嘉靈控股集團有限公司
Karin Technology Holdings Limited

嘉靈集團 KARIN GROUP

ISO 9001 : 2000
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Karin achieves HY2017 attributable net profit of HK$5.2 million

- *Revenue fell 25.2% mainly because of lower sales generated by CEP segment due to the disposal of the Group's retail arm.*
- *Despite lower sales, gross profit remained unchanged at HK$86.6 million because of higher gross profit margin but earnings fell 8.0% due to an increase in income tax expense.*
- *Proposes interim dividend of 7.8 HK cents per share payable on 16 March 2017.*

6 months ended 31 Dec (HK$'M)	HY2017	HY2016	% Change
Revenue	**943.5**	1,262.2	(25.2)
Gross profit	**86.6**	86.7	-
Profit before tax	**8.6**	6.3	36.2
Net profit attributable to owners of the Company	**5.2**	5.6	(8.0)
EPS (HK cts)*	**2.41**	2.63	(8.4)
NAV per share (HK cts)#	**303.6** (as at 31 Dec 2016)	315.9 (as at 30 Jun 2016)	(3.9)

* *Based on 214,448,000 and 214,347,500 weighted average number of ordinary shares in issue for the six months ended 31 December in both 2016 and 2015 respectively.*

Based on 214,448,000 issued share capital excluding treasury shares as at 31 December 2016 and 30 June 2016 respectively.

SINGAPORE – 9 February 2017 – SGX Mainboard-listed Karin Technology Holdings Limited （嘉靈控股集團有限公司）("**Karin**" or together with its subsidiaries, the "**Group**"), a leading Hong Kong-based electronic and industrial components and IT solutions distributor and outsourcing service provider, today announced a 25.2% fall in revenue to HK$943.5 million for the six months ended 31 December 2016 ("**HY2017**") as compared to HK$1,262.2 million achieved in the same period the previous year ("**HY2016**").

The Group's sales performance was mainly impacted by its Consumer Electronics Products ("**CEP**") business unit. In June 2016, in view of the intensifying competition in Hong Kong's retail space, the Group had announced its decision to dispose of its retail arm, KCF A Store Limited, which mainly sold Apple branded products. This resulted in a 91.2% decline in revenue from its CEP segment from HK$350.1 million in HY2016 to HK$30.8 million in HY2017.

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Revenue generated by the Group's Components Distribution ("**CD**") business unit fell 4.1% from HK$460.4 million in HY2016 to HK$441.6 million in HY2017 due to weaker demand for certain electronic components for smart phones as well as the postponement of some industrial materials and instrumentation related infrastructure projects.

However the Group's Information Technology Infrastructure ("**IT Infrastructure**") business unit achieved a modest 4.3% growth in sales from HK$451.7 million in HY2016 to HK$471.1 million in HY2017 because of strong demand for network security products and enterprise software and hardware products.

Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO said, *"Market sentiment had made the first half of the financial year very challenging with two out of our three business units generating lower revenue. While the performance of our CEP segment was expected because of the disposal of our retail arm, the performance of our CD segment was affected by flat global sales of smart phones, which weakened the demand for electronic components for the manufacture of such phones. We do not expect conditions for smart phones to change in the near future.*

"On the positive side, we do anticipate that the postponed infrastructure projects under our CD segment will be rolled out in the coming months and we are also optimistic that our IT Infrastructure segment will continue to generate healthy sales given the current focus on network and data security."

Despite the decline in overall sales, the Group's gross profit remained unchanged at HK$86.6 million because of an improved gross profit margin, which rose from 6.9% in HY2016 to 9.2% in HY2017. The margin improvement was mainly due to the disposal of the Group's low margin retail arm, KCF A Store Limited.

Corresponding to its bottom line, Karin's Earnings per Share was 2.41 Hong Kong cents as at 31 December 2016 as compared to 2.63 Hong Kong cents as at 31 December 2015. Net asset value per share was 303.6 Hong Kong cents as at 31 December 2016.
The Group's cash and cash equivalents remained healthy at HK$60.3 million as at 31 December 2016, albeit 39.2% lower than the year before because of the repayment of borrowings. The Group's gearing ratio remains low at 0.15 times.

Dividend

Despite a weaker half-time performance, the Group continues to keep its track record of paying regular dividends and has proposed an interim dividend (tax not applicable) of 7.8 Hong Kong cents per share, amounting to a total of HK$16,727,000 payable on 16 March 2017.

Business Plans & Outlook

Significant events in recent months, including the UK's exit from the European Union and the US elections, had caused market and consumer sentiment to turn cautious. As such, Karin expects the next 12 months to remain challenging because of global uncertainties. Instability in the Renminbi against the Hong Kong dollar will also impact on the Group's bottom line.

Mr Ng said, "*Karin will continue to monitor and respond to market conditions nimbly. We will also continue to leverage our established track record as a distributor to secure more distributorships of prestigious products."*

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About Karin Technology Holdings Limited

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

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