand for cloud computing, cybersecurity, enterprise software and network equipment. The Group will make the necessary investments to support this growing segment, which it believes will partially mitigate the softer CD and CEP segments.

We are optimistic that market challenges have also brought new opportunities as China stays determined to become a global leader in technology and innovation continues. This has led to public sector investments in 5G, AI, green energy, and semiconductors as focus shifts from manufacturing to a high-tech economy. We believe Karin can benefit from this new focus and we will pursue every business lead.

APPRECIATION

In closing, I want to thank our shareholders for your unwavering support over the years. The management team and Board is committed to steer the Group towards sustainable growth and profitability for many more years to come to bring healthy returns on your investment.

I want to thank my fellow Directors on the Board for your wise counsel and guidance over the course of the past year. And lastly, I want to thank the management and all the staff of Karin for the hard work that you have put in because it enabled us to achieved growth despite market challenges.

Ng Mun Kit, Michael
Chief Executive Officer & Executive Director
Karin Technology Holdings Limited

Financial Review

PROFIT AND LOSS

REVENUE

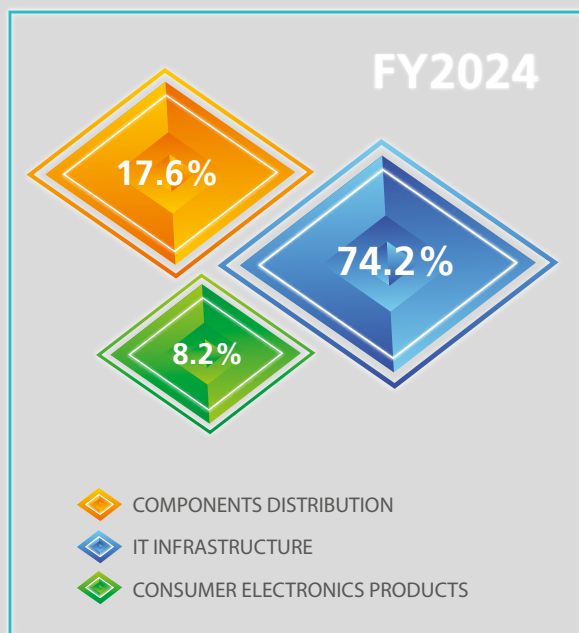
Consolidated revenue of the Group increased by approximately HK\$162.4 million or 8.0% to HK\$2,202.0 million for the year ended 30 June 2024 (“FY2024”) from HK\$2,039.6 million for the year ended 30 June 2023 (“FY2023”).

Revenue from our Components Distribution (“CD”) segment declined by HK\$59.4 million, or 13.3%, to HK\$387.1 million for the year under review, compared to HK\$446.5 million for the year ended 30 June 2023. The decrease was mainly due to the sluggish economic recovery in China, following the relaxation of its strict zero-COVID measures.

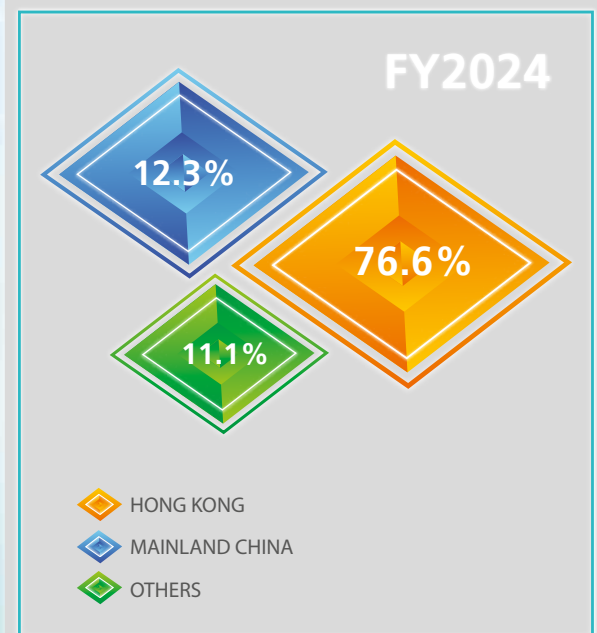
Revenue from our Information Technology Infrastructure (“IT Infrastructure”) segment surged by HK\$284.6 million or 21.1% to HK\$1,634.4 million for the current year, up from HK\$1,349.8 million for the year ended 30 June 2023. The significant growth was primarily driven by the securing of a few mega projects during the year under review.

Revenue from our Consumer Electronics Products (“CEP”) segment fell by HK\$62.8 million, or 25.8%, to HK\$180.5 million for the current year, down from HK\$243.3 million for the year ended 30 June 2023. This decline was primarily driven by weak consumer sentiment and reduced spending in the local CEP market.

REVENUE BY BUSINESS SEGMENTS FOR FY2024



REVENUE BY GEOGRAPHICAL REGIONS FOR FY2024



FINANCIAL REVIEW

GROSS PROFIT

Gross profit rose by HK\$14.4 million, or 8.4%, to HK\$187.0 million for the year ended 30 June 2024, compared to HK\$172.6 million for the year ended 30 June 2023. The increase in gross profit was mainly due to: (1) higher revenue from the IT Infrastructure segment; and (2) a net reversal of write down of inventories of HK\$4.0 million in the current year.

OTHER INCOME AND GAINS, NET

Other income and gains, net decreased by HK\$37.7 million or 80.6% to HK\$9.1 million for the year ended 30 June 2024 from HK\$46.8 million for the year ended 30 June 2023. The decrease was mainly because the previous year included non-recurring gains of HK\$38.8 million from the disposal of investment properties and properties held for own use.

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs increased by HK\$2.5 million or 3.3% to HK\$78.4 million for the year ended 30 June 2024 from HK\$75.9 million for the year ended 30 June 2023.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by HK\$0.7 million or 0.8% to HK\$78.8 million for the year ended 30 June 2024 from HK\$78.1 million for the year ended 30 June 2023.



OTHER EXPENSES, NET

Other expenses, net increased by HK\$4.7 million or 346.9% to HK\$6.1 million for the year ended 30 June 2024 from HK\$1.4 million for the year ended 30 June 2023. The increase was mainly due to (1) the increase in fair value loss on investment property of HK\$2.1 million; (2) loss on disposal of property, plant and equipment of HK\$1.5 million in relation to the Beijing property and (3) impairment of goodwill of HK\$1.0 million relating to component distribution business in the PRC.

FINANCE COSTS

Finance costs increased by HK\$1.4 million or 13.4% to HK\$11.8 million for the year ended 30 June 2024 from HK\$10.4 million for the year ended 30 June 2023. The increase was mainly due to (1) increase in bank borrowings interest rate during the current year; and (2) temporary increase in bank borrowings during the year to finance the purchase of goods to meet the increased demand in the IT Infrastructure segment.

INCOME TAX EXPENSES

The decrease was mainly due to the reversal of over provision of Income tax expenses in prior year.



STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

At 30 June 2024, non-current assets amounted to HK\$69.9 million, representing approximately 6.0% of the total assets. Non-current assets decreased by HK\$14.5 million or 17.2% to HK\$69.9 as at 30 June 2024 from HK\$84.4 million as at 30 June 2023. The decrease was mostly due to the disposal of property in Beijing.

NET PROFIT

Net profit attributable to owners of the Company decreased by HK\$28.0 million or 59.5% to HK\$19.0 million for the year ended 30 June 2024 from HK\$47.0 million for the year ended 30 June 2023. The decrease was mostly due to the absence in current year of HK\$38.8 million gain on disposals of properties held for own use and investment in the PRC and Singapore in last year.

CURRENT ASSETS

As at 30 June 2024, current assets amounted to HK\$1,099.0 million, an increase of HK\$91.1 million compared to the preceding financial year end as at 30 June 2023. The increase was mainly due to (1) increase in trade and bills receivables of HK\$54.1 million which was in line with the increase in revenue; (2) increase in cash and cash equivalents of HK\$37.1 million mainly due to a mega deal sale in June 2024 for which the customer made an immediate payment; and (3) increase in prepayments and other receivables of HK\$12.5 million.

NON-CONTROLLING INTERESTS

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

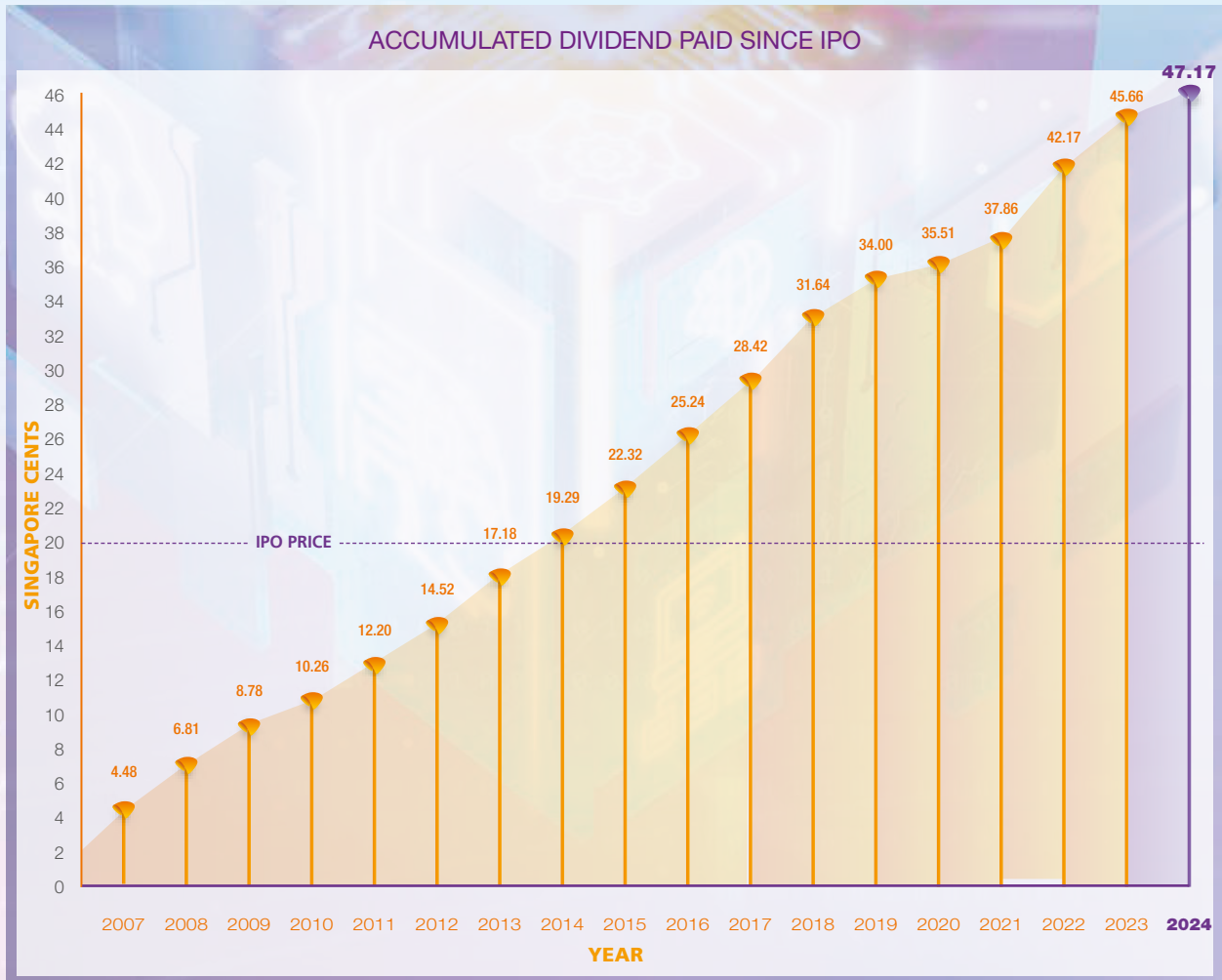
STAFF STATISTICS



FINANCIAL REVIEW

CURRENT LIABILITIES

As at 30 June 2024, current liabilities amounted to approximately HK\$722.2 million, an increase of HK\$97.8 million compared to the preceding financial year end as at 30 June 2023. The increase was mainly due to (1) increase in trade and bills payables by HK\$81.1 million due to the supply of goods related to the mega deal mentioned above; (2) increase in other payables and accruals by HK\$64.6 million from the increase in advance payments from customers; and (3) set off by a decrease in interest-bearing bank and other borrowings by HK\$40.9 million which was due to the receipt of the mega deal settlement mentioned above.



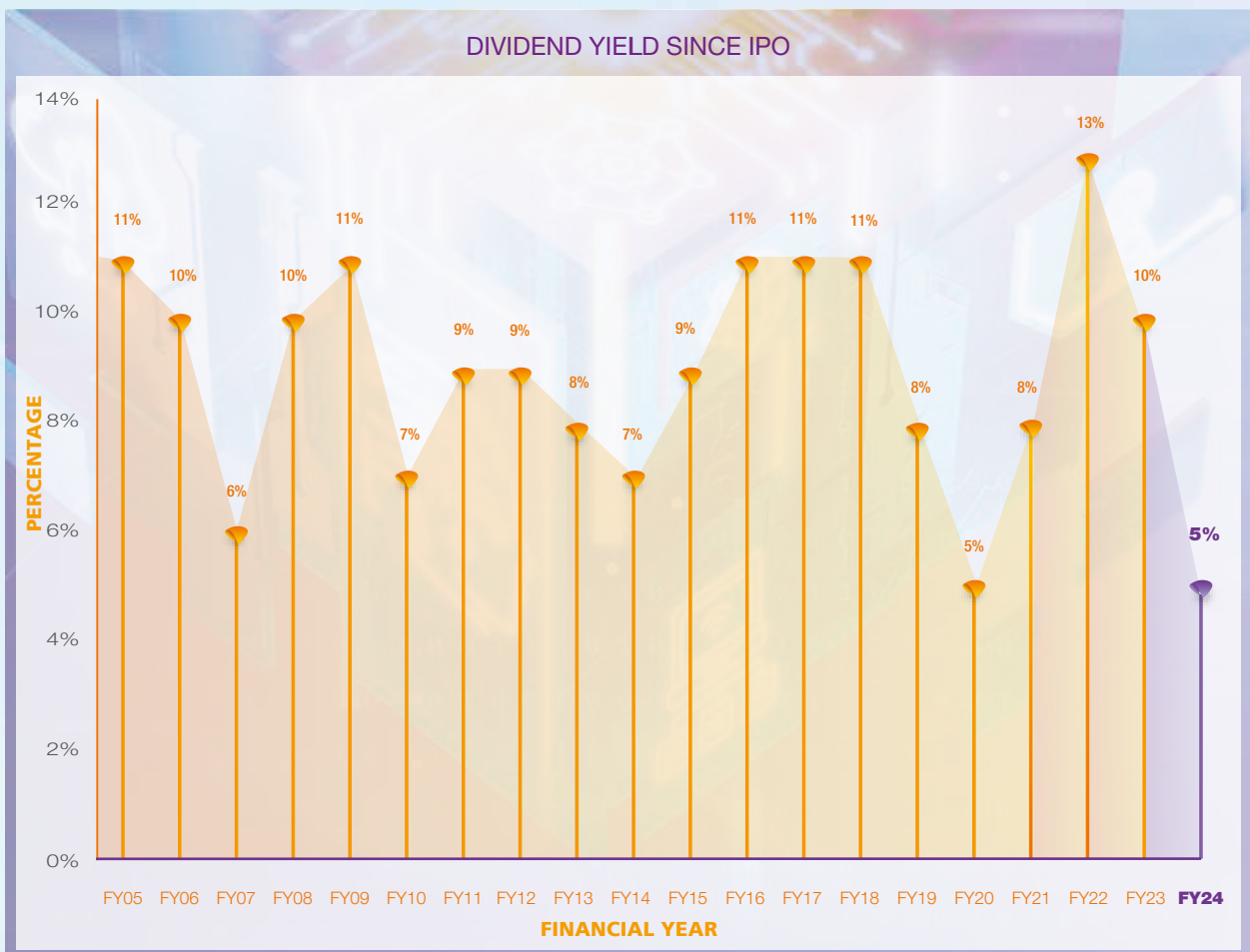
NON-CURRENT LIABILITIES

Non-current liabilities amounted to HK\$46.8 million, representing 6.1% of the total liabilities as at 30 June 2024. The amount comprised 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.



LIQUIDITY AND CASH FLOWS

As at 30 June 2024, cash and cash equivalents amounted to HK\$127.2 million. Total interest-bearing loans and borrowings as at 30 June 2024 were HK\$105.6 million (30 June 2023: HK\$146.4 million). The gearing ratio (total interest-bearing borrowings to total equity) is 0.26 times (2023: 0.34 times).



Board of Directors



Mr. Ng Kin Wing, Raymond
Executive Chairman

Mr. Ng Kin Wing, Raymond, is the Executive Chairman and Executive Director of our Group. He was appointed as Executive Chairman on 9 October 2014 and a member of our Board since 5 September 2002. He stepped down from the Chief Executive Officer post on 1 July 2021 and remain the Executive Chairman of the Group. Mr. Raymond Ng is one of the founders of our Group and is responsible for overseeing the Group's entire operations and general management. He has over 40 years of experience in the components distribution and computer business. Mr. Raymond Ng is a full member of the Hong Kong Management Association, a fellow member of the Hong Kong Institute of Marketing, a member of the Society of Automotive Engineers International (MSAE), a Chartered Engineer (C Eng), a member of the Institution of Mechanical Engineers (MIMechE) and a member of the Institute of Electrical and Electronics Engineers (MIEEE). Mr. Raymond Ng obtained his Higher Certificate in Mechanical Engineering at the Hong Kong Technical College (former college of the Hong Kong Polytechnic University) in 1971 and Bachelor

of Business Administration degree from the University of Macau (Former University of East Asia of Macau) in 1990. In 2004 he obtained a Master of Business Administration (MBA) degree from the Macquarie University of Sydney, Australia. In addition, he was awarded the degrees of Master of Arts in Applied Translation (MAAT) from Hong Kong Metropolitan University (Former The Open University of Hong Kong) in 2008 and Master of Science (MSc) in Energy and Environment from City University of Hong Kong in 2015. He is the younger brother of Mr. Philip Ng, and uncle of Mr. Michael Ng.



Mr. Ng Mun Kit, Michael
Chief Executive Officer

Mr. Ng Mun Kit, Michael, is the Chief Executive Officer and Executive Director of our Group. He joined our Group in 2014 and was appointed to our Board on 1 July 2018. He took on dual roles as Executive Director and Chief Executive Officer on 1 July 2021. He is responsible for overseeing the entire operations and general management of the Group. Having directed the moving to the new headquarters office in Hong Kong for the Group in 2022, he also oversaw later the geographic expansion of the IT businesses in Macau and Australia. He graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree with majors in Finance and Marketing in 1998. In 2002, Mr. Michael Ng obtained a Graduate Diploma in Applied Finance and Investments from the Securities Institute of Australia, and a Diploma in Technical Analysis from the Australian Technical Analysis Association. From 2000 to 2014, Mr. Michael Ng worked at Thomson Reuters as senior learning consultant for the group in Asia. Mr. Michael Ng has concentrated on all of the Group's segment businesses and operations since joining Karin in 2014, and overseeing a number of Group segment expansions. He is the son of Mr. Philip Ng and nephew of Mr. Raymond Ng.

Mr. Ng Yuk Wing, Philip
Chairman Emeritus

Mr. Ng Yuk Wing, Philip, was appointed as Executive Director of the Group on 1 April 2021 and designated as Chairman Emeritus effective 1 July 2021. Prior to this, Mr. Philip Ng was Senior Executive Director from 9 October 2014 to 1 July 2018 and designated as Executive Advisor on 1 July 2018 after his cessation as Senior Executive Director. Mr. Philip Ng contributes to the Group on significant matters relating to Group strategy including overall strategic planning and business development especially his contributions in diversifying the Group's activities into the IT business in the early 1980s. Mr. Philip Ng is one of the founders of our Group, having established Karin Electronic Supplies Co. Ltd. in 1977. Mr. Philip Ng has over 40 years of experience in the components distribution and IT businesses. He graduated from the University of Hong Kong with a Bachelor of Science degree in Electrical Engineering in 1972. He is the elder brother of Mr. Raymond Ng and father of Mr. Michael Ng.

Board of **Directors**

Mr. Lawrence Kwan
Independent Director

Mr. Lawrence Kwan was appointed an Independent Director of the Company on 13 July 2012. He has more than 40 years of experience in financial services and professional corporate secretarial services. He currently serves as the Company Secretary for Marco Polo Marine Ltd; a company listed on the main board of the Stock Exchange of Singapore (SGX).

Mr. Kwan is a member of the Institute of Singapore Chartered Accountants, a Fellow member of the Chartered Governance Institute, United Kingdom (formerly known as The Institute of Chartered Secretaries and Administrators, United Kingdom), a Fellow member of the Chartered Secretaries Institute of Singapore (CSIS). He holds a Master of Business Administration degree from the University of East London, United Kingdom. He is a Graduate member of the Australian Institute of Company Directors and a full member of the Singapore Institute of Directors.



Mr. Kuan Cheng Tuck
Independent Director

Mr. Kuan Cheng Tuck has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. Mr. Kuan had worked with various international accounting firms in Singapore and Malaysia for some ten years prior to managing his own business consulting firm. Mr. Kuan has also served as independent director of various companies listed on the SGX-ST.

Mr. Kuan holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore, a Bachelor of Laws (Honours) degree from the University of London and a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Singapore Chartered Accountants. He was also admitted to the Singapore Bar.

Mr. Kuan was appointed an Independent Director of the Company on 23 October 2020 and has been the Lead Independent Director since 27 October 2022.



Ms. Yan Yuk Ping, Juni
Independent Director

Ms. Yan Yuk Ping, Juni was appointed an Independent Director of the Company on 1 November 2023. Juni is the Former Managing Director of Openhive – a technology brand focusing on AI, machine learning (ML), data collaboration and privacy computing.

Juni is a high tech industry veteran. Prior to Openhive, Juni had served various leadership roles, including Global VP of the Transport, Logistics and Automotive Industries and VP of Security in Asia Pacific, Middle East and Africa (AMEA) in BT Global; Managing Director for Hong Kong, Macau and Taiwan at F5 Networks; as well as different sales and solution leadership roles in the SaaS and Application Business during her 15 years of tenure in Oracle.

Earlier in her career, Juni worked in the Strategy Consultancy at Arthur Andersen Business Consulting advising clients on strategic decisions, ranging from China entry strategy, product and marketing strategy, to e-business strategy.

Juni is an Accredited Director awarded by the Singapore Institute of Directors (SID). She holds a bachelor of economics from the Chinese University of Hong Kong. She also holds a master of science in informational systems management and a master of science in financial analysis from the Hong Kong University of Science and Technology.

Senior Management

Mr. Lee Yiu Chung, Eugene *Chief Operating Officer*

Mr. Lee Yiu Chung, Eugene, is the Chief Operating Officer of our Group during the year under review. He joined our Group in July 1988 and was appointed to our Board on 26 January 2003. Mr. Lee resigned as Executive Director with effect from 1 July 2020 but remained as Chief Operating Officer. Mr. Lee has over 30 years of experience in marketing and sales management and is responsible for overseeing the entire operations of our Group. He obtained his Bachelor of Science degree in 1988 and Master of Science degree in Finance in 2005 both from the Chinese University of Hong Kong.

Mr. Cheng Pak Cheong, Ray *General Manager of IC Application Design Division*

Mr. Cheng Pak Cheong, Ray, joined our Group in July 1988. He is responsible for the IC Application Design Division of our Group. From 1 December 2023, Mr. Cheng also responsible for the Electronic Components Division. He has over 30 years of experience in the electronic industry including sales, marketing and engineering. He holds a Bachelor of Science degree from the University of Hong Kong; a Master of Management degree in Financial Management and a Master of Business Administration degree from the Macquarie Graduate School of Management; and a Master of Laws degree from the Renmin University of China.

Mr. Chong Shi Fan, Stephen *Strategic Officer of Industrial and Energy Solutions Division*

Mr. Chong Shi Fan, Stephen, joined our Group in March 1991. He is responsible for the sales and marketing of industrial components and parts in our Group. From 1 December 2023, Mr. Chong becomes the Strategic Officer of the Industrial and Energy Solutions Division (previously known as the Industrial Materials & Instrumentation Division). Mr. Chong graduated from PCL – University of Westminster with a Bachelor of Mechanical Engineering degree. He has over 30 years of experience in Sales & Marketing of Electrical and Mechanical parts.

Mr. Leung Yiu Chown, Desmond *Executive Consultant of IT Infrastructure Division*

Mr. Leung Yiu Chown, Desmond, was appointed Chief Technology Officer (“CTO”) of the Group on 8 January 2019. He stepped down from the CTO and Head of the IT Infrastructure Division positions and transitioned to the position of Executive Consultant on 1 October 2024. As part of the Group’s comprehensive assessment and planned transition, the CTO’s former responsibilities will be assumed by the Group’s CEO, COO, and General Managers of different segments within the IT Infrastructure Division, ensuring seamless continuity. In the meantime, Mr. Leung supervises overall IT functions (internally and externally) including application system design and development, office automation and communication networks, services delivery and end user support, as well as strategic planning to meet the business/organization objectives in the most cost-effective manner.

Further to Mr. Leung’s transition to the position of Executive Consultant on 1 October 2024, he remains responsible for new business development and the overall operations of the Group’s Information Technology business. Mr. Leung had been driving technological innovation across the Group’s businesses and collaborating with our General Managers and management team to distribute and implement new product lines. The Group will not be filling the CTO position immediately; instead, the Group will be reorganizing the management team to ensure a sustainable executive structure that supports future growth and aligns our strategic objectives.

Mr. Leung holds a Bachelor of Science degree in Electrical Engineering from the University of Washington. He has been in the IT industry over 20 years. He had been a system analyst, software specialist and operations manager for software services at Digital Equipment Ltd where he was responsible for the business process and establishment of the technical support group providing technical support for the whole region between 1982 to 1992. From 1992 to 1994, he was the general manager of Winup Investment Ltd, where he was responsible for real estate development in the PRC. From 1994 to 2001 Mr. Leung was the managing director of EPro Systems Ltd before joining our Group in November 2001.

Ms. Fan Shu Yung, Cecilia *Human Resources & Administration Manager and Legal Coordinator*

Ms. Fan Shu Yung, Cecilia, joined our Group in November 1996 and is responsible for human resources management and office administration and legal affairs coordinator of our Group. Ms. Fan graduated from the University of Wollongong, Australia with a Bachelor of Commerce degree and holds a Master of Management degree in Human Resources Management from the Macquarie University, Australia. Ms. Fan has been working in the management position for over 20 years.

Ms. Ng Shuk Yi, Louisa *Financial and Accounting Manager*

Ms. Ng Shuk Yi, Louisa, joined our Group in March 1980 and is responsible for the overall accounting affairs and credit policy setting and implementation of our Group. She has over 30 years of experience in the field of finance and accounting.

Mr. Wong Chi Cheung, Clarence *Financial Controller and Joint Company Secretary*

Mr. Wong Chi Cheung, Clarence, joined our Group in May 2007 and is responsible for the financial management and secretarial affairs of our Group. Mr. Wong holds a Bachelor of Commerce degree from the University of Western Australia. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the CPA Australia and a Fellow of the Institute of Singapore Chartered Accountants. He has over 30 years of experience in auditing, accounting, and financial management as well as secretarial affairs. Prior to joining our Group, he worked with Hong Kong listed companies, multinational corporations and international accounting firms.

Group Structure

KARIN TECHNOLOGY HOLDINGS LIMITED

HKG

KARIN ELECTRONIC SUPPLIES
CO. LTD.
NEW SPIRIT TECHNOLOGY LTD.
SEN SPIRIT TECHNOLOGY LTD.
KEPRO SOLUTIONS LTD.
COMPUCON COMPUTERS LTD.
KARGA SOLUTIONS LTD.
KARIN SOLUTIONS AND SERVICES
LTD.
KCF A STORE LTD.
KAGILE SOLUTIONS LIMITED

CHI

KARIN INTERNATIONAL TRADING
(SHANGHAI) CO. LTD.

- SHANGHAI
- QINGDAO
- XIAN
- SHIJIAZHUANG

KARIN ELECTRONIC TRADING
(SHENZHEN) CO. LTD.

- SHENZHEN
- BEIJING
- XIAMEN
- CHONGQING
- CHANGSHA
- WUHAN
- DALIAN
- ZHENGZHOU
- FOSHAN
- YUNFU
- ZHUZHOU

NEW SPIRIT ELECTRONIC
TECHNOLOGY DEVELOPMENT
(SHENZHEN) CO. LTD.

- SHENZHEN
- MIANYANG
- JINGDEZHEN
- NANNING
- ZHAOQING
- ZHONGSHAN

KARLTEC INFORMATION SYSTEM
(SHENZHEN) CO. LTD.

- SHENZHEN

SHANGHAI COSEL
INTERNATIONAL TRADING
CO. LTD.

SGP

I M I KABEL & Engineering
PTE. LTD.
KARSING PTE. LTD.

AUS

Kepero Australia Pty. Ltd.

MACAU

KARIN (MACAU) COMPANY LIMITED
KEPRO (MACAU) COMPANY LIMITED

Notable Events in FY2024

OCT / 2023
AGM 2023



MAR / 2024
xFusion Tech Summit 2024



MAY / 2024
Logitech AI-powered Workspace Experience Event



JUN / 2024
IBM HK Technology Forum 2024



JUL / 2024
Lenovo Macau Tech Day 2024





JAN / 2024

Karin x Huawei Solution Day



FEB / 2024

Sen Spirit Technology 中國科技資訊日講座



FOR MORE INFORMATION, PLEASE SCAN THESE QR CODE.



Compucon Facebook



Karin Group Facebook



Karin Group LinkedIn



Milestones

- 2024**
- Established business relationship with AISHU
 - Established business relationship with ANKKI
 - Established business relationship with ArcherOS
 - Established business relationship with Biamp
 - Established business relationship with DaoCloud
 - Established business relationship with KYLINSOFT
 - Established business relationship with Yunke China
 - In-Smart - Tsuen Wan Store was set up
- 2023**
- Established business relationship with Alauda
 - Established business relationship with Cohesity
 - Established business relationship with Crestron
 - Established business relationship with Dyson Zone
 - Established business relationship with Infodeck
 - Established business relationship with KingBase
 - Established business relationship with Lenovo
 - Established business relationship with Ruijie
 - Established business relationship with SHURE
 - Established business relationship with TongTech
- 2022**
- Karin Group New Head Office Relocation
 - Established business relationship with JiHu GitLab
 - Established business relationship with Legrand AV
 - Established business relationship with Openhive
 - Established business relationship with QI-ANXIN
 - Established business relationship with xFusion
 - Established business relationship with ZStack
- 2021**
- Established business relationship with Soul
 - Established business relationship with Infoblox
 - Opening of branch office in Macau
- 2020**
- Established Kagile Solutions Limited
 - Established business relationship with Menlo Security.
 - Established business relationship with Cato Networks.
 - Established business relationship with Avaya.
 - Established business relationship with Rancher Labs.
 - Established business relationship with Acunetix.
 - Established business relationship with Gytpol.
 - Established business relationship with Elsys.
- 2019**
- Established business relationship with Cloudmed.
 - Established business relationship with Film Players.
 - Established business relationship with NSFOCUS.
 - Established business relationship with Sangfor.
 - Established business relationship with SoftChef.
 - Established business relationship with Talend.
- 2018**
- Established business relationship with Algosec.
 - Established business relationship with Alibaba Cloud.
 - Established business relationship with Skyhigh Networks.
 - Established business relationship with Ruckus.

- 2017** Established business relationship with SNA Company Limited.
Established business relationship with Logitech Asia Pacific Limited.
-
- 2016** Established business relationship with Jabra.
Acquisition of own use property in Singapore.
Established business relationship with Rapid7.
Established business relationship with Air Button smart device.
-
- 2015** Established business relationship with Huawei International Co. Ltd.
Established business relationship with Samsung printers.
Established business relationship with TYLT.
-
- 2014** Established business relationship with CA (Hong Kong) Ltd.
Acquisition of own use property in Beijing.
Established business relationship with Pericom Semiconductor (HK) Ltd.
Established business relationship with Procera Networks, Inc.
-
- 2013** Established business relationship with Beats Electronics International Ltd.
In-Smart – 3rd Sham Shui Po Store was set up.
-
- 2012** In-Smart – 2nd Sham Shui Po Store was set up.
Established business relationship with Fuji Xerox Printers Hong Kong.
Karin Electronic Trading (Shenzhen) Co. Ltd. – Chongqing liaison point was set up.
Karin Electronic Trading (Shenzhen) Co. Ltd. – Changsha liaison point was set up.
Karin International Trading (Shanghai) Co. Ltd. – Xian liaison point was set up.
In-Smart – Tsim Sha Tsui Store was set up.
Acquired the one remaining floor of Karin Building.
Established business relationship with Commvault systems (Hong Kong) Ltd.
-
- 2011** In-Smart – Sham Shui Po Store was set up.
In-Smart – Causeway Bay Store was set up.
In-Smart – Prince Edward Store was set up.
Subsidiary KCF A Store Ltd. (trading as In-Smart) was formed.
Associate Company Shanghai Cosel International Trading Co. Ltd. was formed.
Established business relationship with SAP Hong Kong Company Limited.
Established business relationship with Arista Networks Limited.
Established business relationship with Motorola Technology SDN BHD.
Subsidiary Company Matrix Power Technology (Shenzhen) Co. Ltd. was formed.
Acquisition of own use property in Shanghai.
Karltec Information System (Shenzhen) Co. Ltd. – Guangzhou Representative Office was set up.
-
- 2010** Established business relationship with Imation Hong Kong Limited.
Established business relationship with Tectia Limited.
Established business relationship with McAfee Ireland Limited.
Established business relationship with UFIDA (Hong Kong) Co. Ltd.
Established business relationship with TippingPoint Technologies, Inc.
Established business relationship with Blue Coat Systems International SARL.
-
- 2009** Accredited ISO9001:2008 certificate.
Established business relationship with Brocade Communications Systems, Inc.
Established business relationship with Check Point Software Technologies Limited.
Established business relationship with F5 Networks Hong Kong Limited.
Subsidiary company Karga Solutions was formed.
Acquisition of own use property in Shenzhen.
-

Milestones

- 2008** Established business relationship with IBM Singapore Pte Limited.
Established business relationship with Lexmark International (China) Limited.
Subsidiary company Gamatech Ltd. was disposed.
- 2007** Established business relationship with Conwise Technology Corporation Ltd.
Established business relationship with Fujitsu Hong Kong Limited.
Established business relationship with Immense Advance Technology Corp.
Established business relationship with Nan Ya Plastics Corporation (LCD Unit).
Established business relationship with Samsung Electronics H.K. Co. Ltd.
Established business relationship with Victor Century International Limited.
Opened Karin Solution Centre.
Subsidiary company Karfid Technology Ltd. was formed.
Acquisition of a subsidiary I M I Kabel Pte Ltd.
- 2006** Established business relationship with Quantum Corporation.
Established business relationship with 3i Infotech Pte Limited.
Established business relationship with Fortinet International Inc.
Established business relationship with Kashya Ltd.
Established business relationship with Oracle Systems Hong Kong Ltd.
Established business relationship with Hannspree Hong Kong Ltd.
Karin International Trading (Shanghai) Co. Ltd. – Qingdao liaison point was set up.
Subsidiary company Karltec Information System (Shenzhen) Co. Ltd. was formed.
Karin Electronic Trading (Shenzhen) Co. Ltd. – Xiamen Representative Office was set up.
- 2005** Established business relationship with Advanced Digital Information Corporation.
Established business relationship with Computer Associates International Ltd.
Subsidiary company Gamatech Ltd. was formed.
Karin Technology Holdings Limited listed on the SGX Mainboard.
- 2004** Established business relationship with Apple Computers International Ltd.
IT Support & Service Sales Division was established.
Karin Electronic Trading (Shenzhen) Co. Ltd. – Beijing Representative Office was set up.
- 2003** Accredited ISO9001:2000 certificate.
Established business relationship with BEA Systems HK Ltd.
Established business relationship with EMC Computer Systems (FE) Ltd.
Established business relationship with Nokia (H.K.) Ltd.
Established business relationship with Dragonchip Ltd.
Opened Sun iForce Low-Cost Computing Solution Centre.
- 2002** Established business relationship with Cheertek Inc.
Established business relationship with Hewlett-Packard HK SAR Ltd.
Established business relationship with Sun Microsystems of California Ltd.
Established business relationship with Tenx Technology Inc.
Opened Compucon Audio-Visual Product Center.
New Spirit Technology Development (Shenzhen) Co. Ltd. – Hangzhou Representative Office was set up.
- 2001** Established business relationship with Borderware Technologies Inc.
Subsidiary company Compucon Computers Ltd. was formed.
Subsidiary company Karin Electronic Trading (Shenzhen) Co. Ltd. was formed.
Subsidiary company Kepro Solutions Ltd. was formed.
Subsidiary company New Spirit Electronic Technology Development (Shenzhen) Co. Ltd. was formed.
Subsidiary company Sen Spirit Technology Ltd. was formed.

- 2000** Subsidiary company Karin International Trading (Shanghai) Co. Ltd.
Subsidiary company New Spirit Technology Limited was formed.
-
- 1998** Established business relationship with Phoenix Contact GmbH & Co. KG.
-
- 1996** Accredited BSI certificate.
Established business relationship with Compaq Computers Ltd.
Established business relationship with Hirose Electric Co. Ltd.
-
- 1994** Accredited ISO9002:1994 certificate.
-
- 1989** Established business relationship with IXYS Corporation.
-
- 1988** Established business relationship with Winbond Electronic Corp.
-
- 1987** Established business relationship with Helukabel Singapore Pte. Ltd.
-
- 1985** Industrial Material & Instrumental Marketing Group was established.
-
- 1984** Computer Products Marketing Group was established.
-
- 1982** Established business relationship with Shindengen Electric Manufacturing Co. Ltd.
-
- 1981** Headquarters moved into Karin Building at Kwun Tong.
China Trade Sales Division was established.
-
- 1977** Established business relationship with Daishinku Corp.
Electronic Components Marketing Group was established.
Karin Electronic Supplies Co. Ltd. was established in Hong Kong.
-

Corporate Information

BOARD OF DIRECTORS

Ng Kin Wing, Raymond (Executive Chairman)
Ng Mun Kit, Michael (Chief Executive Officer)
Ng Yuk Wing, Philip (Chairman Emeritus)
Lawrence Kwan (Independent Director)
Kuan Cheng Tuck (Lead Independent Director)
Yan Yuk Ping, Juni (Independent Director)

JOINT COMPANY SECRETARIES

Wong Chi Cheung, Clarence
Chan Lai Yin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Tel: (1441) 295 1422
Fax: (1441) 292 4720

BERMUDA COMPANY REGISTRATION NUMBER

32514

PRINCIPAL OFFICE

9th Floor, The Whitney
183 Wai Yip Street
Kwun Tong
Kowloon
Hong Kong

BERMUDA SHARE REGISTRAR AND SHARE TRANSFER AGENT

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

LEGAL ADVISORS

WongPartnership LLP
Grandall Zimmern Law Firm

REGISTRAR FOR THE SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
9 Raffles Place, #26-01 Republic Plaza
Singapore 048619

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay North Tower, Level 18
Singapore 048583
(Partner-in-charge: Lim Tze Yuen
Appointment date: since financial year ended
30 June 2023)

INVESTOR RELATIONS

August Consulting Pte. Ltd.
101 Thomson Road #29-05
United Square
Singapore 307591
Email: wrisneytan@august.com.sg

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
10th Floor, HSBC Main Building
1 Queen's Road
Central, Hong Kong

Standard Chartered Bank (HK) Limited
13th Floor, Standard Chartered Bank Building
4-4A Des Voeux Road
Central, Hong Kong

Shanghai Commercial Bank Limited
57-61 Hong Ning Road
Kwun Tong
Kowloon, Hong Kong

OUR WEBSITE

<http://www.karingroup.com>

Report on Corporate Governance

Corporate Governance is central to Karin Technology Holdings Limited (the “**Company**” or together with its subsidiaries the “**Group**”) for the enhancement of shareholder value and the protection of shareholders’ funds. The Directors and Management of the Company are committed to maintaining a high standard and transparency of corporate governance practices.

The Board of Directors (the “**Board**”) has reviewed the Company’s corporate governance policies and practices and is pleased to confirm that for the financial year ended 30 June 2024 (“**FY2024**”), the Group has adhered to the principles and provisions as set out in the Code of Corporate Governance 2018 (the “**2018 Code**”), except where otherwise stated. This report outlines the corporate governance practices adopted by the Company and explains how its practices being consistent with the intent of the relevant principles of the 2018 Code. The Board will continue to improve with developments by enhancing its principles and framework.

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

Provision 1.1 – Principal functions of the Board

The Company is governed by the Board, and each Director has been re-elected by the Company’s shareholders. The Board is accountable to shareholders for the strategic direction of the Company and value-creation for shareholders. The Board works closely with Management who optimizes operational efficiency and seeks to achieve this objective for the long-term success of the Company. Management is accountable to the Board. All Directors objectively make decisions in the interests of the Company.

Separately, the Board has put in place a code of conduct and ethics for the Board of Directors as a means to guide Directors on the areas of ethical risk, and help nurture an environment where integrity and accountability are key. Directors who face conflicts of interest are required to disclose their interests timely and recuse themselves from discussions and decisions involving the issues of conflict. All Directors are obliged to act in good faith, act in the best interests of the Company, exercise due diligence and objectively discharge their duties and responsibilities at all times in their decisions concerning the Group’s businesses.

Report on Corporate Governance

The principal roles of the Board include, but not limited to, the following corporate matters:

- Provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Ensure the necessary financial governance structure, review the financial statements to ensure a true and fair view and release in a timely manner;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed;
- Review the performance of the Company and the Management, and govern the remuneration;
- Ensure proper board structure and composition, govern the appointment and performance evaluation of the Board and key executives;
- Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- Safeguard shareholders' interests and the Company's assets, and identify key stakeholder groups whose perceptions may affect the Company's reputation; and
- Consider sustainability issues as part of its strategic formulation.

Provision 1.2 – Directors' orientation and training

The Board has adopted the Board Terms of Reference which sets out the principal roles of the Board including Independent Directors, responsibilities and authorities of the Board and various Board Committees as well as division of responsibilities between Executive Chairman and Chief Executive Officer ("**CEO**"). The duties and responsibilities of the Executive Directors are clearly set out in their service agreements. Roles of the Executive Chairman, CEO, Chairman Emeritus and Independent Directors are defined for each to effectively discharge his duties. Non-executive and Independent Directors provide independent and objective check on Management.

The Board is responsible for the training needs of the Company's Directors. The Board Terms of Reference describes the orientation for the new director(s) and continuing education for the existing directors. A new director would be provided a formal appointment letter setting out the director's duties and obligations. The Company would brief each new director on the Company's business, operations, governance practices and relevant Company's policies. As for all the Directors, they would be updated on the major events of the Company by the Management. The Directors would be briefed and updated on the business and organization structure of the Company, as well as its strategic plans and objectives from time to time. The Directors would also be provided with information about the macro developments in the region, major long-term trends, as well as the strategic alternatives available to the Company.

Ms. Yan Yuk Ping, Juni received her letter of appointment as Independent Director of the Company effective 1 November 2023. She was briefed on the Company's operations for familiarity with the business. In addition to meeting the C-suite, Ms. Yan Yuk Ping, Juni also visited the office in Hong Kong and met with the Senior Management that helped her to get a good understanding of the Company. The other Independent Directors had already visited the Hong Kong office and met the Senior Management earlier in August 2023.

The Board recognizes the importance of appropriate orientation, training and continuing updates for its Directors. The Company provides training to the Directors annually on the changes of the relevant laws, regulations and related governance implications. During FY2024, one training session was provided to the Directors by the Company's legal advisor. The Directors received updates on the relevant laws such as changes to the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). All Directors (except Ms. Yan Yuk Ping, Juni who was appointed on 1 November 2023) have completed the course on sustainability matters organised by the Singapore Institute of Directors as required under Rule 720 of the Listing Manual of the SGX-ST ("**Listing Manual**"). The Company makes available to the Directors, at the Company's cost, training or professionally conducted programmes regarding director responsibilities, changes to the relevant laws and other matters related to service on the Board.

Provision 1.3 – Matters requiring Board's approval

The Board decides matters requiring approval with a list of matters set out and communicated to the Management. Among the matters requiring Board approval are those related to financial statements, share capital, banking, acquisition and realization, agreements, remuneration, Board changes and reconstitution of the Board Committees. Details of matters requiring board approval were set out in the Board Terms of Reference.

Provision 1.4 – Delegation by the Board

To facilitate effective execution of its function, the Board has delegated specific responsibilities to three subcommittees namely the Audit and Risk Management Committee ("**ARMC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These Committees assist the Board in exercising its responsibilities and provide recommendations and advice to the Board. Each of the committees has its own terms of reference setting out its role and has the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters still rests with the entire Board.

Provision 1.5 – Board meetings, attendance and multiple commitments

The Board meets at least twice a year. Ad-hoc meetings are convened when circumstances require. Minutes of all Board Committees and Board meetings are circulated to members for review and confirmation. These minutes enable the Directors to be kept abreast of matters discussed at such meetings. The number of the Board and the Board Committees meetings held and the attendance of each Director during FY2024 are set out as follows.

Report on Corporate Governance

ATTENDANCE OF MEMBERS AT MEETINGS OF THE BOARD AND THE BOARD COMMITTEES

HELD DURING FY2024

Name of director	Board		Audit and Risk Management committee		Nominating committee		Remuneration committee	
	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
Mr. Ng Kin Wing, Raymond (Executive Director/ Executive Chairman)	6	6						
Mr. Ng Mun Kit, Michael (Executive Director/CEO)	6	6						
Mr. Ng Yuk Wing, Philip (Executive Director/ Chairman Emeritus)	6	6						
Mr. Lim Yew Kong, John (Independent Director) (Resigned on 29 February 2024)	5	5	2	2	2	2	2	2
Mr. Lawrence Kwan (Independent Director)	6	6	2	2	2	2	2	2
Mr. Kuan Cheng Tuck (Lead Independent Director)	6	6	2	2	2	2	2	2
Ms. Yan Yuk Ping, Juni (Independent Director) (Appointed on 1 November 2023)	4	4	1	1	1	1	1	1

Note: In addition to the above meetings, the Independent Directors had no less than three (3) ad hoc meetings with the Executive Directors and Management during FY2024. Such meetings covered matters relating to strategic and direction planning, and operation of the Group, among others.

During FY2024, Directors with multiple board representations attended all meetings and devoted sufficient time and attention to the Company's affairs.

Under the existing Bye-laws of the Company, the Directors may participate in any meeting of the Board by means of telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall constitute presence in person at the meeting. All meetings during FY2024 were held remotely and/or physically.

Provision 1.6 — Access to information

The Board is furnished with Board papers prior to any Board meetings. These papers include key information and are issued upfront to facilitate the Board to clarify the matters with the Management and discuss the matters in details before the Board approval. The Board papers include minutes of the previous meeting, financial results announcements, as well as reports from the Management, internal and external auditors. The Directors review the materials provided by the Company relating to matters to be considered at the meetings.

In addition, the Management provides the Board with the summary of financial performance information and explanation on a quarterly basis, and provides the Executive Directors with monthly consolidated financial reports. Furthermore, the Management provides additional information to the Directors upon their request.

A calendar of meetings is scheduled for the Board a year in advance. At each Board meeting, Independent Directors are briefed on the matters to be discussed about the Company's business, financials and/or risks, and they are also updated on the key issues discussed at the Company's monthly management meetings. The Company provides information to enable the Directors to actively participate in discussions and support the Board to make informed decisions.

Provision 1.7 – Access to Management, Company Secretary and External Advisers

The Directors have separate and independent access and they may communicate directly with the Management team and Company Secretaries on all matters whenever they deem necessary.

In carrying out their duties, the Directors, whether individually or as a group, have direct access to the independent professional advisors to obtain advice. Any cost of obtaining such professional advice will be borne by the Company.

The Company Secretaries administer, attend and prepare minutes of the Board and Board Committee meetings. The Chairman of the Board and Board Committees are assisted by the Company Secretaries in ensuring that the Board and Board Committees function effectively and follow the procedures to comply with the Company's Bye-laws and relevant rules and regulations, including the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). During FY2024, the Company Secretaries attended all Board and Board Committee meetings. The Company Secretaries also act as the primary channel of communication between the Company and the SGX-ST. The appointment and removal of the Company Secretaries are subject to the Board's approval.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 – Board Independence

Provision 2.2 – Majority Independent Directors where Chairman is not independent

Report on Corporate Governance

Provision 2.3 – Majority Non-Executive Directors in a Board

As of the date of this report, the Board consists of six Directors and three of them are independent. The composition of the Board meets the requirement of independent directors constituting at least one-third of the Board members. Although Non-Executive and Independent Directors did not make up a majority of the Board, where the Chairman is not independent, the Board keeps its independence with 50% of the Board members being Independent Directors. In addition, the Board has diversity of thought and background in its composition with Independent Directors exercising oversight function and leading discussions to form decisions in the best interests of the Company.

The Board believes the current Board composition driving performance, creating shareholder value and maintaining a proper tone at the top. Executive Directors, who form half of the Board, work to protect and enhance the best interests of shareholders with returns or benefits for shareholders while Independent Directors with diversity of skills set and profile ensure Board independence and diversity in perspectives for decision-making. The Board has not experienced any difficulty in reaching consensus and making timely decisions with Independent Directors making up half of the Board where the Chairman is not independent. The current size of the Board has proven to be effective and efficient for Board meetings and discussions. The current Board composition has contributed significantly in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment. The Board has been engaging and challenging Management to the best interests of the Company as the Board has been performing its duties in good faith so far. Given the dynamic business nature of the Company which constantly renders uncertain situations and new external challenges, preserving the Board would avoid undue disruption and help to maintain knowledge and continuity in the Board. It is therefore important to harness the relevant and rich experience of the Executive Directors to tide through this period as opposed to reconstituting the Board to comply with the 2018 Code. Key information of the Board is provided under the Board of Directors section of the Annual Report.

The Nominating Committee (“**NC**”) adopts the 2018 Code definition of what constitutes an Independent Director in its review. An independent director is one who is independent in conduct, character and able to exercise independent business judgement in the best interests of the Company and has no relationships with the Company, related corporations, its substantial shareholders or its officers, management and/or companies within the Groups. The Board is able to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues. Among the items the NC considers while reviewing the independence are:

- (a) Whether a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. Payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant.
- (b) Whether a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). Payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question.
- (c) Whether a director is or has been directly associated with a substantial shareholder of the Company, in the current or immediate past financial year.

The Board also reviews independence of Directors based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

- (a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee (“**RC**”);
- (c) if he/she has been a director for an aggregate period of more than nine years (whether before or after listing) which such director may continue to be considered independent until the conclusion of the financial year ending on or after 31 December 2023 (effective 11 January 2023).

During FY2024, the NC reviewed the declaration of independence of each Director and was satisfied that all Independent Directors were considered independent for the purpose of Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Manual. The Independent Directors did not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors were not employees of any company within the Group.

During FY2024, the Company had two Independent Directors who had served on the Board for more than 9 years. Mr. Lim Yew Kong resigned as a director on 29 February 2024 as part of the board rejuvenation. Mr. Lawrence Kwan will resign at the forthcoming Annual General Meeting (“**AGM**”).

The NC and the Executive Board have commenced searching for potential candidate for appointment as Independent Director. It is targeted to appoint suitable candidate to the Board and Board Committees within two to three months from 30 October 2024 in order to meet the respective composition requirements under the 2018 Code.

Provision 2.4 – Board composition and diversity

The Board comprises six (6) Directors as follows:

Ng Kin Wing, Raymond	–	Executive Director/Executive Chairman
Ng Mun Kit, Michael	–	Executive Director/Chief Executive Officer
Ng Yuk Wing, Philip	–	Executive Director/Chairman Emeritus
Lawrence Kwan	–	Non-Executive Director and Independent
Kuan Cheng Tuck	–	Non-Executive Director and Independent
Yan Yuk Ping, Juni	–	Non-Executive Director and Independent

Report on Corporate Governance

The Board has adopted a board diversity policy which recognizes diversity as essential to enable the Company to achieve its strategic objectives for long term sustainable development. A diverse Board widens the decision-making perspectives of the Board derived from various skills, industry and business experiences, gender, age, tenure of services and other distinctive qualities of the Directors. Each Board member brings different perspective, diversified skills, knowledge and experience when dealing with issues of strategy, performance, governance and conformance with rules and regulations, and standards of conduct. They also provide core competencies of legal, accounting, finance, engineering, industry knowledge, business and management experience, strategic planning experience, and customer-based experience. This is beneficial to the Company and Management as decisions by the Board are enriched by a broad range of views, perspectives and experiences of the Directors. The Board is of the view that an effective blend of skills, experiences and knowledge in areas identified by the Board should remain a priority and it is imperative to construct a quality board based on caliber, breadth of perspective and chemistry that allow effective Board decisions to drive performance and conformance of the Company.

The Company is aware of the new growth of technology such as clean energy, digital economy and artificial intelligence. It is necessary to have diversity of age as the Company embarks on the advancement in technology. Executive Director and CEO, Mr. Ng Mun Kit, Michael who belongs to the Generation X, brings to the Board new skills set and perspectives about the potential of Internet of Things (IOT) applied to smart city concept and launched across different business segments of the Company.

The Board recognizes the relationship and information flow between the Board and Senior Management being pivotal to the Company. The Board is supported by Senior Management, comprising at least a quarter being female team members who have been with the Company for over 20 years. The Company values the contribution by each member of the Senior Management. The Board constantly examines its size with a view of assessing the impact on its effectiveness. Qualifications and experiences of the Board members and Senior Management are set out under the Board of Directors and Senior Management sections of the Annual Report.

The Board has been conscious of maintaining a board diversity policy that addresses gender, skills, experience, and other relevant aspects of diversity. Hence, the Board has focused its search for a female director since gender is one of the most prominent aspects of diversity. Besides gender, the candidate should also possess experience and expertise in the industry where the Company operates so as to augment the collective skill set of the Independent Directors. The Board was pleased to appoint Ms. Yan Yuk Ping, Juni to the Board on 1 November 2023.

The NC and the Board will continue to consider the board composition based on objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board. The NC and the Board will consider the benefits of different aspects of diversity, including diversity of background, experience, gender, age and other relevant factors, as and when appropriate. The NC and the Board will continue to consider specific aspect of diversity to focus on in FY2025.

Provision 2.5 – Meeting of Non-Executive Directors and/or Independent Directors without Management

The primary role of the Independent Directors is to act as a check and balance on the acts of the Board and Management of the Company. To allow the freedom of independent discussions, Independent Directors meet regularly, at least twice annually, without the presence of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO

Provision 3.2 – Role of the Chairman and the CEO

There is a clear division of responsibilities between the Executive Chairman and Chief Executive Officer (“CEO”) in the Board Terms of Reference which ensures there is a balance of power and accountability, such that no one individual represents a considerable concentration of power.

The Executive Chairman and CEO of the Company is Mr. Ng Kin Wing, Raymond (“**Mr. Raymond Ng**”) and Mr. Ng Mun Kit, Michael (“**Mr. Michael Ng**”) respectively. Mr. Raymond Ng is a brother of Mr. Ng Yuk Wing Philip (“**Mr. Philip Ng**”) and uncle of Mr. Michael Ng. Mr. Raymond Ng is one of the founders of the Group and has over 40 years of experience in the component distribution business.

As Executive Chairman, Mr. Raymond Ng is responsible for the effective working of the Board. The Executive Chairman’s responsibilities include, but not limited to:

- steer effective working of the Board;
- schedule meetings to enable the Board to perform its duties and responsibilities;
- prepare the agenda of Board meetings;
- ensure proper conduct of meetings and accurate documentation of the proceedings;
- encourage constructive relations within the Board and between the Board and Management;
- ensure smooth and timely flow of information between the Board and Management;
- ensure effective communication with shareholders;
- promote a culture of openness and debate at the Board; and
- promote high standards of corporate governance.

In addition to the above duties, the Executive Chairman will assume duties and responsibilities as may be required from time to time.

As CEO, Mr. Michael Ng manages the business, strategies, organizational effectiveness, operations and day-to-day management of the Company with the Board’s approval. Mr. Michael Ng works closely with the other Executive Directors and is assisted by a team of Senior Management.

Report on Corporate Governance

Provision 3.3 – Lead Independent Director

The Board has written terms of reference for the Lead Independent Director (“LID”) that describes the responsibilities and authority of a LID. Mr. Kuan Cheng Tuck is the LID. The LID shall be available to the shareholders where they have concerns which contact through the normal channels of the Executive Chairman, CEO or Management has failed to resolve or for which such contact is inappropriate or inadequate.

The Independent Directors, led by the LID, meet amongst themselves without the presence of the other Directors where necessary, and the LID will provide feedback to the Executive Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 and 4.2 – Roles and composition of the NC

The NC comprises three members, all are Independent Directors. The Chairman and Members of the NC are as follow:

Mr. Lawrence Kwan	–	Chairman
Mr. Kuan Cheng Tuck	–	Member
Ms. Yan Yuk Ping, Juni	–	Member

The NC has written terms of reference approved by the Board and is responsible for:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendation to the Board with regard to any changes;
- identify candidates and review all nominations for the appointment of directors, CEO or Board Committees;
- recommend to the Board on all Board appointments having regard to the Directors’ contribution and performance;
- recommend to the Board for review and discussion on Board succession plans, in particular of the Chairman and CEO;
- review training and professional development programs for the Board;
- review and determine the independence of each Director annually and also consider the continued independence of any Directors reaching 9 years from the date of appointment;
- decide whether a Director has been adequately and is able to continue carrying out his/her duties as a Director in particular a Director who has multiple Board representations; and
- decide how the Board’s performance may be evaluated, evaluate performance objectively and review the results from the Board performance evaluation process.

Provision 4.3 – Board Renewal

The NC has a process for the appointment of new Directors whereby the NC first evaluates the skill set of the existing Directors (other than those who are retiring) to identify any gap in the skills and expertise. Where new appointment is required, the NC will consider recommendations for new Directors, review their qualifications and meet with such candidates, before a decision is made on a selection. The NC considers the requirements of the Board and the need of progressive renewal of the Board. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new Directors. The criteria for identifying candidates and reviewing nominations for appointment includes age, gender diversity and contribution to the core competency of the Board. When sourcing and assessing potential candidates, the NC considers the candidate's profile, track record, experience, and capabilities. The NC followed the same process for selection of new Directors and there was no change to the process in FY2024.

The Board taps on the industry network (including Singapore Institute of Directors (“**SID**”)) and personal contacts of current Directors and Senior Management for recommendation of prospective candidates to fill the casual vacancy of Independent Directors.

The Board keeps reviewing the need for progressive refreshing of the Board. The Board acknowledges that progressive refreshing of the Board should align with a performance management concept that fosters accountability of directors and addresses the future needs of the Board to ensure the long-term success of the Company.

Provision 4.4: Independence review of Directors

In accordance with the provisions of the Company's Bye-laws, each Director shall retire at least once every 3 years. Any Director appointed by the Board shall retire at the next annual general meeting of the Company. A retiring director shall be eligible for re-election at the said AGM. Mr. Ng Yuk Wing, Philip and Ms. Yan Yuk Ping, Juni are due for retirement pursuant to the provision of Bye-law 86 and 85(6) respectively at the forthcoming AGM. Mr. Ng Yuk Wing, Philip and Ms. Yan Yuk Ping, Juni have confirmed seeking re-election at the forthcoming AGM. The NC, having assessed their performance and contribution to the Board and the Company, recommends the re-election of Mr. Ng Yuk Wing, Philip and Ms. Yan Yuk Ping, Juni as Directors of the Company at the forthcoming AGM.

In reviewing the continued appointment, the Board is cognizant of the Board's effectiveness and the Company's success being built upon the relative stability of the Board's composition over the years. Longer-serving Board members amass valuable knowledge of the Company's businesses and are able to provide strategic direction and oversee management's performance in the medium to long-term.

The NC reviews annually the independence of each Director according to the criteria described in Principle 2 of this Report on Corporate Governance. No NC member is involved in the deliberation in respect of his/her independence. On an annual basis, each director is required to submit a return on his/her independence to the Company Secretary. The NC reviews the returns and determines whether the Director is considered to be independent. During FY2024, the NC reviewed and determined (with the director concerned abstained) that Mr. Lawrence Kwan, Mr. Kuan Cheng Tuck and Ms. Yan Yuk Ping, Juni are Independent Directors of the Company.

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Provision 4.5 – Duties and obligations of Directors

The Board examines annually its size and is of the view that it has an appropriate size for effective decision-making, taking into account the business scope and nature of the Company. As a team, the Board collectively provides core competencies in the areas of legal, finance, electronic engineering, information technology, business acumen and management experience. The Board is of the view that no individual or small group of individuals dominates the Board's decision-making process.

Each of the Independent Directors is aware that he/she needs to commit sufficient time, attention and expertise to the Board matters of the Company. The Independent Directors update the Board timely of any changes in their external appointment and these changes are then assessed by the Board. The NC reviews whether a Director has adequately carried out and is able to continue his/her duties, in particular for those Directors having multiple board representations. During FY2024, the NC assessed and was satisfied that each of the Directors has given sufficient time and attention and diligently discharged his/her duties as Board members.

With half of the Board deemed to be independent, the Board is able to exercise independent judgment on Board matters and provide Management with diverse and objective perspective on issues. The Board interacts and works through robust exchange of ideas and views to help shape the Company's strategic decision.

The Board is of the view that the current Board and its Board Committees consists of the appropriate mix of expertise, skills and experience with knowledge of the Company to provide the necessary guidance to lead and direct the Group. The effective blend of these expertise, skills and experiences in areas identified by the Board remains a priority.

Presently, the Company does not have alternate director.

Particulars of Directors as at 30 June 2024

Name of director	Date of first appointment	Date of last re-election	Nature of appointment	Membership of Board committees	Directorship/chairmanship of both present and those held over the preceding three years in other listed company
Mr. Ng Kin Wing, Raymond	05.09.2002	27.10.2022	Executive Chairman and Executive Director	None	None
Mr. Ng Mun Kit, Michael	01.07.2018	26.10.2023	Chief Executive Officer and Executive Director	None	None
Mr. Ng Yuk Wing, Philip	05.09.2002 [#]	28.10.2021	Chairman Emeritus and Executive Director	None	None
Mr. Lawrence Kwan	13.07.2012	26.10.2023	Independent Director	Chairman of Nominating Committee and a Member of Audit and Risk Management Committee and Remuneration Committee	SBI Offshore Ltd (in liquidation) (SGX)
Mr. Kuan Cheng Tuck	23.10.2020	27.10.2022	Independent Director	Chairman of Audit and Risk Management Committee and a Member of Remuneration Committee and Nominating Committee	<u>Present Directorships</u> 1) Hoe Leong Corporation Ltd. 2) Taka Jewellery Holdings Limited 3) Kencana Agri Limited <u>Past Directorships</u> (over the preceding three years) 1) CNMC Goldmine Holdings Limited 2) Kori Holdings Limited
Ms. Yan Yuk Ping, Juni	01.11.2023	N/A	Independent Director	Chairman of Remuneration Committee and a Member of Audit and Risk Management Committee and Nominating Committee	None

[#] Mr. Ng Yuk Wing, Philip (“**Philip Ng**”) was first appointed as Executive Director and Executive Chairman of the Company on 5 September 2002. He ceased as Executive Chairman of the Company on 9 October 2014 and was designated as Senior Executive Director of the Company on the same day. He resigned as Executive Chairman and Senior Executive Director on 1 July 2018 and was appointed as Executive Advisor on that date. After serving as Executive Advisor from 1 July 2018 to 31 March 2021, Mr. Philip Ng was appointed as Executive Director on 1 April 2021 and took on the role as Chairman Emeritus effective 1 July 2021. He was re-elected as Executive Director/Chairman Emeritus at the Annual General Meeting held on 28 October 2021.

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BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provisions 5.1 and 5.2 – Board Evaluation Process

The NC adopts a formal evaluation process and assesses annually the effectiveness of the Board, Board Committees, Chairman and each individual Director.

During FY2024, the performance criteria remained the same as last financial year. The Board's performance was evaluated against the criteria which included the Board's conduct of affairs, provision of sufficient and quality information to the Board on a timely basis, appropriateness and effectiveness of Board procedures and Board accountability. The performance of each Director was evaluated based on the criteria of his/her time and efforts commitment, preparation and contribution, know-how, as well as interaction with the fellow Directors, Management and professional service providers.

The assessment process required each Director to fill in the evaluation questionnaire based on the aforesaid performance criteria recommended by the NC and approved by the Board. The Directors' input was then collated and reviewed by the Chairman of the NC, who further presented a summary of the overall assessment to the NC for review. The NC discussed areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement were submitted to the Board for discussion and for implementation. The Board Chairman ensured that actions were taken to implement the recommendations.

After the performance evaluation in FY2024, the Board concluded that the performance of the Board as a whole was satisfactory. The Board and the various Board Committees operated effectively with each Director and the Chairman discharging their duties diligently.

Summary of NC activities in FY2024:

- reviewed structure, size and composition of the Board and Board Committees;
- considered recommendations for new Directors, reviewed their qualifications and met with such candidates, before a decision was made;
- reviewed independence of Directors;
- reviewed and initiated process for evaluating Board, Board Committee, Chairman and individual Directors performance;
- reviewed results of performance evaluation and presented feedback to the Chairman and Board Committees;

- reviewed the need to progressive refreshing of the Board;
- reviewed succession planning for Chairman, CEO and key executives and notified the Board; and
- discussed information required to be reported under the 2018 Code or Listing Manual.

The Board did not engage any external consultant to conduct an assessment of the performance of the Board, Board Committees, each individual Director and the Chairman for FY2024. Where relevant in the future, the NC will consider such an engagement.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 – Composition of the RC

The RC comprises three members, and all are Independent Directors. They are:

Ms. Yan Yuk Ping, Juni	–	Chairman
Mr. Lawrence Kwan	–	Member
Mr. Kuan Cheng Tuck	–	Member

The RC has written terms of reference approved by the Board, and performs the following functions:

- review the remuneration policy for compensating the Executive Directors and key executives so as to link their rewards with their individual performance, Company's performance and/or Group's performance as appropriate, to align their interests with those of shareholders and to give incentives to motivate their performance;
- review the remuneration terms for appointment and renewal of the Executive Directors and key executives;
- review the compensation package or fees of the Non-Executive Directors;
- make recommendation to the Board about the remuneration policy, remuneration terms for appointment and renewal of the Directors and key executives when deem appropriate;
- consider long-term incentive schemes for the Directors and key executives and review their eligibility for benefits under such incentive schemes; and
- govern and advise the Board the disclosure of the remuneration policy of the Company, and the remuneration details of the Directors and key executives as required by law or by the 2018 Code.

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Provision 6.3 – Remuneration framework

Merit-Based

The Company's remuneration policy is merit-based, linking compensation to individual performance as well as the overall performance of the Company and the Group, as applicable.

Fairness of Compensation

The Directors do not participate in any decision concerning their own remuneration.

The RC reviews the fairness and reasonableness of the service agreements of the Executive Directors and key executives, and will obtain advice from external consultants for benchmarking, where necessary.

The RC also reviews the compensation packages of employees related to the Executive Directors or Controlling Shareholders, ensuring that their remuneration aligns with the Company's remuneration policy and is appropriate for their respective job roles and levels of responsibility.

Share Option Scheme and Share Plan

2005 Karin Employee Share Option Scheme (the "**2005 ESOS**") was adopted on 20 January 2005 for the purpose of providing eligible participants with an opportunity to participate in the equity of the Company, aligning the interest of the participants to those of shareholders, as well as strengthening the Company's competitiveness in attracting and retaining talented employees. The 2005 ESOS had a maximum duration of 10 years and expired on 20 January 2015.

Before the expiry of the 2005 ESOS, the Company replaced it by the 2014 Karin Employee Share Option Scheme ("**2014 ESOS**"). The 2014 ESOS was approved by the shareholders on 9 October 2014 at the FY2014 AGM. The 2014 ESOS had a maximum duration of 10 years and expired on 9 October 2024.

In light of the expiry of the 2014 ESOS, the Company proposes to adopt and implement the 2024 Karin Employee Share Option Scheme ("**2024 ESOS**") to replace the 2014 ESOS at the forthcoming AGM for shareholders' approval. For further details of 2024 ESOS, please refer to the Appendix to the Annual Report.

In addition to the employee share option scheme, the Company also has an employee performance share plan which was approved by shareholders on 23 October 2020 ("**2020 KPSP**"). Unlike options grant, the 2020 KPSP contemplates the award of fully paid shares to participants after performance targets are met. Therefore, the respective schemes function differently in that the 2024 ESOS is more of a "loyalty" driven time-based incentive program (based on a more general assessment criteria such as length of service and performance of the Company and/or the Group), while the 2020 KPSP is aimed at rewarding the participants who have achieved the performance targets.

To administer the 2005 ESOS and 2014 ESOS, a committee comprising all the Directors serving on the RC, and was duly authorised and appointed by the Board. Similarly, a committee ("**Committee**") comprising Directors serving on the RC who are duly authorised and appointed by the Board is set up to administer the 2024 ESOS and the 2020 KPSP. The composition of the Committee is the same for both the 2024 ESOS and 2020 KPSP. The Committee determines the participation eligibility, options offer and share allocation, and attends to related matters as required, subject to the approval of the 2024 ESOS by the shareholders at the forthcoming AGM.

The 2024 ESOS is targeted at Group Employees (including Group Executive Directors), Associated Company Employees and Group Non-Executive Directors who have contributed significantly to the growth and performance of the Group. Controlling Shareholders and their Associates are not eligible to participate in the 2024 ESOS. Non-executive directors of the Company's Associated Companies are also not entitled to participate in the 2024 ESOS.

Subject to achieving the performance targets determined by the Committee and the absolute discretion of the Committee, the following persons are eligible to participate in the 2020 KPSP:

- (a) Group Employees; and
- (b) Non-Executive Directors,

provided that, as of the offer date, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any compositions with their respective creditors, and in the case of Group Employees, must have been in the employment of the Group for at least 12 months, or such shorter period as the Committee may determine.

The Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the 2020KPSP, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Award to any of them may only be effected with the specific prior approval of Shareholders in general meeting by a separate resolution and each such separate resolution shall approve the specific number of Shares which are the subject of the Award. On 23 October 2020, shareholders (with abstention by Controlling Shareholders and their Associates) approved, in separate resolutions, the participation in the 2020 KPSP by the respective Controlling Shareholders: Mr. Ng Kin Wig, Raymond, Mr. Ng Mun Kit, Michael and Mr. Ng Yuk Wing, Philip. The Company was required to seek a further specific and separate approval from the independent shareholders at a general meeting to approve the specific number of shares and terms of the offer to be granted. Since the establishment of the 2020 KPSP, the Company did not seek shareholders' approval at any AGM for the grant of specific number of shares to the Controlling Shareholders: Mr. Ng Kin Wig, Raymond, Mr. Ng Mun Kit, Michael and Mr. Ng Yuk Wing, Philip.

If a member of the RC who is also a participant in the 2024 ESOS and/or 2020 KPSP, he/she will recuse from any decisions regarding options or shares granted or to be granted to him/her.

During FY2024, the Company did not issue any new ordinary shares upon the exercise of options under the 2005 ESOS, and no options were granted under the 2014 ESOS. There was no share option outstanding as at 30 June 2024 as all share options granted under 2005 ESOS were either exercised or lapsed.

Mr. Raymond Ng and Mr. Philip Ng have been the substantial shareholders of the Company since incorporation. None of the Directors or CEO buys and sells shares for the past 3 years.

Provision 6.4 – Remuneration consultant

No external remuneration consultant was appointed in FY2024. If necessary, the RC will seek expert advice on remuneration and ensure that any relationship between the appointed consultant and any of the Directors or the Company will not affect the independence and objectivity of the remuneration consultant.

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LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and KMPs

The remuneration of the Executive Directors and key executives comprises fixed component, variable component and other benefits.

The fixed component relates to basic salary, statutory contributions and fixed allowances. The variable component comprises profit sharing bonus for the Executive Directors based on the Group's performance, and variable bonus for the key executives that is linked to the performance of the individual and the Group. Another element of the variable component is the long-term incentive schemes such as 2014 ESOS and 2020 KPSP, set to ensure that it is competitive and sufficient to attract, retain and motivate the Directors and key executives having the required experience and expertise to run the Company successfully. Award of long-term incentive schemes is based on the Group's financial health (such as growth, profit and loss), as well as individual performance so as to ensure the performance and remuneration are linked and inculcate a stronger and more lasting sense of identification with the Group for cultivating loyalty.

Other benefits, which are consistent with market practice, include medical benefits, travel allowances, car expenses and other flexible benefits. For staff who are located outside their home market, additional benefits such as cost of living allowances and home leave passages are provided.

The RC reviews the fairness and reasonableness of the service agreements of the Executive Directors and key executives, as well as the remuneration for their appointment and renewal.

During FY2024, the RC confirmed the remuneration of the Executive Directors and key executives aligned with the Company's remuneration policy.

Provision 7.2 – Remuneration of Non-Executive Directors

Independent Directors receive their remuneration in the form of Directors' fees which have to be approved by the shareholders at every AGM.

Provision 7.3 – Long Term incentives

Please refer to the Share Option Scheme and Share Plan under Provision 6.3 for details.

During FY2024, there were no long-term incentives granted.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration

The breakdown of annual remuneration of each individual Director and the top 5 key executives (in bands of S\$250,000) for the financial year ended 30 June 2024 are set out below.

Directors' Remuneration

Name of director	Director's fee S\$'000	Salary & benefit S\$'000	Variable bonus S\$'000	Share-based awards S\$,000	Grant of share options S\$'000	Total S\$'000
Mr. Ng Kin Wing, Raymond	–	389	65	–	–	454
Mr. Ng Mun Kit, Michael	–	372	65	–	–	437
Mr. Ng Yuk Wing, Philip	–	172	33	–	–	205
Mr. Lim Yew Kong, John	33	–	–	–	–	33
Mr. Lawrence Kwan	50	–	–	–	–	50
Mr. Kuan Cheng Tuck	50	–	–	–	–	50
Ms. Yan Yuk Ping, Juni	33	–	–	–	–	33

Top 5 Key Executives' Remuneration

Name of key executive	Remuneration band	Salary & benefit %	Variable bonus %	Share-based awards %	Grant of share option %	Total %
Mr. Cheng Pak Cheong, Ray	I	100.0	0.0	–	–	100.0
Ms. Fan Shu Yung, Cecilia	I	85.5	14.5	–	–	100.0
Mr. Lee Yiu Chung, Eugene	II	93.1	6.9	–	–	100.0
Mr. Leung Yiu Chown, Desmond	II	60.2	39.8	–	–	100.0
Mr. Wong Chi Cheung, Clarence	I	86.3	13.7	–	–	100.0

NOTES:

Band I: S\$0 to S\$249,999

Band II: between S\$250,000 to S\$499,999

The Company's Key Executives (excluding Executive Directors) are responsible for planning, directing and controlling activities of the Company and its subsidiaries. The total remuneration paid to the top 5 Key Executives for FY2024 is approximately S\$1,269,000. Key Executives' remuneration is set in accordance with the remuneration policy of the Company framework comprising salary (including basic salary and benefits-in-kind), and variable payments.

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Provision 8.2 – Remuneration of related employees

Information on immediate family members of a director or CEO and whose remuneration exceeds S\$100,000 during FY2024 is set out below.

Name	Family relationship with any Director and/or substantial shareholder	Remuneration band
Nil	N/A	N/A

Mr. Ng Kin Wing, Raymond, Mr. Ng Mun Kit, Michael and Mr. Ng Yuk Wing, Philip were not involved in the deliberation and determination of the remuneration of their family members.

Provision 8.3 – Forms of remuneration and details of employee share schemes

Please refer to the Share Option Scheme and Share Plan under Provision 6.3 for details.

Further details of the 2014 ESOS are set out in the Notes to the financial statements.

Summary of RC activities in FY2024:

- reviewed the remuneration of Executive Directors;
- reviewed the remuneration of Key Executives; and
- considered and governed the disclosure requirements of remuneration under the SGX Listing Rule and 2018 Code.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders

Provision 9.1 – Nature and extent of risks

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's assets. The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board, with the support of the Audit and Risk Management Committee ("**ARMC**"), is responsible for ensuring that Management maintains a sound system of risk management and internal controls to safeguard the Group's assets and the interests of the Company and its shareholders.

The Board and the ARMC, with the support of the in-house internal audit personnel ("**Internal Auditor**"), have reviewed the adequacy and effective of the Group's internal controls (addressing financial, operational, compliance and information technology) and risk management systems ("**Internal Control and Risk Management Systems**").

The Internal Auditor reviews the effectiveness of the system of internal controls (including financial, operational, compliance and information technology controls) established and maintained by the Group based on the Internal Audit Plan approved by the ARMC, after consultation with Management so as to address the specific requirements or circumstances of the Group. The Internal Audit Reports were presented to the ARMC at each ARMC meeting. The Internal Auditor also monitors and evaluates the effectiveness of the Group's risk management processes. The Internal Auditor reviews the Karin Group Risk Register which consists of risks identified and recorded by Management, and reports to the ARMC on the assessment of the risk management in connection with the risks to which they are related. The key executives hold monthly management meetings to discuss issues relating to business risks and its assessments. They would summarise and compile the key risk areas and corresponding internal controls for the CEO and the Group Financial Controller's review. The CEO and the Group Financial Controller had reviewed the same and found the internal controls adequate and effective.

Financial risks relating to the Group are disclosed in Note 35 to the Financial Statements at pages 132 to 133 of this Annual Report.

Provision 9.2 – Assurance from the CEO, Group CFO and KMPs

The Board received assurance in writing from the CEO and Group Financial Controller that as at 30 June 2024:

- (a) Nothing has come to their attention which would render the financial statements to be false or misleading in any material respects;
- (b) the financial records of the Group have been properly maintained and financial statements of the Group give a true and fair view of the Group's operations and finances;

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- (c) The Group's Internal Control and Risk Management Systems in place are adequate and effective in addressing its material risks in the Group's current business environment; and
- (d) There are no known significant deficiencies or lapses in the Group's internal control and risk management systems which could adversely affect its ability to record, process, summarise or report financial data, or any fraud that involves the management or other employees who have a significant role in the Group's Internal Control and Risk Management Systems.

Based on the internal controls established and maintained by the Group, reviews conducted by Management and work performed by the Internal Auditor and External Auditors, as well as the assurances received from the CEO and Group Financial Controller as stated above, the Board, with the concurrence of the ARMC, is of the opinion that the Group's Internal Controls and Risk Management Systems were adequate and effective as at 30 June 2024.

The Board and the AC wish to highlight that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 10: The Board has an Audit and Risk Management Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the Audit and Risk Management Committee ("ARMC")

The Company has established an ARMC which comprises three members, all are independent directors. They are:

Mr. Kuan Cheng Tuck	–	Chairman
Mr. Lawrence Kwan	–	Member
Ms. Yan Yuk Ping, Juni	–	Member

All members of the ARMC including the Chairman have accounting or related financial management expertise or experience.

The role of the ARMC is to assist the Board in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records and, develop and maintain effective system of internal controls. The ARMC has explicit authority to investigate any matter within its written Terms of Reference with full access to and co-operation by Management.

The ARMC, which has written terms of reference, meets periodically to perform its functions which include, but not limited to, the following:

- reviewing the significant reporting issues and judgements to ensure integrity of financial statements of the Company and formal announcements relating to the Company's financial performance;
- reviewing the scope and results of external audit and independence and its cost effectiveness, independence and objectivity of the Company's external auditors and also to review the audit report from the external auditors;
- reviewing the co-operation given by the Company's officers to the external auditors;

- reviewing the system of internal accounting controls with the external auditors;
- nominating external auditors for re-appointment and approve the remuneration and terms of engagement of the external auditors;
- reviewing interested person transactions, if any;
- reviewing adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls;
- reviewing the scope and results of the internal audit procedures;
- Ensuring the internal audit function is adequately resourced and has appropriate standing within the Company;
- reviewing Whistle-Blowing Policy and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
- meeting with the external and internal auditors without the presence of the Management at least once a year;
- commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position; and
- undertaking such other reviews and projects as may be requested by the board of directors, and to report to the board of directors its findings from time to time on matters arising and requiring the attention of the ARMC.

During FY2024, the ARMC performed the functions as set out above.

The ARMC also reviewed the scope and quality of the audits and the independence and objectivity of the external auditors as well as the cost effectiveness. The ARMC is satisfied that the external auditors, Ernst & Young, LLP, meets their audit obligations for FY2024.

At the last AGM held on 26 October 2023, Ernst & Young LLP, was re-appointed to comply with the amended Rule 712 of the Listing Manual as the auditors of the Company. Ernst & Young LLP is an auditing firm approved under the Accountants Act 2004 of Singapore.

The Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of Ernst & Young LLP as the Auditor.

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For FY2024, the ARMC and Board are satisfied that the appointment of different auditors for its subsidiaries incorporated in Singapore and the People's Republic of China ("PRC") would not compromise the standard and effectiveness of the audit of the Company. The Company is therefore in compliance with Rules 715 and 716 of the SGX-ST Listing Manual. The Company has engaged suitable auditing firms for its significant foreign-incorporated subsidiaries and associated company as detailed below. Additionally, the ARMC notes that, in discharging its duties as the Group's external auditors, Ernst & Young LLP have performed the requisite reviews of significant subsidiaries and associated company pursuant to the requirements of International Standards on Auditing.

Name of significant subsidiaries and associated company	Name of auditing firm
New Spirit Electronic Technology Development (Shenzhen) Company Limited	Wongga Partners Certified Public Accountants (SZ) General Partner
Karin Electronic Trading (Shenzhen) Company Limited	Wongga Partners Certified Public Accountants (SZ) General Partner
Karin International Trading (Shanghai) Company Limited	Shanghai Jialiang CPAs Limited
Karltec Information System (Shenzhen) Company Limited	Wongga Partners Certified Public Accountants (SZ) General Partner
Shanghai Cosel International Trading Co. Ltd.#	Shanghai HDDY Certified Public Accountants Co., Ltd

Disposed of in August 2024

The ARMC meets periodically and also holds informal meetings and discussions with Management from time to time. The ARMC has full discretion to invite any director or executive officer to attend its meetings.

The ARMC had established a written whistle-blowing policy, by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties, misconduct or wrongdoing in matters of financial reporting or other matters relating to the Company and its officers. Whistleblower channels, such as email addresses and phone numbers are created for reporting of whistle-blowing events. All staff should be aware of the existence of the whistle-blowing policy. The whistle-blowing policy has been posted on the Group's corporate website. Each of the ARMC members or two of the senior management is the channel for reporting suspicious non-compliance or improprieties. The objectives of the whistle-blowing policy are to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action. The ARMC is responsible for oversight and monitoring of whistleblowing and reporting to the Board. Safeguards are in place in the whistleblowing policy to allow whistleblowing reports to be made in good faith and identity of the whistleblower kept confidential. The Company is committed to protecting whistleblower against detrimental or unfair treatment. The ARMC obtained quarterly update on the status of whistleblowing.

The ARMC has reasonable resources to enable it to discharge its functions properly. The ARMC is updated annually on any changes in accounting standards by the external auditor. During the year, the external auditor briefed the Directors on the new IFRSs and received updates relating to accounting practices. No former partner or director of the Company's existing auditing firm is a member of the ARMC.

Provision 10.4 – Internal audit function

The Company has established an Internal Audit Department and employed a qualified accountant to undertake the internal audit function of the Group ("**Internal Auditor**"). The Internal Auditor is a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. The Internal Auditor primarily reports to the Chairman of ARMC. The ARMC is responsible for the appointment, termination and remuneration of the Internal Auditor. Based on the last meeting with the Internal Auditor, the ARMC understands that the Internal Auditor had unfettered access to all the Group's documents, records, properties and personnel, including the ARMC, during FY2024.

The ARMC has bi-annually reviewed the internal audit programmes, the scope and results of internal audit procedures. The ARMC reviews the adequacy and effectiveness of the internal audit function. For FY2024, the ARMC is satisfied that the internal audit function is reasonably independent, effective and adequately resourced, and has appropriate standing within the Company.

Provision 10.5 – Meeting with external and internal auditors without management's presence

The External and Internal Auditors have unrestricted access to the ARMC. During FY2024, the ARMC met with External Auditors and Internal Auditor separately, without the presence of the Management. These meetings enable the External and Internal Auditors to raise issues encountered in the course of their work directly to the ARMC.

Report on Corporate Governance

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

In line with the continuing disclosure obligations of the Company pursuant to the Listing Rules of the SGX-ST, the Board's policy is to facilitate the exercise of ownership rights by all shareholders. Shareholders are informed promptly of all major developments that impact the Group or business which might materially affect the price or value of the Company's shares.

The AGM of the Company is the principal forum for dialogue and interaction with all shareholders. Shareholders are given the opportunity to participate at the AGM. Notice of AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days before the meeting. There are separate resolutions at general meetings on each separate issue. Shareholders are informed of the rules and voting procedures at the AGM.

Under the existing Bye-laws of the Company, corporations which provide nominee or custodial services are allowed to appoint more than two proxies to attend and vote at the same general meeting. A registered shareholder of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

The Board welcomes shareholders to voice out their views and direct questions regarding the Group at the AGM. The members of the Board and the Board Committees, senior management and external auditor are present at the AGM to answer questions from shareholders. As the present Bye-laws of the Company do not have a provision to allow shareholders to vote in absentia, via methods such as e-mail, fax, etc., and the legal and regulatory environment is not entirely conducive for voting in absentia, the Company does not allow a shareholder to vote in absentia at general meetings. The introduction of absentia voting methods will be deferred until an appropriate time. All directors and respective Board Committees attended the AGM held on 26 October 2023.

The Board may from time to time review the provisions of the existing Bye-laws of the Company to ensure that they are in line with the good corporate governance practices as recommended by the 2018 Code. If the Board deems fit, it may propose any necessary amendment to the same to the shareholders for approval.

The Company holds its AGM in Singapore. The forthcoming AGM scheduled on 30 October 2024 will be held physically in Singapore. Please refer to the Notice of AGM of the Annual Report.

Provision 11.5 – Minutes of general meetings

Minutes of general meetings include substantial and relevant queries or comments from shareholders, as well as responses from the Board and Management discussed in the AGM relating to the agenda items of the meeting. These minutes were published in the Company's website and SGXNET within one month from the date of AGM. Minutes of AGM held on 26 October 2023 was published on SGXNET and the Company's website on 24 November 2023.

The Company puts all resolutions to vote by poll at the AGM and releases an announcement on the detailed results of voting.

Provision 11.6 – Dividend policy

In its consideration for dividend payment, the Company takes into account, among other factors, current cash position, future cash needs, profitability, retained earnings and business outlook. The Company takes the view that, committing to a fixed dividend policy, may jeopardize its financial position in times of adverse changes in market conditions. Hence it does not have a fixed dividend policy. Nevertheless, it has been making dividend payments each and every year since its public listing in 2005. For FY2024, in addition to the already paid interim dividend of HK4.9 cents per share, the Company is recommending a final dividend of HK3.88 cents per share, subject to approval by shareholders at the forthcoming AGM.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3 – Stakeholder engagement

The Board provides shareholders with half yearly financial results no later than 45 days after half year and annual financial results no later than 60 days after the relevant financial period. Notification of release date for financial results announcement will be made via SGXNET not less than 30 days from the intended date of release of financial results announcement. In presenting the financial results, the Board aims to provide shareholders with a true and fair, balanced and understandable assessment of the Company's performance, position and prospects on each half-yearly basis. Such responsibility is extended to the other price-sensitive public reports and reports to regulators (if required). The Board takes adequate steps to ensure compliance with legislative and regulatory requirements.

Information is communicated to shareholders on a timely basis, including annual reports that are issued to all shareholders within the mandatory period, half-yearly and full year results announcements, notice of the general meeting and explanatory memoranda for annual general meetings and special general meetings, press releases and disclosures to the SGX-ST. The Company also holds media and analyst briefings. The Company ensures that price sensitive information is publicly released and is announced on an immediate basis, where required, under the listing Manual of the SGX-ST. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have a fair access to the information.

The Board Terms of Reference addresses the investor relations and shareholder communication matters. The Company has appointed an Investor Relations ("IR") firm in Singapore to handle all its investor relations affairs, including but not limited to establish and maintain regular dialogue with shareholders. The IR firm prepares press releases relating to the Company's products and business and releases to the SGX-ST on a timely manner. Details of the IR firm are disclosed in the Corporate Information page of the Annual Report.

The Company always updates its corporate website in English with an investor relations section at www.karingroup.com through which shareholders can access information of the Group. The website provides the business profile, corporate announcements, press releases, latest financial results, annual reports and other information of the Group.

Report on Corporate Governance

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company engages its stakeholders through different channels to identify, address and monitor the material environmental, social and governance (“ESG”) factors of the Company’s operation and their impacts on the various stakeholders.

Engagement channels and their frequencies are reviewed periodically to ensure that they effectively address the ESG issues identified and engage the related stakeholders.

The Company is committed to enhance and improve the current engagement initiatives, while staying abreast of new trends and developments that may affect its sustainability standing, and eventually devise effective measures to resolve the key ESG issues. For more information on the Company’s approach to stakeholder engagement and materiality assessment, please refer to the Company’s Sustainability Report which will be available before or by 31 October 2024.

DEALINGS IN SECURITIES

The Directors of the Company have devised and adopted its own internal compliance code on Securities Transactions by Officers to govern the dealings in securities of the Company. The Directors and Officers of the Company and the Group are guided by the requirements of Rule 1207(19) of the Listing Manual of the SGX-ST.

In line with the internal compliance code, the Company issues circulars to its Directors, Officers and employees of the Group to ensure that there must be no dealings in the Company’s listed securities by the Company, its Directors, Officers and employees on short term considerations or one month before release of the half-yearly and full year financial results, or if they are in possession of any unpublished material price-sensitive information. All Directors are also required to file with the Company to report on all their dealings in the listed securities of the Company on a timely basis.

MATERIAL CONTRACTS

Save for the service agreement between the Executive Directors (including CEO) and the Company, there are no material contracts entered into by the Company and its subsidiaries involving the interest of CEO, any Director or Controlling Shareholder, which are subsisting at the end of FY2024.

INTERESTED PERSON TRANSACTIONS

All interested person transactions are documented and reported in a timely manner to the ARMC to ensure the transactions are conducted on normal commercial terms and are not prejudicial to the interest of the Company and its minority shareholders.

The Company does not have an Interested Person Transactions mandate.

The interested person transaction entered into for the financial year ended 30 June 2024 is as follows.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
JP Software Inc* Provision of IT programming services	HK\$1,452,346 (equivalent to S\$250,191)	NIL

* JP Software Inc. is 100% owned by the wife of Mr. Ng Kam Wing, Allan. Mr. Ng Kam Wing, Allan is a brother of Mr. Ng Yuk Wing, Philip (Executive Director/Chairman Emeritus and Controlling Shareholder) and Mr. Ng Kin Wing, Raymond (Executive Director/Executive Chairman and Controlling Shareholder) and also uncle of Mr. Ng Mun Kit, Michael (Executive Director/Chief Executive Officer and Controlling Shareholder).

Apart from the above, there were no other interested person transaction during FY2024.

RISK MANAGEMENT

The Company regularly reviews its major risks and manages its risk register. The Company seeks to identify areas of significant business risks and financial risks (see Note 34 to the financial statements) as well as appropriate measures to control and mitigate these risks. The Company reviews control policies and procedures and highlights significant matters to the ARMC. The ARMC is assisted by the Internal Risk Management Team ("IRMT") which is a committee comprising Executive Directors and Senior Management who meet on a regular basis to review risks associated to the Company's business and daily operations.

Report on Corporate Governance

WHISTLE-BLOWING POLICY AND PROCEDURES

The Group has established a whistle-blowing policy and has developed appropriate procedures to provide a proper process within the Group for reporting malpractices, illegal acts or acts of omission that employees may encounter at work. No reporting for any of such incidents happened during the financial year ended 30 June 2024. Whistle-blowing policy both in English and Chinese are made available to all stakeholders of the Company through publishing it on the Group's corporate website.

SUSTAINABILITY REPORT

The Group recognises that sustainability is increasingly important for business. We focus on economic, environmental and social areas to underpin our sustainability strategy. We are committed to managing the relevant sustainability risks and opportunities across the portfolio to ensure the long-term well-being of our business while contributing positively to the environment and community.

The Group prepares the 2024 Sustainability Report with the support of an external consultant. In this report, the Group discloses the most relevant environmental, social, climate and governance factors, how these factors will be measured, monitored and managed, as well as the targets for the forthcoming year. The Group looks forward to sharing this report on the website of SGX-ST.



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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Karin Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), and the statement of financial position of the Company for the year ended 30 June 2024.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

EXECUTIVE DIRECTORS:

Mr. Ng Kin Wing, Raymond — Executive Director and Executive Chairman
Mr. Ng Mun Kit, Michael — Executive Director and Chief Executive Officer
Mr. Ng Yuk Wing, Philip — Executive and Chairman Emeritus

INDEPENDENT DIRECTORS:

Mr. Lawrence Kwan
Mr. Kuan Cheng Tuck
Ms. Yan Yuk Ping, Juni (appointed on 1 November 2023)

In accordance with the bye-laws of the Company, Mr. Ng Yuk Wing, Philip and Ms. Yan Yuk Ping, Juni are due for retirement at the forthcoming annual general meeting ("**AGM**") and will offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except for the share options as described in Note 30 to the accompanying financial statements, neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT (continued)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, the following directors, who held office at the end of the financial year, had an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year/ date of appointment	At the end of financial year	At the beginning of financial year/ date of appointment	At the end of financial year
Ordinary shares of the Company				
Ng Kin Wing, Raymond	–	–	70,639,950 ⁽¹⁾	70,639,950
Ng Yuk Wing, Philip	–	–	72,151,950 ⁽²⁾	72,151,950
Ng Mun Kit, Michael	–	–	70,639,950 ⁽³⁾	70,639,950
Lawrence Kwan	200,000	200,000	–	–
Kuan Cheng Tuck	200,000	200,000	–	–

- (1) Mr. Ng Kin Wing, Raymond is the sole shareholder of Kikki Investment Ltd, which directly holds 70,639,950 shares in the Company. Kikki Investment Ltd is an investment holding company.
- (2) Mr. Ng Yuk Wing, Philip is deemed interested through his shareholding in Asia Platform Investment Limited ("**Asia Platform**") which he indirectly holds 70,639,950 shares and his spouse, who directly holds 1,512,000 shares. Asia Platform is an investment holding company which is wholly owned by Mr. Ng Yuk Wing, Philip and his son, Mr. Ng Mun Kit, Michael. Mr. Ng Yuk Wing, Philip holds not less than 20% of the voting shares in Asia Platform.
- (3) Mr. Ng Mun Kit, Michael is deemed interested through the shareholding of Asia Platform, which directly holds 70,639,950 shares in the Company. Mr. Ng Mun Kit, Michael holds less than 20% of the voting shares in Asia Platform.

Mr. Ng Kin Wing, Raymond, Mr. Ng Yuk Wing, Philip and Mr. Ng Mun Kit, Michael, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the shares of the subsidiaries of the Company.

There was no change in any of the aforementioned interests between the end of the financial year and 21 July 2024.

Except as disclosed in this report, no director of the Company who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' STATEMENT (continued)

DIRECTORS' CONTRACTUAL BENEFITS

Except for the directors' remuneration as disclosed in the consolidated financial statements, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company, a related corporation with the director, a firm of which the director is a member, or a company in which the director has a substantial financial interest since the end of the previous financial year.

SHARE OPTIONS

Please refer to Note 30 to the accompanying financial statements.

KARIN PERFORMANCE SHARE PLAN

Please refer to Note 30 to the accompanying financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises three members, all being independent directors. The current composition is as follows:

Mr. Kuan Cheng Tuck (Chairman)

Mr. Lawrence Kwan

Ms. Yan Yuk Ping, Juni

The Audit and Risk Management Committee performs the functions specified in the Listing Manual and the Best Practice Guide of the Singapore Exchange Securities Trading Limited, and the Code of Corporate Governance 2018.

The Audit and Risk Management Committee has recommended Messrs. Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming annual general meeting. The Audit and Risk Management Committee has conducted an annual review of the non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending the re-appointment of them.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Ng Kin Wing, Raymond
Director

Ng Mun Kit, Michael
Director

8 October 2024

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2024

Independent Auditor's Report to the Members of Karin Technology Holdings Limited Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Karin Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 30 June 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards ("**IFRS**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

For the financial year ended 30 June 2024

PROVISION FOR EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

As at 30 June 2024, the Group recorded trade receivables of HK\$460,740,000, which represented 39% of the total assets of the Group. Significant management judgements and estimations are required in assessing the expected credit losses ("ECLs") for the trade receivables, with reference to the ageing profile of the trade receivables, historical credit loss experience and both the current and forecast general economic conditions at the reporting date. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. During the financial year, the Group recorded a reversal of impairment amounted to HK\$431,000 as the assessed ECL required as at the reporting date is lower than prior financial year. As this assessment requires significant management judgment, we determined this to be a key audit matter.

In evaluating management's impairment assessment, our procedures included reviewing collectability by obtaining, on a sample basis, evidence of settlements from customers and reviewing credit notes issued subsequent to the financial year end. We assessed management's provision matrix and key assumptions used by management such as the historical credit loss rate and forward-looking adjustments. We checked arithmetic accuracy of the ECL calculation. We also assessed the disclosure related to trade receivables in note 20 to the financial statements.

PROVISION FOR OBSOLETE AND SLOW-MOVING INVENTORIES

As at 30 June 2024, the Group recorded inventories of HK\$248,766,000 after a net reversal of provision for obsolete and slow-moving inventories of HK\$4,003,000 for the year. The inventories balance accounted for 21% of the total assets of the Group. The inventories comprise trading inventories. Significant management judgements and estimations are required due to uncertainty about the impact of technological advancement, product life cycle, market conditions and future sales plans which require the management to make judgement based on information available as at year end. As such, we determined this to be a key audit matter.

In evaluating the provision estimated by management, our audit procedures included evaluating the Group's forecasted future sales levels based on past experiences, recent sales transactions and customers' orders, and market-specific considerations. We obtained an understanding of the assessments made by management with respect to slow-moving and obsolete inventories and end-of-life products, including the specific identification of these inventories. We attended and observed management's inventory counts at selected inventory locations, including the identification of obsolete inventories by management. We tested the arithmetic accuracy of the stock ageing report. We reviewed the inventory provision with reference to stock ageing analysis and net realisable value of inventories by checking to sales transactions after the year end. We also assessed the disclosure related to inventories in note 19 to the financial statements.

OTHER INFORMATION

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

For the financial year ended 30 June 2024

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

For the financial year ended 30 June 2024

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

8 October 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	5	2,201,995	2,039,621
Cost of sales		(2,014,974)	(1,867,065)
Gross profit		187,021	172,556
Other income and gains, net	6	9,067	46,756
Selling and distribution costs		(78,377)	(75,863)
Administrative expenses		(78,762)	(78,108)
Other expenses, net		(6,118)	(1,369)
Finance costs	8	(11,766)	(10,374)
Share of profit of associates, net		2,938	3,353
Profit before tax	7	24,003	56,951
Income tax expense	9	(6,621)	(10,852)
Profit for the year		17,382	46,099
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,048)	(7,880)
Share of other comprehensive income of an associate		(70)	(479)
Other comprehensive income for the year, net of tax		(1,118)	(8,359)
Total comprehensive income for the year		16,264	37,740
Profit for the year attributable to:			
Owners of the Company		19,005	46,965
Non-controlling interests		(1,623)	(866)
		17,382	46,099
Total comprehensive income attributable to:			
Owners of the Company		17,959	38,956
Non-controlling interests		(1,695)	(1,216)
		16,264	37,740
Earnings per share attributable to ordinary shareholders of the company (HK cents)			
Basic and diluted	11	8.8	21.8

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

	Note	Group		Company	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	6,187	20,751	–	–
Investment properties	13	–	–	–	–
Goodwill	15	1,059	2,098	–	–
Investment in subsidiaries	16	–	–	76,308	76,308
Investment in associates	17	7,371	7,350	–	–
Deferred tax assets	28	5,142	6,212	–	–
Right-of-use assets	14	4,965	10,825	–	–
Amount due from an associate	21	4,879	–	–	–
Prepayments and other assets	22	40,252	37,136	–	–
Total non-current assets		69,855	84,372	76,308	76,308
CURRENT ASSETS					
Inventories	19	248,766	258,013	–	–
Trade and bills receivables	20	470,152	416,012	–	–
Prepayments, other receivables and other assets	22	183,999	171,472	2	2
Amounts due from subsidiaries	16	–	–	50,865	52,077
Financial asset at fair value through profit or loss	18	1,040	1,284	–	–
Derivative financial instruments	23	770	8	–	–
Cash and cash equivalents	24	127,206	90,071	321	210
Assets classified as held for sale	25	1,031,933 67,097	936,860 71,031	51,188 –	52,289 –
Total current assets		1,099,030	1,007,891	51,188	52,289
CURRENT LIABILITIES					
Trade and bills payables	26	330,882	249,750	–	–
Other payables and accruals	26	274,311	209,668	1,769	1,255
Amount due to a subsidiary	16	–	–	1,672	2,294
Tax payable		6,982	7,586	–	–
Interest-bearing bank and other borrowings	27	105,553	146,443	–	–
Lease liabilities	14	2,730	9,371	–	–
Liabilities directly associated with assets classified as held for sale	25	720,458 1,789	622,818 1,592	3,441 –	3,549 –
Total current liabilities		722,247	624,410	3,441	3,549
NET CURRENT ASSETS		376,783	383,481	47,747	48,740

STATEMENTS OF FINANCIAL POSITION (continued)

As at 30 June 2024

	Note	Group		Company	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	28	7,241	7,058	–	–
Other payables	26	37,385	32,424	–	–
Other borrowings	27	359	–	–	–
Lease liabilities	14	1,786	1,673	–	–
Total non-current liabilities		46,771	41,155	–	–
Net assets		399,867	426,698	124,055	125,048
Equity attributable to owners of the Company					
Issued capital	29	21,636	21,636	21,636	21,636
Treasury shares	29	(61)	(19)	(61)	(19)
Reserves	31	385,313	410,407	102,480	103,431
Non-controlling interests		406,888 (7,021)	432,024 (5,326)	124,055 –	125,048 –
Total equity		399,867	426,698	124,055	125,048

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2024

	Attributable to owners of the Company												
	Note	Issued	Treasury	Shares	Contributed	Land and	General	Other	Exchange	Retained	Total	Non-controlling interests	Total equity
		capital	shares	premium	surplus*	buildings	reserve*	reserve*	fluctuation	Profits*			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
(Note 29)	(Note 29)	(Note 29)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)					
At 1 July 2023		21,636	(19)	48,935	898	57,810	6,150	(890)	(1,996)	299,500	432,024	(5,326)	426,698
Profit for the year		-	-	-	-	-	-	-	-	19,005	19,005	(1,623)	17,382
Other comprehensive income for the year													
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(976)	-	(976)	(72)	(1,048)
Share of other comprehensive income of an associate		-	-	-	-	-	-	-	(70)	-	(70)	-	(70)
Total comprehensive income for the year		-	-	-	-	-	-	-	(1,046)	19,005	17,959	(1,695)	16,264
Contributions by and distributions to owners													
Share buy-back		-	(42)	-	-	-	-	-	-	-	(42)	-	(42)
Final 2023 dividend paid	10	-	-	-	-	-	-	-	-	(32,452)	(32,452)	-	(32,452)
Interim 2024 dividend paid	10	-	-	-	-	-	-	-	-	(10,601)	(10,601)	-	(10,601)
Total contributions by and distributions to owners		-	(42)	-	-	-	-	-	-	(43,053)	(43,095)	-	(43,095)
At 30 June 2024		21,636	(61)	48,935	898	57,810	6,150	(890)	(3,042)	275,452	406,888	(7,021)	399,867

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the financial year ended 30 June 2024

	Attributable to owners of the Company												
	Note	Issued	Treasury	Shares	Contributed	Land and	General	Other	Exchange	Retained	Total	Non-	Total equity
		capital	shares	premium	surplus*	buildings	reserve*	reserve*	fluctuation	Profits*		controlling	
		HK\$'000	HK\$'000	account*	HK\$'000	revaluation	HK\$'000	HK\$'000	reserve*	HK\$'000		interests	
(Note 29)	(Note 29)	(Note 29)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	HK\$'000	HK\$'000	HK\$'000		
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 for the year		-	-	-	-	-	-	-	-	46,965	46,965	(866)	46,099
Other comprehensive income for the year													
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(7,530)	-	(7,530)	(350)	(7,880)
Share of other comprehensive income of an associate		-	-	-	-	-	-	-	(479)	-	(479)	-	(479)
Total comprehensive income for the year		-	-	-	-	-	-	-	(8,009)	46,965	38,956	(1,216)	37,740
Contributions by and distributions to owners													
Issue of shares		160	-	3,050	-	-	-	-	-	-	3,210	-	3,210
Final 2022 dividend paid	10	-	-	-	-	-	-	-	-	(25,340)	(25,340)	-	(25,340)
Interim 2023 dividend paid	10	-	-	-	-	-	-	-	-	(11,250)	(11,250)	-	(11,250)
Dividend payable to a non-controlling shareholder		-	-	-	-	-	-	-	-	-	-	(612)	(612)
Total contributions by and distributions to owners		160	-	3,050	-	-	-	-	-	(36,590)	(33,380)	(612)	(33,992)
At 30 June 2023		21,636	(19)	48,935	898	57,810	6,150	(890)	(1,996)	299,500	432,024	(5,326)	426,698

* These reserve accounts comprise the consolidated reserves of HK\$385,313,000 (2023: HK\$410,407,000) in the statement of financial position of the Group.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2024

	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Profit before tax		24,003	56,951
Adjustments for:			
Bank interest income	6	(651)	(740)
Fair value loss on investment properties	7	3,300	1,200
(Reversal of)/write-down of inventories, net	7	(4,003)	4,703
Depreciation of property, plant and equipment	7	8,654	10,525
Depreciation of right-of-use assets	7	9,828	9,786
Fair value gain on derivative financial instruments	6	(762)	(26)
Fair value loss on a financial asset at fair value through profit or loss	7	244	161
Reversal of impairment of trade receivables	6	(431)	(2,367)
Gain on disposal of investment properties	6	–	(1,008)
Loss/(gain) on disposal of property, plant and equipment	6, 7	1,536	(37,809)
Gain on deregistration of a subsidiary	6	(89)	–
Gain on termination of lease	6	(17)	–
Write-back of long outstanding trade and other payables	6	(880)	(1,246)
Impairment of goodwill	7	1,039	–
Finance costs	8	11,766	10,374
Share of profit of associates, net		(2,938)	(3,353)
Operating cash flows before changes in working capital		50,599	47,151
Changes in working capital:			
Decrease/(increase) in:			
Inventories		13,218	(4,102)
Trade and bills receivables		(54,344)	38,089
Prepayments, other receivables and other assets		(15,176)	652
Increase/(decrease) in:			
Trade and bills payables		81,533	(25,747)
Other payables and accruals		70,950	8,587
Cash flows from operations		146,780	64,630
Interest paid		(11,766)	(10,374)
Income tax paid		(5,354)	(9,652)
Net cash flows from operating activities		129,660	44,604

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the financial year ended 30 June 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,080)	(3,785)
Proceeds from disposal of property, plant and equipment		6,297	64,840
Proceeds from disposal of investment properties		–	5,608
Dividend from an associate		3,084	408
Interest received		651	740
Investment in an associate		(237)	–
Increase in amount due from an associate		(4,879)	–
Net cash flows from investing activities		2,836	67,811
Cash flows from financing activities			
Share buy-back		(42)	–
Proceeds from new bank and other borrowings		708,522	324,118
Repayment of bank and other borrowings		(749,436)	(420,731)
Payment of principal portion of lease payments		(10,086)	(10,073)
Dividends paid to owners of the Company		(43,053)	(36,590)
Dividend paid to non-controlling interests		(612)	–
Net cash flows used in financing activities		(94,707)	(143,276)
Net increase/(decrease) in cash and cash equivalents		37,789	(30,861)
Cash and cash equivalents at beginning of financial year		90,071	123,751
Cash and cash equivalents included in assets classified as held for sale		643	(627)
Effect of foreign exchange rate changes, net		(1,297)	(2,192)
Cash and cash equivalents at end of financial year	24	127,206	90,071

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

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 on 9th Floor, The Whitney, 183 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

During the year, 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. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. They have been prepared on the historical cost convention, except for investment properties, financial asset at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on 1 July 2023. The adoption of these new standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted the following standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will not have any material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the reporting period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.5 INVESTMENT IN AN ASSOCIATE

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in an associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associates is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group and liabilities assumed by the Group to the former owners of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 FAIR VALUE MEASUREMENT

The Group measures its investment properties, financial asset at fair value through profit or loss and derivative financial instrument at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)**

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.9 PROPERTY, PLANT AND EQUIPMENT, AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Properties held for own use and buildings	5%
Leasehold improvements	Over the shorter of the lease term and 20%
Furniture and fixtures	20%
Office equipment	30%
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 PROPERTY, PLANT AND EQUIPMENT, AND DEPRECIATION (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.10 INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.11 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated. The measurement for investment properties and financial assets are described in the accounting policy for "Investment properties" and "Investments and other financial assets" respectively.

2.12 LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**2.12 LEASES (continued)***Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Warehouses	Over the lease term
Office premises	Over the lease term
Other equipment	30%

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.12 LEASES (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.13 INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.13 INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.13 INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.14 IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 IMPAIRMENT OF FINANCIAL ASSETS (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below:

- Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in profit or loss.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.16 DERIVATIVE FINANCIAL INSTRUMENT

The Group uses derivative financial instrument, such as forward currency contract, to manage its foreign currency risk. Such derivative financial instrument is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group's forward currency contracts do not qualify for hedge accounting and accordingly any gains or losses arising from changes in fair value are taken directly to profit or loss.

2.17 TREASURY SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.18 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.19 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.20 PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included as finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain electronic products and the provision of services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.21 INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.21 INCOME TAX (continued)

Deferred tax assets and liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.22 REVENUE

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

- (a) Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of products provide customers with volume rebates. The volume rebates give rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

- (b) Revenue from the provision of professional and warranty services is recognised at the point in time when the services are rendered or recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.23 CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

2.24 CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.25 CONTRACT COSTS

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset related. Other contract costs are expensed as incurred.

2.26 REFUND LIABILITIES

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.27 EMPLOYEE BENEFITS

Share-based payments

(a) Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (i.e., "equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised as employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.27 EMPLOYEE BENEFITS (continued)

Share-based payments (continued)

(a) Share option scheme (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(b) Employee performance share plan

The Group operates an employee performance share plan (the "**Performance Share Plan**") for the purpose of motivating participants to optimise performance standards and efficiency and to maintain a high level of contribution to the Group. Employees and independent directors are eligible to participate in the plan. Eligible participants receive fully paid shares of the Company free of charge upon achieving a performance target, whereby employees render services as consideration for the equity instruments (i.e., "equity-settled transactions").

The remuneration committee of the board of directors will determine the grant of awards to participants at any time. A participant who is a member of the remuneration committee shall not be involved in deliberations in respect of awards issued from the Performance Share Plan.

The Group will record the expense only at the time the awards are granted and shares of the Company are issued to eligible participants. The amount charged to profit or loss for the grant of awards will be the same as the closing stock price of the Company on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") at the date of grant when the Group delivers shares in fulfilment of the awards.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.27 EMPLOYEE BENEFITS (continued)

Pension schemes (continued)

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in defined contribution social security schemes operated by the local municipal government. These subsidiaries are required to contribute certain percentages of their payroll costs to the social security schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social security schemes.

The Singapore companies in the Group make contributions to the Central Provident Fund Scheme ("CPF") in Singapore, a defined contribution pension scheme. Contributions to the CPF are recognised as an expense in profit or loss in the period in which the related service is performed.

Long service payments

The Group's net obligation in respect of amounts payable on cessation of employment in certain circumstances under the Employment Ordinance in Hong Kong is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Long service payments are assessed using the projected unit credit method. The cost of providing the long service payment liabilities is charged to profit or loss so as to spread the cost over the service lives of employees in accordance with the advice of the valuer.

Long service payments are discounted to determine the present value of obligation and reduced by entitlement accrued under the Group's pension scheme contributions that are attributable to contributions made by the Group. Remeasurements are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

2.28 BORROWING COSTS

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs are expensed in the period in which they are incurred.

2.29 DIVIDENDS

Interim dividends are proposed and declared, because the Company's bye-laws grant the directors of the Company the authority to declare interim and special dividends. Consequently, interim and special dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting and declared. Proposed final dividends are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.30 FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with recognition of the gain or loss on change in fair value of the item (i.e., transaction difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas and Mainland China subsidiaries and associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars at the exchange rates that approximates to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas and Mainland China subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.31 RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) as significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Except as disclosed below, management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Write-down of inventories to net realisable value and provision for obsolete and slow-moving inventories

Management reviews the ageing analysis and condition of inventories of the Group at the end of each reporting period, the provision for obsolete and slow-moving inventories is estimated based on the net realisable value of the inventories with reference to the rapid technology advancement and macroeconomic challenges. Significant judgements and estimations are required due to uncertainty about the impact of technological advances, product life cycle, market conditions and future sales plans which require management to make judgement based on information available at the year end.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the "Components Distribution" operating segment engages in the distribution of electronic components and cables;
- (b) the "IT Infrastructure" operating segment engages in the provision of computer data storage management solutions and services; provision of professional services in IT infrastructure, cloud solutions, network and security solutions; and
- (c) the "Consumer Electronics Products" operating segment engages in the distribution and retailing of consumer electronics products.

Management monitors the results of the Group's reportable operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income, fair value changes on investment properties, financial asset at fair value through profit or loss and derivative financial instrument, finance costs, share of profit of an associate, and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude investment in an associate, deferred tax assets, cash and cash equivalents and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude income tax payable, interest-bearing bank and other borrowings, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

There were no material intersegment sales and transfers during the current and prior years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
2024				
Segment revenue	387,074	1,634,409	180,512	2,201,995
Segment results	(2,189)	44,438	(2,502)	39,747
<i>Reconciliation:</i>				
Bank interest income				651
Fair value loss on investment property				(3,300)
Fair value loss on a financial asset at fair value through profit or loss				(244)
Fair value gain on derivative financial instruments				762
Impairment of goodwill				(1,039)
Gain on deregistration of a subsidiary				89
Loss on disposal of property, plant and equipment				(1,536)
Finance costs				(11,766)
Share of profit of associates, net				2,938
Corporate and other unallocated expenses				(2,299)
Profit before tax				24,003
Segment assets	194,530	721,382	28,886	944,798
<i>Reconciliation:</i>				
Investment in associates				7,371
Amount due from an associate				4,879
Deferred tax assets				5,142
Derivative financial instruments				770
Financial asset at fair value through profit or loss				1,040
Cash and cash equivalents				127,206
Assets classified as held for sale				67,097
Corporate and other unallocated assets				10,582
Total assets				1,168,885
Segment liabilities	44,935	528,616	36,474	610,025
<i>Reconciliation:</i>				
Tax payable				6,982
Interest-bearing bank and other borrowings				105,912
Deferred tax liabilities				7,241
Liabilities directly associated with assets classified as held for sale				1,789
Corporate and other unallocated liabilities				37,069
Total liabilities				769,018
Other segment information:				
Income tax expense				6,621
(Reversal of)/impairment of trade receivables	219	(670)	20	(431)
(Reversal of)/write down of inventories	(2,426)	(2,646)	1,069	(4,003)
Depreciation				18,482
Capital expenditure				2,080

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
2023				
Segment revenue	446,484	1,349,845	243,292	2,039,621
Segment results	(4,843)	28,233	4,234	27,624
<i>Reconciliation:</i>				
Bank interest income				740
Fair value loss on investment property				(1,200)
Fair value loss on a financial asset at fair value through profit or loss				(161)
Fair value gain on derivative financial instruments				26
Gain on disposal of investment property				1,008
Gain on disposal of property, plant and equipment				37,809
Finance costs				(10,374)
Share of profit of an associate				3,353
Corporate and other unallocated expenses				(1,874)
Profit before tax				56,951
Segment assets	243,345	617,928	33,379	894,652
<i>Reconciliation:</i>				
Investment in an associate				7,350
Deferred tax assets				6,212
Derivative financial instruments				8
Financial asset at fair value through profit or loss				1,284
Cash and cash equivalents				90,071
Assets classified as held for sale				71,031
Corporate and other unallocated assets				21,655
Total assets				1,092,263
Segment liabilities	45,421	374,187	53,464	473,072
<i>Reconciliation:</i>				
Tax payable				7,586
Interest-bearing bank and other borrowings				146,443
Deferred tax liabilities				7,058
Liabilities directly associated with assets classified as held for sale				1,592
Corporate and other unallocated liabilities				29,814
Total liabilities				665,565
Other segment information:				
Income tax expense				10,852
(Reversal of)/impairment of trade receivables	(3,594)	1,221	6	(2,367)
(Reversal of)/write down of inventories	5,575	(1,498)	626	4,703
Depreciation				20,311
Capital expenditure				3,785

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

4. OPERATING SEGMENT INFORMATION (continued)

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
2024				
Segment revenue	1,686,085	272,107	243,803	2,201,995
Non-current assets	60,587	3,489	637	64,713
2023				
Segment revenue	1,571,953	282,639	185,029	2,039,621
Non-current assets	64,846	12,837	477	78,160

The revenue information is based on the location of the customers.

The non-current assets information is based on the location of assets and excludes deferred tax assets.

INFORMATION ABOUT MAJOR CUSTOMERS

The Group did not have a single external customer from whom the revenue derived amounted to 10% or more of the Group's revenue during the year (2023: Nil).

5. REVENUE

	Group	
	2024 \$'000	2023 \$'000
Revenue from contracts with customers	2,201,995	2,039,621

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

5. REVENUE (continued)**(I) DISAGGREGATED REVENUE INFORMATION**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
2024				
Types of goods or services				
Sale of goods	387,074	1,254,536	180,512	1,822,122
Provision of professional and warranty services	–	379,873	–	379,873
Total revenue from contracts with customers	387,074	1,634,409	180,512	2,201,995
Geographical markets				
Hong Kong	114,772	1,392,214	179,099	1,686,085
Mainland China	237,650	34,457	–	272,107
Others	34,652	207,738	1,413	243,803
	387,074	1,634,409	180,512	2,201,995
Timing of revenue recognition				
At a point in time	387,074	1,408,484	180,512	1,976,070
Over time	–	225,925	–	225,925
	387,074	1,634,409	180,512	2,201,995

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

5. REVENUE (continued)**(I) DISAGGREGATED REVENUE INFORMATION (continued)**

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
2023				
Types of goods or services				
Sale of goods	446,484	1,127,623	243,292	1,817,399
Provision of professional and warranty services	–	222,222	–	222,222
Total revenue from contracts with customers	446,484	1,349,845	243,292	2,039,621
Geographical markets				
Hong Kong	139,020	1,193,207	239,726	1,571,953
Mainland China	249,199	33,440	–	282,639
Others	58,265	123,198	3,566	185,029
	446,484	1,349,845	243,292	2,039,621
Timing of revenue recognition				
At a point in time	446,484	1,142,158	243,292	1,831,934
Over time	–	207,687	–	207,687
	446,484	1,349,845	243,292	2,039,621

The following table shows the revenue recognised in the current reporting period that were included in contract liabilities at the beginning of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	47,546	62,894
Provision of professional and warranty services	125,189	115,805
	172,735	178,699

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

5. REVENUE (continued)**(II) PERFORMANCE OBLIGATIONS**

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

Sale 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 amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	2024 HK\$'000	2023 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	232,911	172,735
After one year	35,308	30,228
	268,219	202,963

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to warranty services of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

6. OTHER INCOME AND GAINS, NET

	Group	
	2024	2023
	HK\$'000	HK\$'000
Bank interest income	651	740
Gross rental income	–	79
Fair value gain on derivative financial instruments	762	26
Foreign exchange differences, net	3,962	165
Reversal of impairment of trade receivables (<i>note 20</i>)	431	2,367
Government subsidies*	347	2,720
Gain on disposal of property, plant and equipment	–	37,809
Gain on disposal of investment properties	–	1,008
Gain on deregistration of a subsidiary	89	–
Gain on termination of lease	17	–
Write-back of long outstanding trade and other payables	880	1,246
Others	1,928	596
	9,067	46,756

* The subsidies in the previous year included subsidies received in connection with the COVID-19 pandemic in Hong Kong, China and Singapore. There were no unfulfilled conditions relating to the subsidies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

7. PROFIT BEFORE TAX

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

	Note	Group	
		2024 HK\$'000	2023 HK\$'000
Cost of inventories sold		1,917,063	1,745,516
Cost of services provided		101,914	116,846
(Reversal of)/write-down of inventories, net	19	(4,003)	4,703
Depreciation of property, plant and equipment	12	8,654	10,525
Depreciation of right-of-use assets	14	9,828	9,786
Impairment of goodwill*	15	1,039	–
Fair value loss on investment properties*	25	3,300	1,200
Fair value loss on a financial asset at fair value through profit or loss*		244	161
Loss on disposal of property, plant and equipment		1,536	–
Lease payments not included in the measurement of lease liabilities	14(c)	2,624	1,899
Auditors' remuneration:			
Audit fee paid to the auditor of the Company		2,301	2,163
Audit fee paid to other auditors		120	147
Non-audit fees paid to the auditor of the Company		322	331
Non-audit fees paid to other auditors		30	12
Directors' fees		967	861
Employee benefit expense (including directors' remuneration (note 34(b)):			
Wages and salaries		122,200	117,249
Pension scheme contributions		7,680	9,836
Share-based payments		–	3,210
		129,880	130,295

* included in "Other expenses, net"

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

8. FINANCE COSTS

	Group	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank and other borrowings	11,429	10,004
Interest on lease liabilities	337	370
	11,766	10,374

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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 (2023: 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.

	2024	2023
	HK\$'000	HK\$'000
Current tax		
Charge for the year	7,457	7,669
(Over)/under provision in prior years	(2,062)	1,363
	5,395	9,032
Deferred tax relating to origination and reversal of temporary differences (<i>note 28</i>)	1,226	1,820
Total tax expense for the year	6,621	10,852

New Spirit Electronic Technology Development (Shenzhen) Company Limited, a wholly-owned subsidiary of the Group, is subject to a preferential tax rate of 15% (2023: 15%) as it is designated as a high technology enterprise in the PRC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

9. INCOME TAX EXPENSE (continued)

A reconciliation between tax expense and the product of accounting profit at the statutory tax rate of Hong Kong is as follows:

	Group	
	2024 HK\$'000	2023 HK\$'000
Profit before tax	24,003	56,951
Tax at the statutory rate of Hong Kong of 16.5% (2023: 16.5%)	3,960	9,397
Effect of different tax rates in other jurisdictions	526	(1,807)
Adjustments in respect of current tax of previous periods	(2,062)	1,363
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	518	1,598
Income not subject to tax	(1,115)	(1,316)
Expenses not deductible for tax	1,616	860
Tax losses utilised from previous periods	(321)	(947)
Tax losses not recognised	3,698	1,594
Profit attributable to an associate	(524)	(553)
Others	325	663
Income tax expense	6,621	10,852

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

10. DIVIDENDS

	Group and Company	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend — HK\$0.049 (2023: HK\$0.052) per ordinary share	10,601	11,250
Proposed final dividend — HK\$0.0388 (2023: HK\$0.15) per ordinary share	8,393	32,452
	18,994	43,702

The proposed final dividend for the year ended 30 June 2023 was approved by the Company's shareholders at the annual general meeting held during the current financial year on 26 October 2023.

The proposed final dividend for the current financial year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the years ended 30 June 2024 and 2023 is based on the profit attributable to the ordinary shareholders of the Company for the respective years, and the weighted average number of ordinary shares of 216,345,000 and 215,528,000 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 years ended 30 June 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

12. PROPERTY, PLANT AND EQUIPMENT

	Properties held for own use and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Group						
2024						
At 1 July 2023:						
Cost	13,197	20,553	1,702	26,638	4,846	66,936
Accumulated depreciation	(5,041)	(13,446)	(1,092)	(23,196)	(3,410)	(46,185)
Net carrying amount	8,156	7,107	610	3,442	1,436	20,751
At 1 July 2023, net carrying amount	8,156	7,107	610	3,442	1,436	20,751
Additions	-	655	213	418	794	2,080
Reclassification to assets classified as held for sale (<i>note 25</i>)	-	-	-	(9)	-	(9)
Disposal	(7,894)	-	-	-	-	(7,894)
Depreciation charge	(188)	(5,906)	(286)	(1,648)	(626)	(8,654)
Exchange realignment	(74)	-	(2)	(9)	(2)	(87)
At 30 June 2024, net carrying amount	-	1,856	535	2,194	1,602	6,187
At 30 June 2024:						
Cost	-	21,178	1,910	26,515	3,369	52,972
Accumulated depreciation	-	(19,322)	(1,375)	(24,321)	(1,767)	(46,785)
Net carrying amount	-	1,856	535	2,194	1,602	6,187

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Properties held for own use and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Group						
30 June 2023						
At 1 July 2022:						
Cost	67,339	21,577	4,396	27,010	5,244	125,566
Accumulated depreciation	(29,486)	(10,562)	(3,600)	(22,196)	(3,660)	(69,504)
Net carrying amount	37,853	11,015	796	4,814	1,584	56,062
At 1 July 2022, net carrying amount	37,853	11,015	796	4,814	1,584	56,062
Additions	–	2,316	414	636	419	3,785
Reclassification to assets classified as held for sale (<i>note 25</i>)	–	(21)	–	–	–	(21)
Disposal	(26,678)	–	(267)	(86)	–	(27,031)
Depreciation charge	(1,711)	(6,188)	(284)	(1,798)	(544)	(10,525)
Exchange realignment	(1,308)	(15)	(49)	(124)	(23)	(1,519)
At 30 June 2023, net carrying amount	8,156	7,107	610	3,442	1,436	20,751
At 30 June 2023:						
Cost	13,197	20,553	1,702	26,638	4,846	66,936
Accumulated depreciation	(5,041)	(13,446)	(1,092)	(23,196)	(3,410)	(46,185)
Net carrying amount	8,156	7,107	610	3,442	1,436	20,751

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

13. INVESTMENT PROPERTIES

	Group	
	2024 HK\$'000	2023 HK\$'000
Carrying amount at beginning of financial year	–	4,506
Disposal	–	(4,600)
Exchange realignment	–	94
Carrying amount at end of financial year	–	–

Refer to note 25 of the financial statements for the investment property relating to a commercial property in Hong Kong that has been classified as “Assets classified as held for sale”. The previous year included an industrial property in Singapore that was disposed of in 2023.

14. LEASES**GROUP AS A LESSEE**

The Group has lease contracts for warehouses, office premises and other equipment used in its operations. Leases of warehouses and office premises generally have lease terms between 2 and 3 years. Other equipment has a lease term of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. No lease contracts include extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the year are as follows:

	Warehouses HK\$'000	Office premises HK\$'000	Other equipment HK\$'000	Total HK\$'000
As at 1 July 2022	720	19,422	13	20,155
Additions	492	326	–	818
Depreciation charge	(340)	(9,433)	(13)	(9,786)
Exchange realignment	(62)	(300)	–	(362)
As at 30 June 2023 and 1 July 2023	810	10,015	–	10,825
Additions	–	2,395	480	2,875
Remeasurement on lease modification	–	1,322	–	1,322
Depreciation charge	(346)	(9,422)	(60)	(9,828)
Exchange realignment	–	–	–	–*
Termination of lease	(229)	–	–	(229)
As at 30 June 2024	235	4,310	420	4,965

* less than HK\$1,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

14. LEASES (continued)**GROUP AS A LESSEE (continued)****(b) Lease liabilities**

The carrying amount of lease liabilities (included lease liabilities under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at beginning of financial year	11,107	20,673
Additions	2,866	816
Remeasurement on lease modification	1,322	–
Accretion of interest	337	370
Payments	(10,423)	(10,443)
Exchange realignment	(1)	(309)
Termination of lease	(246)	–
Carrying amount at end of financial year	4,962	11,107
Analysed as:		
Current portion	2,817	9,434
Non-current portion	2,145	1,673

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

(c) The amount recognised in profit or loss in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	337	370
Depreciation charge of right-of-use assets	9,828	9,786
Expense relating to short-term leases (included in administrative expenses)	2,624	1,899
Total amount recognised in profit or loss	12,789	12,055

THE GROUP AS A LESSOR

In 2023, the Group leased its investment properties (note 13) under operating lease arrangements. Rental income recognised by the Group was HK\$79,000. The Group did not lease any of its properties during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

15. GOODWILL

	Group	
	2024 HK\$'000	2023 HK\$'000
Cost	5,104	5,104
Accumulated impairment	(4,045)	(3,006)
Net carrying amount	1,059	2,098

IMPAIRMENT ASSESSMENT

Goodwill acquired through business combinations has been allocated to the following cash-generating units, which are reportable operating segments, at the date of acquisition for impairment testing:

- Components Distribution
- IT Infrastructure

The recoverable amounts of these cash-generating units have been determined based on a value in use calculation using cash flow projections which are based on financial budgets approved by management covering a period of five years. Cash flows beyond the period of five years are extrapolated based on a forecasted growth rate of 3% (2023: 3%) per annum. The discount rate applied to cash flow projections is 10% (2023: 9%).

At the end of the financial year, the carrying amounts of goodwill allocated to each of the cash generating units were as follows:

	2024 HK\$'000	2023 HK\$'000
Components Distribution	862	1,901
IT Infrastructure	197	197
	1,059	2,098

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

15. GOODWILL (continued)

IMPAIRMENT ASSESSMENT (continued)

Assumptions were used in the value in use calculation of the relevant cash-generating units for 30 June 2024 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- **Budgeted revenue**
The basis used to determine the budgeted revenue is with reference to the expected growth rate of the market in which the assessed cash-generating unit operates.
- **Budgeted gross margins**
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.
- **Business environment**
There will be no major changes in the existing political, legal and economic conditions in Hong Kong, Mainland China and Singapore in which the assessed entities within the cash-generating units carry on their businesses.
- **Discount rate**
The discount rate used is before tax and reflects specific risks relating to the relevant units.

After the assessment, the Group recognised full impairment of goodwill of HK\$1,039,000 (2023: Nil) on certain PRC operations of the Components Distribution cash generating unit (“CGU”) as the CGU was persistently making losses.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2024	2023
	HK\$'000	HK\$'000
Unlisted shares, at cost	73,931	73,931
Capital contribution in respect of employee share-based compensation	2,377	2,377
Investment in subsidiaries included in non-current assets	76,308	76,308

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

16. INVESTMENT IN SUBSIDIARIES (continued)

(a) Particulars of the material investment in subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Principal activities	Proportion (%) of ownership interest	
			2024	2023
<i>Held by the Company</i>				
Karin Electronic Supplies Company Limited ⁽¹⁾	Hong Kong	Distribution and trading of electronic components and provision of computer data storage management solutions and services	100	100
New Spirit Technology Limited ⁽¹⁾	Hong Kong	Provision of integrated circuit application design solutions	100	100
Kepto Solutions Limited ⁽¹⁾	Hong Kong	Provision of computer data storage management solutions and services	100	100
Sen Spirit Technology Limited ⁽¹⁾	Hong Kong	Distribution of computer products and peripherals	100	100
Compucon Computers Limited ⁽¹⁾	Hong Kong	Trading of electronics products and peripherals and provision of software products and solutions	100	100
Karin Solutions and Services Limited ⁽¹⁾	Hong Kong	Provision of professional consulting services	100	100
Compusmart Limited ⁽¹⁾	British Virgin Islands/Hong Kong	Property holding	100	100
Karsing Pte Ltd ⁽⁴⁾	Singapore	Provision of computer data storage management solutions and services	100	100
KCF A Store Limited ⁽¹⁾	Hong Kong	Distribution of electronic products and accessories	80	80
Kagile Solutions Limited ⁽¹⁾	Hong Kong	Provision of software application products for corporate clients	70	70
Kepto (Macau) Company Limited ⁽¹⁾	Macau	Provision of computer data storage management solutions and services	100	100
<i>Held through subsidiaries</i>				
Karin Electronic Trading (Shenzhen) Company Limited* ⁽²⁾	The People's Republic of China	Trading of electronic components, computer products and peripherals	100	100
Karin International Trading (Shanghai) Company Limited* ⁽³⁾	The People's Republic of China	Trading of electronic components, computer products and peripherals	100	100
New Spirit Electronic Technology Development (Shenzhen) Company Limited* ⁽²⁾	The People's Republic of China	Provision of IC software application design	100	100
Karltec Information System (Shenzhen) Company Limited* ⁽²⁾	The People's Republic of China	Distribution of computer products and peripherals	75	75

* The English names of the subsidiaries are direct translations of their registered Chinese names.

⁽¹⁾ Audited by a member firm of EY Global

⁽²⁾ Audited by Wongga Partners Certified Public Accountants (SZ) General Partner

⁽³⁾ Audited by Shanghai Jialiang CPAs Limited

⁽⁴⁾ Audited by HLB Atrede LLP

For purposes of the consolidated financial statements, the above subsidiaries except for Karsing Pte Ltd are audited by a member firm of EY Global.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (b) The balances with subsidiaries are unsecured, interest-free, repayable on demand and to be settled in cash. The carrying amounts of the balances approximate their fair values.
- (c) Management is of the opinion that the Group does not have any material non-wholly owned subsidiary which requires additional disclosures in accordance with the requirements set out in IFRS 12 Disclosure of interests in other entities.

17. INVESTMENT IN ASSOCIATES

	Group 2024 HK\$'000	2023 HK\$'000
Share of net assets	7,371	7,350

- (a) Particulars of the material investment in associates are as follows:

Name	Place of incorporation/ registration and operations	Principal activities	Proportion (%) of ownership interest	
			2024	2023
<i>Held through subsidiaries</i>				
Shanghai Cosel International Trading Co., Ltd. ("SCIT") ⁽¹⁾	The People's Republic of China	Trading of switch mode power supplies and provision of consulting services	30	30

⁽¹⁾ Audited by Shanghai HDDY Certified Public Accountants Co., Ltd

SCIT is considered a material associate of the Group. For purposes of the consolidated financial statements, SCIT is audited by a member firm of EY Global.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

17. INVESTMENT IN ASSOCIATES (continued)

- (b) The following table illustrates the summarised financial information of SCIT, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Current assets	36,813	46,647
Non-current assets	32	50
Current liabilities	(12,275)	(22,197)
Net assets	24,570	24,500
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	30%	30%
Group's share of net assets of the associate and carrying amount of the investment	7,371	7,350
Revenue	167,750	155,451
Profit and total comprehensive income for the year	10,582	11,177
Dividend received	3,084	408

Acquisition of an associate

On 5 July 2023, a subsidiary, Karin Technology (BVI) Limited ("KTBVI") entered into a share subscription agreement to subscribe for 40% of the issued share capital of Infodeck Technology Pte Ltd ("ITPL"), a company incorporated in Singapore for a cash consideration of SGD40,000 (HK\$236,000). ITPL is not considered a material associate of the Group. The transaction was completed on 19 July 2023.

The Group's 40% share of ITPL's post-acquisition loss for the year amounted to HK\$1,624,000. However, the Group recognised its share of loss to the extent of its cost of investment in the associate of HK\$236,000 in the statement of comprehensive income for the year and the Group's share of unrecognised loss at the end of the reporting period was \$1,388,000. Consequently, the carrying amount of this investment (applying the equity method of accounting) was Nil as at 30 June 2024.

In addition, KTBVI has also entered into an option agreement with ITPL and its 60% shareholder for the option to subscribe for such additional number of shares in ITPL representing 51% of the enlarged issued share capital on the terms of the option agreement. The option may be exercised by KTBVI upon occurrence of the event whereby accumulated losses of ITPL for a full financial year, exceed SGD1,000,000. In the event that the option is not exercised within two years from 19 July 2023, KTBVI and ITPL's controlling shareholder may determine if the option agreement shall be terminated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

18. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2024	2023
	HK\$'000	HK\$'000
Current		
Unlisted equity investment:		
Carrying amount at beginning of year	1,284	1,445
Net loss from a fair value adjustment recognised in profit or loss	(244)	(161)
Carrying amount at end of year	1,040	1,284

On 25 June 2015, the Group entered into an investment agreement with an independent third party (the "Investee"), pursuant to which the Group invested in a product development project undertaken by the Investee (the "Project") at an initial investment cost of HK\$2 million.

During the year ended 30 June 2024, the Group recognised a fair value loss on the investment in the Project amounting to HK\$244,000 (2023: HK\$161,000).

FAIR VALUE HIERARCHY

At the end of the reporting period, fair value measurement of the Group's financial asset at fair value through profit or loss is using significant unobservable inputs (Level 3) as defined in IFRS 13. During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2023: Nil).

Below is a summary of the valuation technique used and the key input to the valuation in the current year:

	Valuation technique	Significant unobservable input	Rate	Sensitivity of fair value to inputs
Unlisted equity investment	Income approach	Discount rate	10.32% (2023: 8.74%)	When the discount rate increase by 50 (2023: 50) basis points, the fair value will decrease by HK\$48,000 (2023: HK\$69,000). When the discount rate decrease by 50 (2023: 50) basis points, the fair value will increase by HK\$53,000 (2023: HK\$78,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

19. INVENTORIES

	Group	
	2024	2023
	HK\$'000	HK\$'000
Trading inventories	248,766	258,013
Consolidated statement of comprehensive income		
Inventories recognised as an expense in cost of sales	1,913,060	1,750,219
Inclusive of the following charge/(credit):		
– Inventories written down	3,287	7,473
– Reversal of write-down of inventories	(7,290)	(2,770)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

20. TRADE AND BILLS RECEIVABLES

	Group	
	2024	2023
	HK\$'000	HK\$'000
Trade receivables	470,205	413,960
Less: Impairment of trade receivables	(9,465)	(9,957)
	460,740	404,003
Bills receivables	9,412	12,009
	470,152	416,012

The Group offers credit terms to certain customers. Trade receivables, which are non-interest-bearing, are recognised and carried at their original invoice amounts less allowances for any uncollectible amounts. The Group does not hold any collateral or other credit enhancements over these balances. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

20. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance of trade receivables are as follows:

	Group 2024 HK\$'000	2023 HK\$'000
At beginning of financial year	9,957	12,285
Reversal of impairment of trade receivables (note 6)	(431)	(2,367)
Exchange realignment	(61)	39
At end of financial year	9,465	9,957

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar geographical regions. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2024

	Current HK\$'000	Past due			Total HK\$'000
		Less than 1 month HK\$'000	1 to 3 months HK\$'000	Over 3 months HK\$'000	
Expected credit loss rate (%)	0.11%	0.42%	1.03%	58.08%	2.01%
Gross carrying amount	309,050	115,595	31,243	14,317	470,205
Expected credit losses	346	481	323	8,315	9,465

2023

	Current HK\$'000	Past due			Total HK\$'000
		Less than 1 month HK\$'000	1 to 3 months HK\$'000	Over 3 months HK\$'000	
Expected credit loss rate (%)	0.05%	0.13%	0.52%	38.9%	2.41%
Gross carrying amount	265,819	61,986	61,938	24,217	413,960
Expected credit losses	141	81	320	9,415	9,957

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

21. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is non-trade in nature and unsecured. The Group expects the amount due from the associate to be recovered beyond the next twelve months from 30 June 2024. According to the shareholders' agreement, the Group reserves the right, exercisable at its discretion, to charge interest on the outstanding amount at the prevailing market rate, as determined by the Group through written notice to the associate.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Prepayments	199,494	190,057	2	2
Contract assets	18,441	11,549	–	–
Deposits	4,363	4,274	–	–
Other receivables	1,953	2,728	–	–
	224,251	208,608	2	2
Analysed as:				
Current portion	183,999	171,472	2	2
Non-current portion	40,252	37,136	–	–

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default. Since the deposits and other receivables are related to receivables which are still current and the payment is not due, the expected credit loss rates of deposits and other receivables are assessed to be minimal.

(a) CONTRACT ASSETS

	Group		
	30 June 2024 HK\$'000	30 June 2023 HK\$'000	1 July 2022 HK\$'000
Contract assets arising from:			
IT infrastructure	18,441	11,549	15,794

Contract assets are initially recognised for revenue earned from the IT infrastructure as the receipt of consideration is based on the billing process. Included in contract assets for IT infrastructure are unbilled amounts of revenue. These amounts recognised as contract assets are reclassified to trade receivables upon billing. The increase in contract assets in 2024 and the decrease in contract assets in 2023 were the result of the respective increase/decrease in the ongoing sale of IT infrastructure at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)**(a) CONTRACT ASSETS (continued)**

The expected timing of recovery or settlement for contract assets as at 30 June is as follows:

	Group	
	2024 HK\$'000	2023 HK\$'000
Within one year	10,736	3,368
After one year	7,705	8,181
Total contract assets	18,441	11,549

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

None of the above assets is past due or impaired. There was no recent history of default for the contract assets. Since the contract assets are related to receivables which are still current and the payment is not due, the expected credit loss rates of contract assets are assessed to be minimal.

23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into various forward currency contracts to manage its exchange rate exposures. The forward currency contracts are derivatives and are classified as financial assets at fair value through profit or loss and are stated at fair values at the end of the reporting period. The fair values disclosed in these financial statements were based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2 of the fair value hierarchy as defined in IFRS 13).

	2024		2023	
	Contract/ Notional amount HK\$'000	Assets HK\$'000	Contract/ Notional amount HK\$'000	Assets HK\$'000
Forward currency contracts	770,336	770	7,994	8

The Group recognised a fair value gain on derivative financial instruments of HK\$762,000 (2023: HK\$26,000) for the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

23. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value of the Group's forward currency contracts is determined by discounting the estimated future cash flows which are based on the terms and conditions of the forward currency contracts, the historical prices of the underlying currencies, the contractual period, discount rate and other factors materially affecting the values of the forward contracts.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial instruments (2023: Nil).

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	127,206	90,071	321	210

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with major or reputable banks.

At 30 June 2024, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$12,520,000 (2023: HK\$14,128,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

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

Compusmart Limited (“**Compusmart**”) is a wholly-owned subsidiary of the Company, which was incorporated in the British Virgin Islands with limited liability and engaged in property holding. As at 30 June 2024, the Group continues the process of actively locating potential independent third party purchasers for Karin Building held by Compusmart through the transfer of equity interest in Compusmart. Accordingly, the assets and liabilities of Compusmart continue to be classified as assets and liabilities held for sale and are presented separately in the consolidated statement of financial position as at 30 June 2024. The major classes of assets and liabilities classified as held for sale as at 30 June 2024 were as follows:

	Note	Group 2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	(a)	66,088	44,479
Investment property	(a)	–	24,900
Prepayments, deposits and other receivables		287	287
Cash and cash equivalents		722	1,365
Total assets classified as held for sale		67,097	71,031
Other payables and accruals		93	106
Tax payable		284	133
Deferred tax liabilities	28	1,412	1,353
Total liabilities directly associated with assets classified as held for sale		1,789	1,592
Net assets		65,308	69,439

Note (a)

During the year, the Group recognised a fair value loss on the investment property of HK\$3,300,000 (2023: HK\$1,200,000). The investment property was valued on 30 June 2024 by BMI Appraisals Limited, independent professionally qualified valuers, using the direct comparison method. On 30 June 2024, the carrying amount of the investment property of HK\$21,600,000 was reclassified to property, plant and equipment as the property is currently being held for the Group’s own use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

25. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)**FAIR VALUE HIERARCHY**

At the end of the reporting period, fair value measurement is using significant unobservable inputs (Level 3) as defined in IFRS 13. During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2023: Nil).

Below is a summary of the valuation technique used and the key inputs to the valuation of the investment property:

Valuation techniques	Significant unobservable inputs	Input/range of input	
		2024	2023
Commercial property			
<i>Property in Hong Kong</i>			
Direct comparison method	Price per square feet (sqf)	HK\$5,075 to HK\$6,725 per sqf	HK\$5,976 to HK\$7,619 per sqf

Under the direct comparison method, the Group assumes sale in the existing status with the benefit of vacant possession. The external valuer refers to comparable sales evidence as available in the relevant market and makes appropriate adjustments to account for the differences between the property and the comparables in terms of age, time, location, floor level and other relevant factors.

A significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

26. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Trade and bills payables		330,882	249,750	–	–
Other payables and accruals:					
Contract liabilities	(a)	268,219	202,963	–	–
Refund liabilities		552	487	–	–
Dividend payable		–	612	–	–
Other payables		16,041	13,782	–	–
Accruals		26,884	24,248	1,769	1,255
	(b)	311,696	242,092	1,769	1,255
Other payables and accruals analysed as:					
Current portion		274,311	209,668	1,769	1,255
Non-current portion		37,385	32,424	–	–

Trade and bills payables and other payables are non-interest bearing and are normally settled on terms of 30 to 60 days. Trade and bills payables at 30 June 2023 included an amount of HK\$7,967,000 which was interest-bearing at 4.3% per annum and was settled during the year.

Certain suppliers are provided guarantees by the Company and certain subsidiaries. Refer to note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

26. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)**(a) CONTRACT LIABILITIES**

	30 June 2024 HK\$'000	30 June 2023 HK\$'000	1 July 2023 HK\$'000
<i>Advances received from customers</i>			
Sales of goods	95,504	47,546	62,894
Provision of professional and warranty services	172,715	155,417	136,944
IT infrastructure	268,219	202,963	199,838

Contract liabilities include advances received to sell the goods and render professional and warranty services. The increase in contract liabilities in 2024 and 2023 was mainly due to the increase in advances received from customers in relation to provision of professional and warranty services at the end of each reporting period.

(b) OTHER PAYABLES AND ACCRUALS

In June 2022, the Government of the Hong Kong Special Administrative Region (the "HKSAR") enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022. The amendment will come into effect prospectively from a date in 2025 to be appointed by the Government of the HKSAR ("**Transition Date**"), under which the accrued benefits attributable to the employers' mandatory contributions under the MPF scheme would no longer be eligible to offset against the long service payment accrued from the Transition Date. The retirement benefit obligation arising from long service payments has been remeasured accordingly and the impact is reflected as past service cost for the year. Provision for long service payment of HK\$2,081,000 (2023: HK\$2,206,000) was included in other payables and accruals as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024		2023	
	Maturity	HK\$'000	Maturity	HK\$'000
Current				
Lease liabilities (<i>note 14(b)</i>)	2025	87	2024	63
Bank loans, unsecured	2025	105,466	2023	146,380
		105,553		146,443
Non-current				
Lease liabilities (<i>note 14(b)</i>)	2026	359		–

The Group's bank loans bear interest at floating rates ranging from 2.3% to 6.8% (2023: 1.6% to 6.0%) per annum.

At 30 June 2024, bank borrowings of HK\$105,466,000 (2023: HK\$146,380,000) were covered by corporate guarantees given by the Company and certain subsidiaries.

28. DEFERRED TAX

	Group	
	2024 HK\$'000	2023 HK\$'000
Net deferred tax liabilities		
At 1 July	(846)	417
Charge to profit or loss	(1,226)	(1,820)
Reclassification to liabilities directly associated with assets classified as held for sale	59	23
Exchange realignment	(86)	534
At 30 June	(2,099)	(846)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

28. DEFERRED TAX (continued)

Deferred tax relates to the following:

	Group	
	2024 HK\$'000	2023 HK\$'000
<i>Deferred tax assets</i>		
Tax depreciation allowance in excess of related depreciation	751	81
Loss available for offsetting against future taxable profits	1,525	2,775
Assets provision	2,788	3,707
Lease liabilities	308	–
	5,372	6,563
<i>Deferred tax liabilities</i>		
Right-of-use assets	(300)	–
Undistributed retained earnings of PRC subsidiaries	(7,171)	(7,409)
	(7,471)	(7,409)
Presented after appropriate offsetting:		
Deferred tax assets	5,142	6,212
Deferred tax liabilities	(7,241)	(7,058)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 30 June 2024, deferred tax liabilities of HK\$7,171,000 (2023: HK\$7,409,000) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China.

At 30 June 2024, deferred tax assets have not been recognised in respect of unused tax losses of HK\$66,373,000 (2023: HK\$47,393,000) as they have arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Out of this amount, unrecognised tax losses of HK\$4,358,000 (2023: HK\$4,335,000) will expire in five years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

29. SHARE CAPITAL**(I) SHARES**

	Group and Company	
	2024	2023
	HK\$'000	HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.1 each	1,000,000	1,000,000
Issued and fully paid:		
216,360,000 (2023: 216,360,000) ordinary shares of HK\$0.1 each	21,636	21,636

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 July 2023	214,760,000	21,476	45,885	67,361
Shares issued	1,600,000	160	3,050	3,210
At 30 June 2023, 1 July 2023 and 30 June 2024	216,360,000	21,636	48,935	70,571

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares (except treasury shares) carry one vote per share without restrictions.

(II) TREASURY SHARES

	30 June 2024		30 June 2023	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Beginning of the year	12,000	19	12,000	19
Share buy-back	24,600	42	–	–
End of the year	36,600	61	12,000	19

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

30. SHARE OPTION SCHEMES AND SHARE PERFORMANCE PLAN

(a) SHARE OPTION SCHEMES

The Company operates the 2005 Karin Employee Share Option Scheme (the “**2005 ESOS**”) for the purpose of providing incentives and rewards to eligible participants who have contributed significantly to the growth and performance of the Group. Eligible participants of the 2005 ESOS include the Company’s directors, including independent directors, and other employees of the Group.

The offer of a grant of share options may be accepted within 30 days after the relevant offer date by completing, signing and returning to the Company the acceptance form accompanied by payment of HK\$1.00 as consideration by the grantee. The exercise period of the share options granted at market price commences at any time after the first anniversary from the offer date of that option and the exercise period of the share options granted at below market price commences at any time after the second anniversary from the offer date of that option, provided that the options shall be exercised before the tenth anniversary of the relevant offer date, except that the options granted to independent directors shall be exercised before the fifth anniversary of the relevant offer date, or an earlier date as may be determined by the committee of the Scheme (the “**Committee**”).

The exercise price of the share option is determined by the Committee at its absolute discretion and fixed by the Committee at (i) the average last dealt price for the Company’s shares determined by reference to the daily official lists published by the SGX-ST for the five consecutive trading days immediately prior to the relevant offer date (the “**Price**”), or (ii) a price which is set at a discount of not exceeding 20% of the Price and approved by the shareholders at a general meeting in a separate resolution in respect of that option. The aggregate number of shares in respect of which options may be offered to a grantee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Committee.

Pursuant to a resolution passed at the annual general meeting (“**AGM**”) held on 9 October 2014, the 2005 ESOS was cancelled and the 2014 Karin Employee Share Option Scheme (the “**2014 ESOS**”) has been adopted. There is no material difference between the terms of the 2005 ESOS and the 2014 ESOS, save that the definition of “eligible participants” and necessary modification and/or amendments have been made pursuant to the Listing Manual of the SGX-ST. The purpose of the 2014 ESOS is to replace the 2005 ESOS and to enable the Company to give recognition to the contributions made by eligible participants towards the success and continued well-being of the Group. Upon the termination of the 2005 ESOS, all share options granted have either been exercised or lapsed and no further share options will be granted under the 2005 ESOS. Since the adoption of the 2014 ESOS, no share option has been granted thereunder.

The 2014 ESOS has a maximum duration of ten years and will expire on 9 October 2024.

Share options do not confer rights on the holders either to dividends, or to vote at shareholders’ meetings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

30. SHARE OPTION SCHEMES AND SHARE PERFORMANCE PLAN (continued)

(b) PERFORMANCE SHARE PLAN

The Company operates the 2010 Karin Performance Share Plan (the “**2010 KPSP**”) for the purpose of promoting higher performance goals and recognising exceptional achievement. Eligible participants of the 2010 KPSP include the Company’s directors, including independent directors, and other employees of the Group (the “**Selected Employee**”).

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the 2010 KPSP and becomes entitled to the shares of the Company forming the subject of the 2010 KPSP.

The 2010 KPSP was expired on 21 October 2020 and no shares have been granted as of that date. At the annual general meeting held on 23 October 2020, the 2020 Karin Performance Share Plan (the “**2020 KPSP**”) was adopted, subject to a maximum period of 10 years commencing on 23 October 2020. There is no material difference between the terms of the 2010 KPSP and the 2020 KPSP.

The fair value of the share granted will be based on the market value of the Company’s shares at the grant date.

During the year ended 30 June 2023, 1,600,000 shares were granted and issued to independent directors (600,000 shares) and executives (1,000,000 shares) of the Company. The Group recognised an equity-settled share-based payments expense of HK\$3,210,000.

31. RESERVES

GROUP

The amounts of the Group’s reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Contributed surplus

The Group’s contributed surplus represents the difference between the aggregate of the nominal value of issued share capital and the balance of the contributed surplus account the company acquired, and the nominal value of the shares of the Company issued in exchange therefor, pursuant to a group restructuring completed in prior years.

Land and buildings revaluation reserve

The land and buildings revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value before 1 January 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

31. RESERVES (continued)**GROUP (continued)****General reserve**

In accordance with the relevant PRC regulations, each of the Group's PRC subsidiaries is required to transfer not less than 10% of its profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the general reserve until such reserve reaches 50% of its registered capital. The quantum of the annual transfer is subject to the approval of the respective boards of directors of the PRC subsidiaries in accordance with their respective articles of association.

Other reserve

The Group's other reserve represents the difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid to acquire additional interest in a subsidiary.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

COMPANY

	<i>Note</i>	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 July 2022		45,885	36,311	18,856	101,052
Profit for the year and total comprehensive income for the year		–	–	35,919	35,919
Issue of shares		3,050	–	–	3,050
Final 2022 dividend paid		–	–	(25,340)	(25,340)
Interim 2023 dividend paid	10	–	–	(11,250)	(11,250)
At 30 June 2023 and 1 July 2023		48,935	36,311	18,185	103,431
Profit for the year and total comprehensive income for the year		–	–	42,102	42,102
Final 2023 dividend paid	10	–	–	(32,452)	(32,452)
Interim 2024 dividend paid	10	–	–	(10,601)	(10,601)
At 30 June 2024		48,935	36,311	17,234	102,480

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) MAJOR NON-CASH TRANSACTIONS**

During the year, the Group had non-cash additions and lease modifications to right-of-use assets and lease liabilities, totaling HK\$4,197,000 (2023: HK\$818,000) and HK\$4,188,000 (2023: HK\$816,000), respectively.

(b) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank loans	Lease liabilities
	HK\$'000	HK\$'000
At 1 July 2022	242,993	20,673
Changes from financing cash flows	(96,613)	(10,073)
New leases	–	816
Exchange realignment	–	(309)
Interest expense	–	370
Interest paid classified as operating cash flows	–	(370)
At 30 June 2023 and 1 July 2023	146,380	11,107
Changes from financing cash flows	(40,914)	(10,086)
New leases	–	2,866
Remeasurement on lease modification	–	1,322
Termination of lease	–	(246)
Exchange realignment	–	(1)
Interest expense	–	337
Interest paid classified as operating cash flows	–	(337)
At 30 June 2024	105,466	4,962

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**(c) TOTAL CASH OUTFLOW FOR LEASES**

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK\$'000	2023 HK\$'000
Within operating activities	2,961	2,269
Within financing activities	10,086	10,073
	13,047	12,342

33. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	–	–	955,000	855,000
Guarantees given to suppliers in connection with credit facilities granted to subsidiaries	–	–	711,177	711,177
	–	–	1,666,177	1,566,177

As at 30 June 2024, the guarantees given to banks and suppliers by the Company and certain subsidiaries in connection with facilities granted to the Group were utilised to the extent of approximately HK\$105,466,000 (2023: HK\$146,380,000) and HK\$198,965,000 (2023: HK\$129,200,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

34. RELATED PARTY DISCLOSURES**(a) TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Other than the related party transactions and balances disclosed elsewhere in these 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

	Group	
	2024	2023
	HK\$'000	HK\$'000
Fees	967	861
Other emoluments	6,205	5,483
Share-based payments	–	1,204
	7,172	7,548

(c) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP (INCLUDING DIRECTORS' REMUNERATION)

	Group	
	2024	2023
	HK\$'000	HK\$'000
Fees	967	861
Short term employee benefits	15,888	15,091
Post-employment benefits	105	208
Share-based payments	–	2,097
	16,960	18,257

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

35. 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:

2024

	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
Financial assets				
Amount due from an associate	–	4,879	4,879	–
Trade and bills receivables	–	470,152	470,152	–
Financial assets included in prepayments, other receivables and other assets	–	6,316	6,316	–
Financial asset at fair value through profit or loss	1,040	–	1,040	–
Derivative financial instruments	770	–	770	–
Amounts due from subsidiaries	–	–	–	50,865
Cash and cash equivalents	–	127,206	127,206	321
	1,810	608,553	610,363	51,186

	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
Financial liabilities				
Trade and bills payables	–	330,882	330,882	–
Financial liabilities included in other payables and accruals	–	17,405	17,405	574
Interest-bearing bank and other borrowings other than lease liabilities	–	105,466	105,466	–
Amount due to a subsidiary	–	–	–	1,672
	–	453,753	453,753	2,246

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2023

	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
Financial assets				
Trade and bills receivables	–	416,012	416,012	–
Financial assets included in prepayments, other receivables and other assets	–	7,002	7,002	–
Financial asset at fair value through profit or loss	1,284	–	1,284	–
Derivative financial instruments	8	–	8	–
Amounts due from subsidiaries	–	–	–	52,077
Cash and cash equivalents	–	90,071	90,071	210
	1,292	513,085	514,377	52,287

	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
Financial liabilities				
Trade and bills payables	–	249,750	249,750	–
Financial liabilities included in other payables and accruals	–	15,359	15,359	544
Interest-bearing bank and other borrowings other than lease liabilities	–	146,380	146,380	–
Amount due to a subsidiary	–	–	–	2,294
	–	411,489	411,489	2,838

The carrying amounts of the Group's financial instruments approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, financial assets included in prepayments, other receivables and other assets, financial asset at fair value through profit or loss, trade and other payables, financial liabilities included in other payables and accruals, and derivative financial instruments which arise directly from its operations.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are (a) interest rate risk, (b) foreign currency risk, (c) credit risk and (d) liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances with floating interest rates and the interest-bearing bank and other borrowings. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its bank balances and borrowings.

At the end of the reporting period, if interest rates had been 50 (2023: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been HK\$530,000 (2023: HK\$732,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans.

(b) FOREIGN CURRENCY RISK

The Group's exposure to market risk for changes in foreign currency exchange rate relates primarily to trade receivables, trade payables and bank balances denominated in currencies other than the units' functional currencies, primarily United States dollar ("US\$"). The Group use foreign currency forward contracts to reduce its foreign currency risk, but does not apply hedge accounting. Further details of the forward currency contracts are set out in note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(b) FOREIGN CURRENCY RISK (continued)**

The Group's exposure to foreign currency risk is as follows:

	Group	
	2024	2023
	US\$	US\$
	HK\$'000	HK\$'000
Financial assets:		
Amount due from an associate	4,879	–
Trade and bills receivables	211,168	202,057
Cash and cash equivalents	53,331	31,104
Financial liabilities:		
Trade and bills payables	(228,672)	(118,350)
Net financial assets	40,706	114,811

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the US\$ exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(decrease) in profit before tax	
	2024	2023
	HK\$'000	HK\$'000
Group		
US\$/HK\$		
– strengthened 1% (2023: 1%)	407	1,148
– weakened 1% (2023: 1%)	(407)	(1,148)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(c) CREDIT RISK**

The Group and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, and the guarantees disclosed in note 33.

The Group has no significant concentration of credit risk in relation to trade receivables due to the Group's large customer base. Concentrations of credit risk are analysed by customer/counterparty, by geographical region and by industry sector. The Group performs ongoing credit evaluations of its customers' financial condition and requires no collateral from its customers.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 June. The amounts presented are gross carrying amounts for financial assets.

2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Amount due from an associate**	4,879	-	-	-	4,879
Trade receivables*	-	-	-	470,205	470,205
Bills receivables**	9,412	-	-	-	9,412
Contract assets*	-	-	-	18,441	18,441
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,316	-	-	-	6,316
Cash and cash equivalents					
– Not yet past due	127,206	-	-	-	127,206
	147,813	-	-	488,646	636,459

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(c) CREDIT RISK (continued)***Maximum exposure and year-end staging (continued)*

2023

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Trade receivables*	–	–	–	413,960	413,960
Bills receivables**	12,009	–	–	–	12,009
Contract assets*	–	–	–	11,549	11,549
Financial assets included in prepayments, other receivables and other assets					
– Normal**	7,002	–	–	–	7,002
Cash and cash equivalents					
– Not yet past due	90,071	–	–	–	90,071
	109,082	–	–	425,509	534,591

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 22 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, bills receivables and amount due from an associate is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(d) LIQUIDITY RISK**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group adopts a prudent liquidity risk management which implies maintaining sufficient cash and the ability to apply for bank loan facilities if necessary.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Total HK\$'000
2024					
Trade and bills payables	–	330,882	–	–	330,882
Financial liabilities included in other payables and accruals	–	–	17,405	–	17,405
Interest-bearing bank and other borrowings other than lease liabilities	–	105,466	–	–	105,466
Lease liabilities	–	1,205	2,064	2,263	5,532
	–	437,553	19,469	2,263	459,285
2023					
Trade and bills payables	–	249,750	–	–	249,750
Financial liabilities included in other payables and accruals	–	–	15,359	–	15,359
Interest-bearing bank and other borrowings other than lease liabilities	–	146,380	–	–	146,380
Lease liabilities	–	2,477	7,131	1,698	11,306
	–	398,607	22,490	1,698	422,795

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 30 June 2024

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) LIQUIDITY RISK (continued)

The Company's financial liabilities as at 30 June 2024, based on the contractual undiscounted payments, of approximately HK\$2,246,000 (2023: HK\$2,838,000) would mature within one year. Further details of the financial liabilities of the Company are set out in note 35 to the financial statements. The balances due within one year from the end of the reporting period approximate their carrying balances as the impact of the discount is not significant. In addition, the Company is also exposed to liquidity risk through the granting of financial guarantees. At 30 June 2024, the Company had guarantees given to banks and suppliers in connection with facilities granted to subsidiaries which were utilised as to an aggregate of HK\$304,431,000 (2023: HK\$275,580,000) and repayable on demand, further details of which are disclosed in note 33 to the financial statements.

(e) CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, repurchase its own shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 2024 and 2023.

The Group monitors its capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by the total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods were as follows:

	Group	
	2024	2023
	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	105,912	146,443
Total equity	399,867	426,698
Gearing ratio	0.26	0.34

37. EVENT AFTER THE REPORTING PERIOD

On 2 August 2024, a subsidiary, KIMIG Limited entered into a share transfer agreement to dispose of its 30% equity interest in its associated company, Shanghai Cosel International Trading Co. Ltd. for a cash consideration of approximately RMB7,023,000 (HK\$7,545,000).

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 8 October 2024.

FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below. This summary does not form part of the audited financial statements.

	Year ended 30 June				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	2,201,995	2,039,621	1,992,562	1,875,571	1,766,383
Cost of sales	(2,014,974)	(1,867,065)	(1,815,937)	(1,701,935)	(1,620,578)
Gross profit	187,021	172,556	176,625	173,636	145,805
Other income and gains, net	9,067	46,756	18,552	16,126	9,143
Selling and distribution costs	(78,377)	(75,863)	(68,795)	(76,566)	(66,268)
Administrative expenses	(78,762)	(78,108)	(76,839)	(67,246)	(62,574)
Other expenses, net	(6,118)	(1,369)	(8,443)	(7,623)	(16,061)
Finance costs	(11,766)	(10,374)	(3,169)	(1,393)	(3,099)
Share of profits of associates	2,938	3,353	1,606	162	993
PROFIT BEFORE TAX	24,003	56,951	39,537	37,096	7,939
Income tax expense	(6,621)	(10,852)	(20,824)	(6,035)	(2,931)
PROFIT FOR THE YEAR	17,382	46,099	18,713	31,061	5,008
Profit for the year attributable to:					
Owners of the Company	19,005	46,965	20,418	32,435	4,800
Non-controlling interests	(1,623)	(866)	(1,705)	(1,374)	208
	17,382	46,099	18,713	31,061	5,008
Adjusted EBITDA (Note)	58,868	52,624	52,067	47,629	32,659

Note

The calculation of adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”) is based on profit for the year, excluding the sum of income tax expense, interest income, finance costs, depreciation on property, plant and equipment, depreciation on right-of-use assets, impairment of goodwill, non-operating income and expenses (such as fair value gains or losses on financial instruments, gain or loss on disposal of property, plant and equipment, and non-recurring or one-off items). It should be noted that this is a non-IFRS financial indicator although the Company believes that it is also frequently used by investors to measure the results of operation of the comparable companies.

FINANCIAL SUMMARY (continued)

FIVE YEAR FINANCIAL SUMMARY (continued)

	As at 30 June				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Non-current assets	69,855	84,372	122,902	107,209	168,322
Current assets	1,099,030	1,007,891	1,094,345	972,955	726,736
Current liabilities	(722,247)	(624,410)	(755,585)	(606,278)	(458,976)
Net current assets	376,783	383,481	338,760	366,677	267,760
Non-current liabilities	(46,771)	(41,155)	(38,712)	(18,104)	(8,846)
Net assets	399,867	426,698	422,950	455,782	427,236
Equity attributable to owners of the Company	406,888	432,024	426,448	457,603	427,700
Non-controlling interests	(7,021)	(5,326)	(3,498)	(1,821)	(464)
Total equity	399,867	426,698	422,950	455,782	427,236
Debtors turnover days ⁽¹⁾	73.4	77.9	83.2	77.2	76.6
Creditors turnover days ⁽²⁾	54.0	54.7	54.8	51.8	46.1
Inventories turnover days ⁽³⁾	45.9	50.5	49.5	43.3	39.0

(1) Debtors turnover days for a period equals the average of the opening and closing net trade receivables balance divided by revenue for the same period and multiplied by 365 days

(2) Creditors turnover days for a period equals the average of the opening and closing net trade payables balance divided by purchase for the same period and multiplied by 365 days

(3) Inventories turnover days for a period equals the average of the opening and closing net inventories balance divided by cost of sales for the same period and multiplied by 365 days

STATISTICS OF SHAREHOLDINGS

STATISTICS OF SHAREHOLDERS AS AT 20 SEPTEMBER 2024

Authorised share capital	:	HK\$ 1,000,000,000.00
Issued and Fully Paid-up Capital	:	HK\$ 21,636,000.00
Total number of issued shares (excluding treasury shares and subsidiary holdings)	:	216,323,400
Total number of treasury shares held	:	36,600
Number of Subsidiary Holdings held	:	Nil
Percentage of treasury shares held against the total number of issue shares	:	0.0169%
Class of Shares	:	Ordinary share of HK\$0.10 each
Voting Rights	:	One Vote per ordinary share

The Company cannot exercise any voting rights in respect of ordinary shares held by it as treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Ordinary Shareholders	% of Holders	No. of Shares (excluding treasury shares)	% of Shares*
1 – 99	–	–	–	–
100 – 1,000	96	15.56	77,975	0.04
1,001 – 10,000	197	31.93	1,186,600	0.55
10,001 – 1,000,000	309	50.08	23,224,700	10.73
1,000,001 and above	15	2.43	191,834,125	88.68
TOTAL	617	100.00	216,323,400	100.00

STATISTICS OF SHAREHOLDINGS (continued)

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 20 September 2024)

Name	Direct Interest		Deemed Interests	
	No. of shares held	%*	No. of shares held (excluding treasury shares)	%*
Asia Platform Investment Limited	70,639,950	32.65	–	–
Kikki Investment Ltd	70,639,950	32.65	–	–
Ng Mun Kit, Michael	–	–	70,639,950 ⁽¹⁾	32.65
Ng Kin Wing, Raymond	–	–	70,639,950 ⁽²⁾	32.65
Ng Yuk Wing, Philip	–	–	72,151,950 ⁽¹⁾⁽³⁾	33.35
Ng Eng Seng	17,220,200	7.96	–	–

Notes:–

- (1) Asia Platform Investment Limited is an investment holding company which is owned by Mr. Ng Mun Kit, Michael and Mr. Ng Yuk Wing, Philip.
 - (2) Kikki Investment Ltd is an investment holding company which is wholly-owned by Mr. Ng Kin Wing, Raymond.
 - (3) Mr. Ng Yuk Wing, Philip is deemed to be interested in the 1,512,000 ordinary shares held by Mdm Leung Tak Ching (“**Mdm Leung**”), the spouse of Ng Yuk Wing, Philip.
- * Percentages are calculated based on the total number of issued shares (excluding treasury Shares and subsidiary holdings) as at 20 September 2024.

STATISTICS OF SHAREHOLDINGS (continued)**LIST OF 20 LARGEST SHAREHOLDERS**

NO.	SHAREHOLDERS NAME	NUMBER OF SHARES HELD	%*
1	Asia Platform Investment Limited	70,639,950	32.65%
2	Kikki Investment Limited	70,639,950	32.65%
3	DBS Nominees Pte Ltd	24,896,500	11.51%
4	DB Nominees (Singapore) Pte Ltd	7,182,700	3.32%
5	Wee Hian Kok	2,690,200	1.24%
6	Phillip Securities Pte Ltd	2,260,900	1.05%
7	Seet Christina	2,205,100	1.02%
8	Cheng Kim Man Edwin	2,000,000	0.92%
9	Ng Hock Kon	1,800,000	0.83%
10	Leung Tak Ching	1,512,000	0.70%
11	Lim Mee Hwa	1,500,000	0.69%
12	Tan Ming Kirk Richard	1,350,000	0.62%
13	Raffles Nominees (Pte) Limited	1,078,825	0.50%
14	Seah Kun Liap	1,050,000	0.49%
15	Kim Soo Koong	1,028,000	0.48%
16	DBS Vickers Securities (Singapore) Pte Ltd	979,500	0.45%
17	OCBC Securities Private Ltd	953,500	0.44%
18	United Overseas Bank Nominees Pte Ltd	901,800	0.42%
19	Lai Weng Kay	866,000	0.40%
20	Iwan Rusli @ Lie Tjin Van	600,000	0.28%
	Total	196,134,925	90.66%

* Percentage is based on 216,323,400 Shares (excluding shares held as treasury shares and subsidiary holdings) as at 20 September 2024.

TREASURY SHARES

Number of ordinary shares purchased and held in treasury: 36,600

Percentage of such holding against the total number of issued ordinary shares (excluding treasury Shares and subsidiary holdings): 0.0169%

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 20 September 2024, approximately 25.85% of the ordinary shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

* Percentages are calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) as at 20 September 2024.



INFORMATION ABOUT PROPERTY HELD FOR SALE

PROPERTY HELD FOR SALE

Description and location	Existing use	Tenure	Gross Floor Area (square metre)	Ownership	
				2024 (%)	2023 (%)
Whole Block of Karin Building, No.166 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Industrial	Leasehold	6,059.6	100	100

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (“**AGM**”) of the Company will be convened and held at Empress Ballroom 3, Level 2, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on Wednesday, 30 October 2024 at 10.00 a.m. to transact the following businesses:

All capitalized terms used in this Notice of Annual General Meeting which are not defined herein shall have the meanings ascribed to them in the Appendix attached to the Annual Report 2024.

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2024 together with the Directors’ Statement and the Auditor’s Report thereon. **(Resolution 1)**
2. To approve a final dividend of HK3.88 cents per ordinary share for the financial year ended 30 June 2024. **(Resolution 2)**
3. To approve Directors’ Fees of HK\$967,000 for the financial year ended 30 June 2024. **(Resolution 3)**
4. To re-elect Ms. Yan Yuk Ping, Juni, a director who is retiring pursuant to Bye-law 85(6) of the Company’s Bye-laws and, being eligible, offer herself for re-election. *(See Explanatory Note 1)* **(Resolution 4)**
5. To re-elect Mr. Ng Yuk Wing, Philip, a director who is retiring pursuant to Bye-law 86 of the Company’s Bye-laws and, being eligible, offer himself for re-election. *(See Explanatory Note 1)* **(Resolution 5)**
6. To note the retirement of Mr. Lawrence Kwan as a Director of the Company at the conclusion of the Annual General Meeting. *(See Explanatory Note 2)*
7. To re-appoint Messrs. Ernst & Young LLP, Singapore as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING (continued)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without modifications:

8. Authority to allot and issue shares

(Resolution 7)

"That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

NOTICE OF ANNUAL GENERAL MEETING (continued)

- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See *Explanatory Note 3*)

9. Authority to allot and issue Shares under the Karin Performance Share Plan

(Resolution 8)

"That the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the Karin Performance Share Plan (the "**Plan**") and to allot and issue such number of fully paid Shares from time to time as may be required to be issued pursuant to the vesting of awards under the Plan provided always that the aggregate number of Shares to be issued pursuant to the Plan and all share awards or share options granted under any other schemes implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." (See *Explanatory Note 4*)

NOTICE OF ANNUAL GENERAL MEETING (continued)

10. Proposed renewal of the Share Buyback Mandate

(Resolution 9)

“That:

(a) pursuant to the bye-laws of the Company (the “**Bye-laws**”), the Companies Act 1981 of Bermuda (the “**Companies Law**”) and the Listing Manual of the SGX-ST, approval be and is hereby given for the renewal of the Share Buyback Mandate (as hereinafter defined) and the Directors be authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined) whether by way of:

- (i) on-market purchase(s) (“**Market Purchases**”), transacted on the SGX-ST through its ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchase(s) (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Bye-laws and the Listing Manual,

and otherwise in accordance with other laws and regulations (the “**Share Buyback Mandate**”); particulars of which are set out in the appendix attached to the annual report (the “**Appendix**”);

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the proposed Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Bye-laws and the Companies Law; and

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earlier of:

- (i) the date on which the following annual general meeting is held or required by law or the Bye-laws to be held;
- (ii) the date on which Share purchases or acquisitions pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked at a general meeting

(the “**Relevant Period**”).

NOTICE OF ANNUAL GENERAL MEETING (continued)

In this resolution:

"Prescribed Limit" means 10% of the issued ordinary share capital of the Company as at the date of passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Law, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price (as hereinafter defined), where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-Market Day period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or any of them may consider expedient, necessary, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution." (See *Explanatory Note 5*)

NOTICE OF ANNUAL GENERAL MEETING (continued)

11. Proposed adoption of the 2024 Karin Employee Share Option Scheme

(Resolution 10)

“That:

- (a) a share option scheme to be known as the “2024 Karin Employee Share Option Scheme” (the “**2024 ESOS**”), under which options (the “**Options**”) will be granted to participants who satisfy the eligibility criteria as set out in the rules of the 2024 ESOS to subscribe for Shares, particulars of which are set out in the Appendix, be and is hereby approved and adopted;
- (b) the Directors and the Company be and are hereby authorized:
 - (i) to implement and establish the 2024 ESOS;
 - (ii) to modify and/or amend the 2024 ESOS from time to time, provided that such modifications and/or amendments are effected in accordance with the provisions of the 2024 ESOS, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2024 ESOS; and
 - (iii) to offer and grant Options in accordance with the provisions of the 2024 ESOS and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the 2024 ESOS, provided that the aggregate number of Shares to be issued and issuable pursuant to the 2024 ESOS and the 2020 Karin Performance Share Plan, and all share awards or share options granted under any other schemes implemented by the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares, if any) from time to time; and
- (c) the Directors of the Company be and are hereby authorized to do all such acts and things (including executing all such documents as may be required) as they may consider necessary, expedient, incidental to or desirable to give effect to the transactions contemplated and/or authorized by this Resolution.”

NOTICE OF ANNUAL GENERAL MEETING (continued)

12. Proposed Grant of Options at a Discount under the 2024 Employee Share Option Scheme **(Resolution 11)**

“That, subject to and contingent upon the passing of Ordinary Resolution 10, the Directors of the Company be and are hereby authorized to grant of Options in accordance with the provisions of the 2024 ESOS to participants with exercise prices set at a discount to the Market Price (as defined in the Appendix) subject to the following conditions:

(a) the maximum discount shall not exceed 20% of the market price, which is the average of the last dealt price for a Share as determined by reference to the daily official list or any other publication published by the SGX-ST for five (5) consecutive Market Days immediately preceding the relevant Date of Offer (as defined in the Appendix), rounded to the nearest whole cent in the event of fractional prices (as determined in accordance with the rules of the 2024 ESOS); and

(b) in no event shall the exercise price be less than the nominal value of each Share.”

13. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Wong Chi Cheung, Clarence
Chan Lai Yin
Joint Company Secretaries

Singapore, 15 October 2024

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory Notes on Businesses to be Transacted: —

1. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the detailed information of each Ms. Yan Yuk Ping, Juni, and Mr. Ng Yuk Wing, Philip, who is seeking re-election as a Director of the Company at the Annual General Meeting can be found under "Supplemental Information on Directors seeking re-election" to the annual report.
2. Pursuant to Rule 210(5) of the Listing Manual of the SGX-ST, Mr. Lawrence Kwan will cease to be considered independent after the conclusion of the upcoming Annual General Meeting to be held on 30 October 2024. As part of the Board renewal process, Mr. Lawrence Kwan will be retiring as an Independent Director of the Company and will relinquish his roles as the Chairman of the Nominating Committee ("**NC**"), and a member of the Audit and Risk Committee ("**ARMC**") and the Remuneration Committee ("**RC**").
3. Resolution 7, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed 20% of Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any Instrument made or granted under this authority.
4. Resolution 8, if passed, will empower the Directors, from the date of the above meeting until the next Annual General Meeting, to grant awards and to allot and issue such number of fully paid Shares from time to time as may be required to be issued pursuant to the Plan, provided that the aggregate number of Shares to be issued pursuant to the Plan and all share awards or share options granted under any other schemes implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.
5. Resolution 9, if passed, will empower the Directors, from the date of the above meeting until the next Annual General Meeting, to repurchase Shares by way of Market Purchases or Off-Market Purchases of up to 10% of the issued ordinary share capital of the Company at such price up to the Maximum Price. Further information relating to this proposed resolution is set out in the Appendix. For more information on the sources of funds to be used to finance the share buyback by the Company, including the amount of financing and the financial effects on the Company arising from the share buy-backs made pursuant to the proposed Share Buyback Mandate, please refer to Sections 2.7 and 2.8 of the Appendix.

NOTICE OF ANNUAL GENERAL MEETING (continued)

RECORD DATE

Subject to approval of members at the Annual General Meeting, the Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the "**Company**") will be closed on 8 November 2024, for the preparation of dividend warrants to the proposed final dividend of HK3.88 cents per ordinary share for the financial year ended 30 June 2024 ("**Final Dividend**").

Duly completed registrable transfers in respect of the shares in the Company received up to 5:00 p.m. on 7 November 2024 ("**Record Date**") by the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 will be registered to determine Members' entitlements to the Final 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 Final Dividend.

The Final Dividend, if approved at the Annual General Meeting, will be paid on 20 November 2024.

Notes:

- i. The Annual General Meeting ("**AGM**") will be convened and held physically. There will be no option for shareholders to participate virtually. The 2024 Annual Report (with Appendix) will be sent to members by electronic means via publication on the Company's website at <https://karingroup.com/agm> and via SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Please complete the Request Form attached and return by post or by email to SG.IS.KARINproxy@sg.tricorglobal.com no later than 20 October 2024 to receive the 2024 Annual Report (with Appendix) in time for the upcoming AGM. A printed copy of the Annual Report will be mailed to you within 5 working days upon receiving your request.
- ii. Members (including investors who holds shares under the Central Provident Fund Investment Scheme and Supplementary Retirement Scheme ("**CPF/SRS Investors**") may participate in the AGM by:
 - (a) Attending the AGM in person;
 - (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).
- (iii) Substantial and relevant questions related to the agenda of AGM may be submitted in advance of the AGM by 10.00 a.m. on 23 October 2024 in the following manner:
 - Electronic AGM Website at <https://conveneagm.com/hk/karinagm2024>; or
 - Email to SG.IS.KARINproxy@sg.tricorglobal.com; or
 - Post to the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

NOTICE OF ANNUAL GENERAL MEETING (continued)

When submitting the questions, please provide the Company with the following details, for verification purpose:

- (a) full name (for individuals)/company name (for corporates);
- (b) NRIC/Passport/Company Registration number;
- (c) Mailing address;
- (d) Contact number; and
- (e) Shareholding type (e.g. via CDP, CPF or SRS) and number of shares held.

Responses to these questions will be posted on the SGXNet and the Company's website by 10.00 a.m. on 25 October 2024. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, including any questions received by the Company after 3.00 p.m. on 23 October 2024, the Company will address them during the AGM.

- (iv) A member who is a Relevant Intermediary* is entitled to attend, speak and vote at the AGM and is entitled to appoint more than two (2) proxies to attend, speak and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
- (v) A proxy need not be a member of the Company. Where a member who is not a Relevant Intermediary* appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (vi) The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- (vii) The instrument appointing a proxy must be signed and send:
 - (a) By electronic AGM Website at <https://conveneagm.com/hk/karinagm2024>; or
 - (b) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (c) Email to the Company's Share Registrar at SG.IS.KARINproxy@sg.tricorglobal.com,

in either case, by no later than 10.00 a.m. on 27 October 2024, being seventy-two (72) hours before the time fixed for the AGM.

The completion and return of the proxy form by a Shareholder will not prevent him from attending, speaking and voting at the AGM in place of his proxy should he subsequently wish to do so.

NOTICE OF ANNUAL GENERAL MEETING (continued)

- (viii) A CPF/SRS investor who wishes to exercise his/her vote should approach his/her respective Relevant Intermediary, including CPF Agent Bank or SRS Operator to submit his/her voting instructions by 10.00 a.m. on 21 October 2024, being seven (7) working days before the date of the AGM. CPF and SRS Investors are encouraged to contact their respective Relevant Intermediary for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
- (ix) A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM, i.e. 10.00 a.m. on 27 October 2024.

*“A Relevant Intermediary” means:

- a. a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- c. the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof or (b) submitting any question prior to the AGM in accordance with Note (iii) above, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purposes of:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of proxy(ies) for the AGM (including any adjournment thereof);
- (ii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the supplemental information relating to the retiring directors, Ms. Yan Yuk Ping, Juni, and Mr. Ng Yuk Wing, Philip, as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is append below:

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
Date of Appointment	1 November 2023	1 April 2021
Date of last re-appointment	—	28 October 2021
Age	52	75
Country of principal residence	Hong Kong	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Ms. Yan Yuk Ping, Juni for re-election as Independent Director of the Company. The Board has reviewed and concluded that Ms. Yan Yuk Ping, Juni possesses the experience, expertise, knowledge and skills that will continue to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Ng Yuk Wing, Philip for re-election as Executive Director of the Company. The Board have reviewed and concluded that Mr. Ng Yuk Wing, Philip possess the experience, expertise, knowledge and skills that will continue to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	As Executive Director/Chairman Emeritus, Mr. Ng Yuk Wing, Philip is responsible for strategy planning and business development for the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nominating Committee.	Executive Director/Chairman Emeritus

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
Professional qualifications	<ul style="list-style-type: none"> • Accredited Director awarded by the Singapore Institute of Directors • Master of Science in Financial Analysis from the Hong Kong University of Science and Technology • Master of Science in Information Systems Management from the Hong Kong University of Science and Technology • Bachelor of Economics from the Chinese University of Hong Kong 	Mr. Ng Yuk Wing, Philip graduated from the University of Hong Kong with a Bachelor of Science degree in Electrical Engineering.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Mr. Ng Yuk Wing, Philip, is the father of Mr. Ng Mun Kit, Michael, an Executive Director/Chief Executive Officer and substantial shareholder of the Company. Mr. Philip Ng is also a brother of Mr. Ng Kin Wing, Raymond, Executive Director/Executive Chairman and substantial shareholder of the Company.

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
Conflict of Interest (including any competing business)	No	No
Working experience and occupation(s) during the past 10 years	<p>September 2020 to September 2023 Managing Director, Openhive</p> <p>July 2017 to September 2020 Vice President, Transport, Logistics & Automotive Industry, BT Global</p> <p>Vice President, Security, Asia Pacific, Middle East & Africa (AMEA), BT Global</p> <p>June 2015 to June 2017 Managing Director, Hong Kong and Taiwan, F5 Networks</p> <p>February 2000 to May 2015 Sales General Manager, SaaS, Hong Kong and Taiwan, Oracle</p> <p>Sales General Manager, Communications Global Business Unit (GCBU), GC and North Asia, Oracle</p> <p>Solution Director, Communications Global Business Unit (GCBU), GC and Japan, Oracle</p> <p>Solution Manager, GC, Oracle</p> <p>E-business Architect, GC, Oracle</p>	<p>1 April 2021 to present Executive Director/Chairman Emeritus of Karin Technology Holdings Limited. He is responsible for strategy planning and business development for the Group.</p> <p>1 July 2018 to 1 April 2021 Executive Advisor of Karin Technology Holdings Limited. He was responsible for advising on significant matters relating to the Group.</p> <p>5 September 2002 to 1 July 2018: Mr. Ng Yuk Wing, Philip was the Executive Chairman and Executive Director since 5 September 2002. He was responsible to oversee overall management, strategic planning and business development of the Group.</p> <p>On 9 October 2014, Mr Philip Ng ceased as Executive Chairman and designated as Senior Executive Director responsible for overall strategic planning and business development of the Group.</p>
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Nil	Yes

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
Shareholding details	Nil	Mr. Ng Yuk Wing, Philip is deemed interested in the 70,639,950 ordinary shares held by Asia Platform Investment Limited which is an investment holding company owned by him and Mr. Ng Mun Kit, Michael and 1,512,200 ordinary shares held by his spouse, Madam Leung Tak Ching.
Past (for the last 5 years)	Nil	Karin Technology Holdings Limited Karin (Holdings) Limited
Present	Nil	Asia Platform Investment Limited Fortune Talent Enterprises Ltd

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)**INFORMATION REQUIRED**

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Ms. Yan Yuk Ping, Juni	Mr. Ng Yuk Wing, Philip
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company?	N.A.	N.A.
If yes, please provide details of prior experience.		
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		



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Holdings Limited



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