



嘉靈控股集團有限公司

Karin Technology Holdings Limited

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

**Full Year Financial Statements And Dividend Announcement**  
**for the Year Ended 30 June 2021**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

- 1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group full year financial statements for the year ended 30 June 2021. These figures have not been audited.

**Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021**

	Group		
	2021 HK\$'000	2020 HK\$'000	% increase/ (decrease)
REVENUE	1,875,571	1,766,383	6.2
Cost of sales	(1,701,935)	(1,620,578)	5.0
Gross profit	173,636	145,805	19.1
Other income and gains, net	16,126	9,143	76.4
Selling and distribution costs	( 76,566)	( 66,268)	15.5
Administrative expenses	( 67,246)	( 62,574)	7.5
Other expenses, net	( 7,623)	( 16,061)	( 52.5)
Finance costs	( 1,393)	( 3,099)	( 55.1)
Share of profit of an associate	162	993	( 83.7)
PROFIT BEFORE TAX	37,096	7,939	367.3
Income tax expense	( 6,035)	( 2,931)	105.9
PROFIT FOR THE YEAR	<u>31,061</u>	<u>5,008</u>	520.2

**Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021** (continued)

	Group		
	2021	2020	% increase/ (decrease)
	HK\$'000	HK\$'000	
PROFIT FOR THE YEAR	<u>31,061</u>	<u>5,008</u>	520.2
OTHER COMPREHENSIVE INCOME/(LOSS):			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	13,074	( 4,611)	383.5
Share of other comprehensive income/(loss) of an associate	<u>448</u>	<u>( 9)</u>	5,077.8
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>13,522</u>	<u>( 4,620)</u>	392.7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>44,583</u></u>	<u><u>388</u></u>	11,390.5
Profit/(loss) for the year attributable to:			
Owners of the Company	32,435	4,800	575.7
Non-controlling interests	<u>( 1,374)</u>	<u>208</u>	( 760.6)
	<u><u>31,061</u></u>	<u><u>5,008</u></u>	520.2
Total comprehensive income/(loss) attributable to:			
Owners of the Company	45,794	164	27,823.2
Non-controlling interests	<u>( 1,211)</u>	<u>224</u>	( 640.6)
	<u><u>44,583</u></u>	<u><u>388</u></u>	11,390.5

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

	Group	
	2021	2020
	HK\$'000	HK\$'000
Cost of inventories sold	1,617,820	1,556,626
Cost of services provided	84,115	63,952
Reversal of write-down of inventories to net realisable value, net	( 5,913)	( 3,235)
Depreciation of property, plant and equipment	9,293	10,149
Depreciation of right-of-use assets	1,509	1,501
Lease payments not included in the measurement of lease liabilities	2,090	2,507
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	106,009	87,337
Pension scheme contributions	6,691	6,403
	<u>112,700</u>	<u>93,740</u>
Directors' remuneration:		
Fees	842	759
Other emoluments	6,340	5,104
	<u>7,182</u>	<u>5,863</u>
Bank interest income	( 713)	( 618)
Gross rental income	( 1,820)	( 2,454)
Fair value (gains)/losses on investment properties, net	( 1,190)	6,622
Fair value gain on financial asset at fair value through profit or loss	( 47)	( 154)
Fair value loss/(gain) on derivative financial instrument	197	( 213)
Foreign exchange differences, net	728	693
Impairment of trade receivables, net	6,552	3,964
Loss on disposal of items of property, plant and equipment	154	26
Loss on disposal of an associate	-	4,400
	<u>          </u>	<u>          </u>

The Group's tax charge is as follows:

	Group	
	2021	2020
	HK\$'000	HK\$'000
Current		
Charge for the year	5,797	5,271
Underprovision in prior years	153	437
	<u>5,950</u>	<u>5,708</u>
Deferred	85	( 2,777)
Total tax expenses for the year	<u>6,035</u>	<u>2,931</u>

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000	30 June 2021 HK\$'000	30 June 2020 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	54,477	102,741	-	-
Investment properties	16,692	42,123	-	-
Goodwill	2,098	2,098	-	-
Investments in subsidiaries	-	-	76,308	76,308
Investment in an associate	3,662	3,413	-	-
Deferred tax assets	7,542	7,923	-	-
Right-of-use assets	2,452	1,215	-	-
Prepayments and other assets	20,286	8,809	-	-
Total non-current assets	<u>107,209</u>	<u>168,322</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>				
Inventories	234,049	170,071	-	-
Trade and bills receivables	453,206	339,893	-	-
Prepayments, other receivables and other assets	138,010	128,745	2	47
Amounts due from subsidiaries	-	-	52,637	50,867
Financial asset at fair value through profit or loss	1,218	1,171	-	-
Derivative financial instrument	-	145	-	-
Cash and cash equivalents	73,732	86,711	235	230
	<u>900,215</u>	<u>726,736</u>	<u>52,874</u>	<u>51,144</u>
Assets classified as held for sale	72,740	-	-	-
Total current assets	<u>972,955</u>	<u>726,736</u>	<u>52,874</u>	<u>51,144</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	283,383	199,654	-	-
Other payables and accruals	177,436	164,511	3,362	2,091
Amounts due to a subsidiary	-	-	2,662	2,283
Tax payable	5,512	8,587	-	-
Derivative financial instrument	52	-	-	-
Interest-bearing bank borrowings	133,860	85,276	-	-
Lease liabilities	1,143	948	-	-
	<u>601,386</u>	<u>458,976</u>	<u>6,024</u>	<u>4,374</u>
Liabilities directly associated with assets classified as held for sale	4,892	-	-	-
Total current liabilities	<u>606,278</u>	<u>458,976</u>	<u>6,024</u>	<u>4,374</u>
NET CURRENT ASSETS	<u>366,677</u>	<u>267,760</u>	<u>46,850</u>	<u>46,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>473,886</u>	<u>436,082</u>	<u>123,158</u>	<u>123,078</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	604	2,236	-	-
Other payables	16,098	6,346	-	-
Other borrowings	166	264	-	-
Lease liabilities	1,236	-	-	-
Total non-current liabilities	<u>18,104</u>	<u>8,846</u>	<u>-</u>	<u>-</u>
Net assets	<u>455,782</u>	<u>427,236</u>	<u>123,158</u>	<u>123,078</u>

	<b>Group</b>		<b>Company</b>	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000	30 June 2021 HK\$'000	30 June 2020 HK\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Issued capital	21,476	21,476	21,476	21,476
Treasury shares	( 19)	( 19)	( 19)	( 19)
Reserves	436,146	406,243	101,701	101,621
	457,603	427,700	123,158	123,078
Non-controlling interests	( 1,821)	( 464)	-	-
Total equity	<u>455,782</u>	<u>427,236</u>	<u>123,158</u>	<u>123,078</u>

### **1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

#### **Amount repayable in one year or less, or on demand**

As at 30 June 2021		As at 30 June 2020	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
98	133,762	93	85,183

#### **Amount repayable after one year**

As at 30 June 2021		As at 30 June 2020	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
166	-	264	-

#### **Details of any collateral**

As at 30 June 2021, the above unsecured bank borrowings of HK\$133,762,000 (2020: HK\$85,183,000) were supported by cross guarantees given by the Company and certain of its subsidiaries.

The secured amounts of HK\$264,000 and HK\$357,000 relate to lease liabilities as at 30 June 2021 and 30 June 2020 respectively which were secured by the underlying office equipment acquired.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	2021 HK\$'000	2020 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	37,096	7,939
Adjustments for:		
Bank interest income	( 713)	( 618)
Fair value (gains)/losses on investment properties	( 1,190)	6,622
Reversal of write-down of inventories to net realisable value, net	( 5,913)	( 3,235)
Depreciation of property, plant and equipment	9,293	10,149
Depreciation of right-of-use assets	1,509	1,501
Fair value loss/(gain) on derivative financial instrument	197	( 213)
Fair value gain on financial asset at fair value through profit or loss	( 47)	( 154)
Impairment of trade receivables, net	6,552	3,964
Loss on disposal of an associate	-	4,400
Loss on disposal of items of property, plant and equipment	154	26
Finance costs	1,393	3,099
Share of profit of an associate	( 162)	( 993)
Gain on rent concession	( 63)	( 92)
	48,106	32,395
(Increase)/decrease in inventories	( 58,635)	9,630
(Increase)/decrease in trade and bills receivables	( 114,496)	56,346
Decrease in financial assets at fair value through other comprehensive income	-	950
Increase in prepayments, other receivables and other assets	( 20,686)	( 20,301)
Increase/(decrease) in trade and bills payables	81,306	( 9,753)
Increase in other payables and accruals	24,253	627
Cash (used in)/generated from operations	( 40,152)	69,894
Interest paid	( 1,393)	( 3,099)
Income tax (paid)/refunded	( 7,454)	325
Net cash flows (used in)/from operating activities	( 48,999)	67,120

	Group	
	2021	2020
	HK\$'000	HK\$'000
Net cash flows (used in)/from operating activities	( 48,999)	67,120
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	( 1,703)	( 1,856)
Proceeds from disposal of property, plant and equipment	139	-
Proceeds from disposal of an associate	-	2,500
Proceeds from sales of investment properties	-	13,161
Dividend from an associate	361	334
Interest received	713	618
Net cash flows (used in)/from investing activities	( 490)	14,757
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank and other borrowings	954,147	626,499
Repayment of bank and other borrowings	( 908,587)	( 667,335)
Principal portion of lease payments	( 1,329)	( 1,319)
Dividends paid to owners of the Company	( 15,891)	( 25,126)
Dividends paid to a non-controlling shareholder	( 146)	-
Net cash flows from/(used in) financing activities	28,194	( 67,281)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 21,295)	14,596
Cash and cash equivalents at beginning of financial year	86,711	73,227
Cash and cash equivalents included in assets classified as held for sale	( 269)	-
Effect of foreign exchange rate changes, net	5,566	( 1,112)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<u>70,713</u>	<u>86,711</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances as stated in the statement of financial position	73,732	86,711
Bank overdraft	( 3,019)	-
Cash and cash equivalents as stated in the statement of cash flows	<u>70,713</u>	<u>86,711</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Group

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 July 2019	21,476	( 19)	45,885	898	57,810	3,083	( 890)	( 1,817)	326,236	452,662	( 688)	451,974	
Profit for the year	-	-	-	-	-	-	-	-	4,800	4,800	208	5,008	
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	( 4,627)	-	( 4,627)	16	( 4,611)	
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	( 9)	-	( 9)	-	( 9)	
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	( 4,636)	4,800	164	224	388	
Final 2019 dividend paid	-	-	-	-	-	-	-	-	( 16,750)	( 16,750)	-	( 16,750)	
Interim 2020 dividend paid	-	-	-	-	-	-	-	-	( 8,376)	( 8,376)	-	( 8,376)	
Transfer between reserves of a subsidiary	-	-	-	-	-	258	-	-	( 258)	-	-	-	
At 30 June 2020	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>3,341</u>	<u>( 890)</u>	<u>( 6,453)</u>	<u>305,652</u>	<u>427,700</u>	<u>( 464)</u>	<u>427,236</u>	

## The Group

	Attributable to owners of the Company											
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2020	21,476	( 19)	45,885	898	57,810	3,341	( 890)	( 6,453)	305,652	427,700	( 464)	427,236
Profit/(loss) for the year	-	-	-	-	-	-	-	-	32,435	32,435	( 1,374)	31,061
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	12,911	-	12,911	163	13,074
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	448	-	448	-	448
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	13,359	32,435	45,794	( 1,211)	44,583
Final 2020 dividend paid	-	-	-	-	-	-	-	-	( 9,878)	( 9,878)	-	( 9,878)
Interim 2021 dividend paid	-	-	-	-	-	-	-	-	( 6,013)	( 6,013)	-	( 6,013)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	( 146)	( 146)
Transfer between reserves of a subsidiary	-	-	-	-	-	94	-	-	( 94)	-	-	-
At 30 June 2021	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>3,435</u>	<u>( 890)</u>	<u>6,906</u>	<u>322,102</u>	<u>457,603</u>	<u>( 1,821)</u>	<u>455,782</u>

## The Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2019	21,476	( 19)	45,885	36,311	19,079	122,732
Profit for the year and total comprehensive income for the year	-	-	-	-	25,472	25,472
Final 2019 dividend paid	-	-	-	-	( 16,750)	( 16,750)
Interim 2020 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 8,376)</u>	<u>( 8,376)</u>
At 30 June 2020 and at 1 July 2020	21,476	( 19)	45,885	36,311	19,425	123,078
Profit for the year and total comprehensive income for the year	-	-	-	-	15,971	15,971
Final 2020 dividend paid	-	-	-	-	( 9,878)	( 9,878)
Interim 2021 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 6,013)</u>	<u>( 6,013)</u>
At 30 June 2021	<u>21,476</u>	<u>( 19)</u>	<u>45,885</u>	<u>36,311</u>	<u>19,505</u>	<u>123,158</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 1 July 2020, the Company held 12,000 (1 July 2019: 12,000) treasury shares. During the year ended 30 June 2021, the Company had not purchased any (30 June 2020: Nil) of the shares pursuant to the 2009 Share Buyback mandate.

As at 30 June 2021, the Company held 12,000 (30 June 2020: 12,000) treasury shares or 0.0056% (30 June 2020: 0.0056%) of the Company's issued shares.

As at 30 June 2021 and 30 June 2020, the Company's share capital was HK\$21,476,000 comprising 214,760,000 ordinary shares.

There was no share options outstanding as at 30 June 2021 and 30 June 2020.

During the year ended 30 June 2021, the Company did not have any shares subdivision nor consolidation.

During the year ended 30 June 2021, the Company's subsidiaries had not purchased nor held any of the Company's shares.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares excluding treasury share as at 30 June 2021 and 30 June 2020 was 214,748,000.

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

There were no sales, transfers, cancellation nor use of treasury shares during the year under review (30 June 2020: Nil).

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

There were no sales, transfer, cancellation nor use of subsidiary holdings during the year under review (30 June 2020: Nil).

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

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

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as described in point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the year ended 30 June 2021 as compared with the audited financial statements of the Group for the year ended 30 June 2020.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time in the preparation of the Group's consolidated financial statements for the financial year ended 30 June 2021:

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 July 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 July 2020 and applied the practical expedient during the year ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. The amendment did not have any significant impact on the financial position and performance of the Group.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

**The Group**

	30 June 2021	30 June 2020
Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in HK cents):		
- Based on weighted average number of ordinary shares on issue (HK cents)	<u>15.1</u>	<u>2.2</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>32,435</u>	<u>4,800</u>

The calculation of basic earnings per share for the years ended 30 June 2021 and 2020 is based on the profit attributable to the ordinary shareholders of the Company for the respective years and the weighted average of 214,748,000 and 214,748,000 ordinary shares in issue, respectively, which has taken into account the effect of treasury shares.

The Group has no potentially dilutive ordinary shares in issue during the year ended 30 June 2021 and 2020.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:  
(a) current financial period reported on; and  
(b) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021	As at 30 June 2020
Net asset value per ordinary share (HK cents)	212.2	198.9	57.4	57.3

Net asset value per ordinary share as at 30 June 2021 and 30 June 2020 was calculated based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 30 June 2021 and 30 June 2020 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Profit and Loss**

#### Revenue

Consolidated revenue of the Group increased by approximately HK\$109.2 million or 6.2% from HK\$1,766.4 million for the year ended 30 June 2020 to HK\$1,875.6 million for the year ended 30 June 2021.

Revenue from our Components Distribution (“**CD**”) segment increased by HK\$22.5 million or 3.6%, from HK\$632.1 million for the year ended 30 June 2020 to HK\$654.6 million for the year under review. While there was a decrease in revenue in the first half of the year under review as explained in the FY21 interim results announcement, there was an increase in demand for certain electronic components due to the easing of the adverse effects of COVID-19 pandemic in the early part of 2021.

Revenue from our Information Technology Infrastructure (“**IT Infrastructure**”) segment increased by HK\$143.8 million or 15.6%, from HK\$922.0 million for the year ended 30 June 2020 to HK\$1,065.8 million for the current year. The increase was mostly due to strong demand for network security products, cloud solution services and data visualization tools during the year under review.

Revenue from our Consumer Electronics Products (“**CEP**”) segment decreased by HK\$57.1 million or 26.9%, from HK\$212.3 million for the year ended 30 June 2020 to HK\$155.2 million for the current year. Revenue picked up in the second half of the year under review to ameliorate the first half's 44.7% decrease in revenue as explained in the FY21 interim results announcement. A major reason for the decrease for the full year was due to the continuing COVID-19 pandemic effect during the year under review.

#### Gross profit

Gross profit increased by HK\$27.8 million or 19.1%, from HK\$145.8 million for the year ended 30 June 2020 to HK\$173.6 million for the year ended 30 June 2021. The increase in gross profit was mainly due to (1) sale of previously written down inventories after the COVID-19 pandemic lock down periods; and (2) provision of more higher margin value added services in the second half of the year under review.

#### Other income and gains, net

Other income and gains, net increased by HK\$7.0 million or 76.4%, from HK\$9.1 million for the year ended 30 June 2020 to HK\$16.1 million for the year ended 30 June 2021. The increase was mostly due to (1) increase in HK\$6.9 million wage subsidy received from the Government of the Hong Kong Special Administrative Region as part of the “Employment Support Scheme” under the “Anti-epidemic Fund”; and (2) fair value gains in investment properties of HK\$1.2 million, offset by a decrease in rental income of HK\$0.6 million. Decrease in rental income was due to (1) the deployment of a previously letting premises in

HK for the Group's own use in early 2020; and (2) the disposal of 3 leased out office units in Shanghai in late 2019.

#### Selling and distribution costs

Selling and distribution costs increased by HK\$10.3 million or 15.5%, from HK\$66.3 million for the year ended 30 June 2020 to HK\$76.6 million for the year ended 30 June 2021. The increase was mainly due to increase in salary, bonus and commission of HK\$11.4 million.

#### Administrative expenses

Administrative expenses increased by HK\$4.6 million or 7.5%, from HK\$62.6 million for the year ended 30 June 2020 to HK\$67.2 million for the year ended 30 June 2021. The increase was mainly due to increase in salary and bonus of HK\$5.9 million; mitigated by (1) decrease in depreciation of property, plant and equipment and right-of-use assets of HK\$0.7 million; and (2) decrease in travelling expenses of HK\$1.1 million.

#### Other expenses, net

Other expenses, net decreased by HK\$8.4 million or 52.5% from HK\$16.1 million for the year ended 30 June 2020 to HK\$7.6 million for the year ended 30 June 2021. The decrease was mainly due to (1) fair value losses on investment properties of HK\$6.6 million in last year turned to fair value gains which was recorded under other income during the year under review; (2) loss on disposal of an associate company of HK\$4.4 million in last year was not a recurring item; and mitigated by (3) increase in impairment of trade receivables of HK\$2.6 million.

#### Finance costs

Finance costs decreased by HK\$1.7 million or 55.1%, from HK\$3.1 million for the year ended 30 June 2020 to HK\$1.4 million for the year ended 30 June 2021. The decrease was mainly due to bank borrowings interest rate decreased by almost 55 basis points from the last year to the current year.

#### Net Profit

Net profit attributable to owners of the Company increased by HK\$27.6 million or 575.7%, from HK\$4.8 million for the year ended 30 June 2020 to HK\$32.4 million for the year ended 30 June 2021. The increase was mostly attributable to the increase in gross profit of HK\$27.8 million as explained above.

#### Non-controlling interests

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

### **Statement of financial position**

#### Non-current assets

Non-current assets comprised goodwill of HK\$2.1 million; investment properties, office equipment, leasehold land and buildings and motor vehicles amounting to HK\$71.1 million; investment in an associate of HK\$3.7 million; prepayments and other assets of HK\$20.3 million, deferred tax assets of HK\$7.5 million and right-of-use assets of HK\$2.5 million. At

30 June 2021, non-current assets amounted to HK\$107.2 million, representing approximately 9.9% of the total assets. Non-current assets decreased by HK\$61.1 million or 36.3% from HK\$168.3 million for the year ended 30 June 2020 to HK\$107.2 million for the year ended 30 June 2021. The decrease was mostly due to the classification of an owner-occupied property and an investment property to assets classified as held for sale of HK\$72.3 million; mitigated by (1) increase in prepayments and other assets of HK\$11.5 million; and (2) increase in right-of-use assets of HK\$1.2 million.

#### Current assets

As at 30 June 2021, current assets amounted to HK\$973.0 million, an increase of HK\$246.2 million compared to the immediate preceding financial year end at 30 June 2020. The increase was mostly due to (1) the classification of an owner-occupied property and an investment property to assets classified as held for sale of HK\$72.3 million; (2) increase in trade and bills receivables of HK\$113.3 million; and (3) increase in inventories of HK\$64.0 million, offset by the decrease in cash and cash equivalent of HK\$13.0 million.

#### Current liabilities

As at 30 June 2021, current liabilities amounted to approximately HK\$606.3 million, an increase of HK\$147.3 million compared to the immediately preceding financial year end as at 30 June 2020. The increase was mainly due to (1) increase in trade and bill payables by HK\$83.7 million; (2) increase in interest-bearing bank and other borrowings by HK\$48.6 million; and (3) increase in liability directly associated with the assets classified as held for sale of HK\$1.4 million.

#### Non-current liabilities

Non-current liabilities amounted to HK\$18.1 million, representing 2.9% of the total liabilities as at 30 June 2021. The amount comprised of deferred tax liabilities, long term contract liabilities and long-term lease liabilities. Deferred tax liabilities were recognised as a result of temporary differences between the carrying amounts and tax bases of property, plant and equipment due to depreciation.

#### Liquidity and cash flow

As at 30 June 2021, cash and cash equivalents amounted to HK\$73.7 million. Total interest bearing loans and borrowings as at 30 June 2021 were HK\$134.0 million and the gearing ratio which is defined as total borrowings to total equity, is 0.29 times (2020: 0.20 times).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

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

Recent business conditions are promising as demand for electronic components and IT solutions have shown decent growth as the market has evolved to adapting to the pandemic due to the coronavirus. The increase in demand is also driving higher prices in goods that have available inventory or shorter delivery lead time. The worldwide shortages in integrated circuit and chipsets are expected to continue in the next 12 months and is likely to continue to affect

supplies in our CD and IT businesses. The growth in Cloud solutions, Network and Cyber Security solutions, and Data management solutions continued under our Group.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

A final dividend (tax not applicable) of HK10.8 cents per share amounting to HK\$23,193,000 is recommended and will be subject to shareholders' approval at the forthcoming Annual General Meeting (AGM).

Name of dividend	Interim (paid)	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	2.8 cents per share	10.8 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	3.9 cents per share	4.6 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

### (c) Date payable

18 November 2021

### (d) Books closure date

The Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the "**Company**") will be closed on 2 November 2021, for the preparation of dividend warrants to the proposed final dividend of HK10.8 cents per ordinary share for the financial year ended 30 June 2021. ("**Final Dividend**")

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 1 November 2021 ("**Record Date**") by the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to the Final Dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on the Record Date will be entitled to the Final Dividend.

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

Not applicable.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained.

- 14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement of full year results)**

Not applicable.

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

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

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR  
ANNOUNCEMENT**

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**SEGMENT INFORMATION**

**Business segments**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group’s business segments for the years ended 30 June 2021 and 2020.

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2021</u></b>				
<b>Segment revenue</b>	<b>654,591</b>	<b>1,065,819</b>	<b>155,161</b>	<b>1,875,571</b>
<b>Segment results</b>	<b>8,706</b>	<b>26,495</b>	<b>3,396</b>	<b>38,597</b>
<i>Reconciliation:</i>				
Bank interest income				713
Fair value gains on investment properties, net				1,190
Fair value gain on financial asset at fair value through profit or loss				47
Fair value loss on derivative financial instrument				( 197)
Finance costs				( 1,393)
Share of profit of an associate				162
Corporate and other unallocated expenses				( 2,023)
Profit before tax				<u>37,096</u>
<b>Segment assets</b>	<b>331,978</b>	<b>496,901</b>	<b>42,074</b>	<b>870,953</b>
<i>Reconciliation:</i>				
Investment in an associate				3,662
Deferred tax assets				7,542
Cash and cash equivalents				73,732
Corporate and other unallocated assets				124,275
Total assets				<u>1,080,164</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2021</u></b> (continued)				
<b>Segment liabilities</b>	<b>93,629</b>	<b>314,989</b>	<b>39,016</b>	<b>447,634</b>
<i>Reconciliation:</i>				
Income tax payable				5,512
Interest-bearing bank and other borrowings				134,026
Deferred tax liabilities				604
Corporate and other unallocated liabilities				36,606
Total liabilities				<u>624,382</u>
<b>Other segment information:</b>				
Depreciation				10,802
Other non-cash expenses/(income), net	718	359	( 438)	639
Capital expenditure				<u>1,703</u>
	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2020</u></b>				
<b>Segment revenue</b>	<b>632,059</b>	<b>922,035</b>	<b>212,289</b>	<b>1,766,383</b>
<b>Segment results</b>	<b>5,873</b>	<b>14,756</b>	<b>1,318</b>	<b>21,947</b>
<i>Reconciliation:</i>				
Bank interest income				618
Fair value losses on investment properties				( 6,622)
Fair value gain on financial asset at fair value through profit or loss				154
Fair value gain on derivative financial instrument				213
Loss on disposal of an associate				( 4,400)
Finance costs				( 3,099)
Share of profit of an associate				993
Corporate and other unallocated expenses				( 1,865)
Profit before tax				<u>7,939</u>
<b>Segment assets</b>	<b>305,040</b>	<b>400,102</b>	<b>30,325</b>	<b>735,467</b>
<i>Reconciliation:</i>				
Investment in an associate				3,413
Deferred tax assets				7,923
Cash and cash equivalents				86,711
Corporate and other unallocated assets				61,544
Total assets				<u>895,058</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2020</u></b> (continued)				
<b>Segment liabilities</b>	<b>64,503</b>	<b>229,850</b>	<b>43,530</b>	<b>337,883</b>
<i>Reconciliation:</i>				
Income tax payable				8,587
Interest-bearing bank and other borrowings				85,540
Deferred tax liabilities				2,236
Corporate and other unallocated liabilities				33,576
Total liabilities				<u>467,822</u>
<b>Other segment information:</b>				
Depreciation				11,650
Other non-cash expenses/(income), net	( 1,195)	1,122	802	729
Capital expenditure				<u>1,856</u>

### Geographical information

The following tables present revenue and certain asset information for the Group's geographical segments for the years ended 30 June 2021 and 2020.

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2021</b>				
<b>Segment revenue</b>	<u>1,166,634</u>	<u>479,720</u>	<u>229,217</u>	<u>1,875,571</u>
<b>Non-current assets</b>	<u>28,997</u>	<u>48,661</u>	<u>22,009</u>	<u>99,667</u>
	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2020</b>				
<b>Segment revenue</b>	<u>1,154,350</u>	<u>455,246</u>	<u>156,787</u>	<u>1,766,383</u>
<b>Non-current assets</b>	<u>90,845</u>	<u>48,374</u>	<u>21,180</u>	<u>160,399</u>

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

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

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to note 8.

**18. A breakdown of sales and operating profit/(loss) after tax before deducting non-controlling interests as follows:-**

	<b>Group</b>		
	2021 HK\$'000	2020 HK\$'000	% increase/ (decrease)
(a) Sales reported for the first half year	984,639	1,067,176	( 7.7)
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	6,103	5,824	4.8
(c) Sales reported for the second half year	890,932	699,207	27.4
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for the second half year	24,958	( 816)	3,158.6

**19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	2021 HK\$'000	2020 HK\$'000
Interim dividend declared and paid during the year	6,013	8,376
Proposed final dividend	<u>23,193</u>	<u>9,878</u>
Total	<u><u>29,206</u></u>	<u><u>18,254</u></u>

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

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr. Ng Yuk Wing, Philip	72	He is the father of Ng Mun Kit, Michael and brother of Ng Kin Wing, Raymond. Mr. Ng Mun Kit, Michael is the Chief Executive Officer and an Executive Director while Mr. Ng Kin Wing, Raymond is the Executive Chairman of the Group.	He is the Executive Director and took on the role as Chairman Emeritus. He is responsible to provide counsel and assistance in setting out policies as well as charting the strategic direction for the Group. He is one of the founders of the Group since 1977.	He was appointed an Executive Director of the Group on 1 April 2021 and Chairman Emeritus on 1 July 2021.
Mr. Ng Kin Wing, Raymond	71	He is uncle of Ng Mun Kit, Michael and brother of Ng Yuk Wing, Philip.	He is the Executive Chairman and Executive Director and is responsible for the overall strategic planning and business development of the Group. He is one of the founders of the Group since 1977.	He stepped down from the Chief Executive Officer post on 1 July 2021.
Mr. Ng Mun Kit, Michael	43	He is son of Ng Yuk Wing, Philip and nephew of Ng Kin Wing, Raymond.	He is an Executive Director and Chief Executive Officer and is responsible for overseeing the entire operations and general management of the Group.	He was appointed Chief Executive Officer of the Group on 1 July 2021.

**BY ORDER OF THE BOARD**

Ng Kin Wing, Raymond  
Executive Chairman

26 August 2021