



嘉靈集團
KARIN
GROUP

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)

**INTERIM FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE SIX MONTHS AND FULL YEAR
ENDED 30 JUNE 2023 (UNAUDITED)**

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

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KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	Note	Group					
		Six months ended 30/06/2023 HK\$'000	Six months ended 30/06/2022 HK\$'000	% inc/ (dec)	Full year ended 30/06/2023 HK\$'000	Full year ended 30/06/2022 HK\$'000	% inc/ (dec)
REVENUE	5	876,826	902,245	(2.8)	2,039,621	1,992,562	2.4
Cost of sales		(787,530)	(812,334)	(3.1)	(1,867,065)	(1,815,937)	2.8
Gross profit		89,296	89,911	(0.7)	172,556	176,625	(2.3)
Other income and gains, net		36,387	14,265	155.1	46,756	18,552	152.0
Selling and distribution costs		(40,864)	(33,930)	20.4	(75,863)	(68,795)	10.3
Administrative expenses		(39,108)	(34,928)	12.0	(78,108)	(76,839)	1.7
Other expenses, net		(474)	(7,825)	(93.9)	(1,369)	(8,443)	(83.8)
Finance costs		(6,522)	(1,857)	251.2	(10,374)	(3,169)	227.4
Share of profit of an associate		1,947	991	96.5	3,353	1,606	108.8
PROFIT BEFORE TAX	6	40,662	26,627	52.7	56,951	39,537	44.0
Income tax expense	7	(6,178)	(15,133)	(59.2)	(10,852)	(20,824)	(47.9)
PROFIT FOR THE PERIOD/YEAR		<u>34,484</u>	<u>11,494</u>	200.0	<u>46,099</u>	<u>18,713</u>	146.3

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)

	Note	Group					
		Six months ended 30/06/2023 HK\$'000	Six months ended 30/06/2022 HK\$'000	% inc/ (dec)	Full year ended 30/06/2023 HK\$'000	Full year ended 30/06/2022 HK\$'000	% inc/ (dec)
PROFIT FOR THE PERIOD/YEAR		34,484	11,494	200.0	46,099	18,713	146.3
OTHER COMPREHENSIVE LOSS							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation of foreign operations		(3,148)	(2,907)	8.3	(7,880)	(481)	1,538.3
Share of other comprehensive loss of an associate		(267)	(193)	38.3	(479)	(384)	24.7
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(3,415)	(3,100)	10.2	(8,359)	(865)	866.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		<u>31,069</u>	<u>8,394</u>	270.1	<u>37,740</u>	<u>17,848</u>	111.5
Profit for the year attributable to:							
Owners of the Company		35,635	11,171	219.0	46,965	20,418	130.0
Non-controlling interests		(1,151)	323	(456.3)	(866)	(1,705)	(49.2)
		<u>34,484</u>	<u>11,494</u>	200.0	<u>46,099</u>	<u>18,713</u>	146.3
Total comprehensive income attributable to:							
Owners of the Company		32,250	7,963	305.0	38,956	19,525	99.5
Non-controlling interests		(1,181)	431	(374.0)	(1,216)	(1,677)	(27.5)
		<u>31,069</u>	<u>8,394</u>	270.1	<u>37,740</u>	<u>17,848</u>	111.5

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30 June 2023 HK\$'000	30 June 2022 HK\$'000	30 June 2023 HK\$'000	30 June 2022 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	9	20,751	56,062	-	-
Investment properties	10	-	4,506	-	-
Goodwill		2,098	2,098	-	-
Investments in subsidiaries		-	-	76,308	76,308
Investment in an associate		7,350	4,884	-	-
Deferred tax assets		6,212	7,342	-	-
Right-of-use assets		10,825	20,155	-	-
Prepayments and other assets		37,136	27,855	-	-
Total non-current assets		<u>84,372</u>	<u>122,902</u>	<u>76,308</u>	<u>76,308</u>
CURRENT ASSETS					
Inventories		258,013	258,217	-	-
Trade and bills receivables		416,012	455,061	-	-
Prepayments, other receivables and other assets		171,472	182,742	2	2
Amounts due from subsidiaries		-	-	52,077	50,498
Financial asset at fair value through profit or loss		1,284	1,445	-	-
Derivative financial instruments		8	-	-	-
Cash and cash equivalents		90,071	125,265	210	311
		<u>936,860</u>	<u>1,022,730</u>	<u>52,289</u>	<u>50,811</u>
Assets classified as held for sale	11	71,031	71,615	-	-
Total current assets		<u>1,007,891</u>	<u>1,094,345</u>	<u>52,289</u>	<u>50,811</u>
CURRENT LIABILITIES					
Trade and bills payables		249,750	276,827	-	-
Other payables and accruals		209,668	213,173	1,255	2,356
Amount due to a subsidiary		-	-	2,294	2,254
Tax payable		7,586	8,772	-	-
Derivative financial instruments		-	18	-	-
Interest-bearing bank borrowings	12	146,443	244,610	-	-
Lease liabilities		9,371	9,923	-	-
		<u>622,818</u>	<u>753,323</u>	<u>3,549</u>	<u>4,610</u>
Liabilities directly associated with assets classified as held for sale	11	1,592	2,262	-	-
Total current liabilities		<u>624,410</u>	<u>755,585</u>	<u>3,549</u>	<u>4,610</u>
NET CURRENT ASSETS		<u>383,481</u>	<u>338,760</u>	<u>48,740</u>	<u>46,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>467,853</u>	<u>461,662</u>	<u>125,048</u>	<u>122,509</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	Group		Company	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities		7,058	6,925	-	-
Other payables		32,424	21,140	-	-
Other borrowings	12	-	63	-	-
Lease liabilities		1,673	10,584	-	-
Total non-current liabilities		<u>41,155</u>	<u>38,712</u>	-	-
Net assets		<u>426,698</u>	<u>422,950</u>	<u>125,048</u>	<u>122,509</u>
EQUITY					
Equity attributable to owners of the Company					
Issued capital	13	21,636	21,476	21,636	21,476
Treasury shares	13	(19)	(19)	(19)	(19)
Reserves		<u>410,407</u>	<u>404,991</u>	<u>103,431</u>	<u>101,052</u>
		432,024	426,448	125,048	122,509
Non-controlling interests		<u>(5,326)</u>	<u>(3,498)</u>	-	-
Total equity		<u>426,698</u>	<u>422,950</u>	<u>125,048</u>	<u>122,509</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 2021	21,476	(19)	45,885	898	57,810	3,435	(890)	6,906	322,102	457,603	(1,821)	455,782
Profit for the year	-	-	-	-	-	-	-	-	20,418	20,418	(1,705)	18,713
Other comprehensive income/(loss) for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(509)	-	(509)	28	(481)
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	(384)	-	(384)	-	(384)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	(893)	20,418	19,525	(1,677)	17,848
Final 2021 dividend paid	-	-	-	-	-	-	-	-	(23,193)	(23,193)	-	(23,193)
Interim 2022 dividend paid	-	-	-	-	-	-	-	-	(27,487)	(27,487)	-	(27,487)
Transfer between reserves of a subsidiary	-	-	-	-	-	2,715	-	-	(2,715)	-	-	-
At 30 June 2022	<u>21,476</u>	<u>(19)</u>	<u>45,885</u>	<u>898</u>	<u>57,810</u>	<u>6,150</u>	<u>(890)</u>	<u>6,013</u>	<u>289,125</u>	<u>426,448</u>	<u>(3,498)</u>	<u>422,950</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

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 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 loss for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(7,530)	-	(7,530)	(350)	(7,880)
Share of other comprehensive loss of an associate	-	-	-	-	-	-	-	(479)	-	(479)	-	(479)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	(8,009)	46,965	38,956	(1,216)	37,740
Issue of shares	160	-	3,050	-	-	-	-	-	-	3,210	-	3,210
Final 2022 dividend paid	-	-	-	-	-	-	-	-	(25,340)	(25,340)	-	(25,340)
Interim 2023 dividend paid	-	-	-	-	-	-	-	-	(11,250)	(11,250)	-	(11,250)
Dividend payable to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(612)	(612)
At 30 June 2023	<u>21,636</u>	<u>(19)</u>	<u>48,935</u>	<u>898</u>	<u>57,810</u>	<u>6,150</u>	<u>(890)</u>	<u>(1,996)</u>	<u>299,500</u>	<u>432,024</u>	<u>(5,326)</u>	<u>426,698</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

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 2021	21,476	(19)	45,885	36,311	19,505	123,158
Profit for the year and total comprehensive income for the year	-	-	-	-	50,031	50,031
Final 2021 dividend paid	-	-	-	-	(23,193)	(23,193)
Interim 2022 dividend paid	-	-	-	-	(27,487)	(27,487)
At 30 June 2022 and at 1 July 2022	21,476	(19)	45,885	36,311	18,856	122,509
Profit for the year and total comprehensive income for the year	-	-	-	-	35,919	35,919
Issue of shares	160	-	3,050	-	-	3,210
Final 2022 dividend paid	-	-	-	-	(25,340)	(25,340)
Interim 2023 dividend paid	-	-	-	-	(11,250)	(11,250)
At 30 June 2023	<u>21,636</u>	<u>(19)</u>	<u>48,935</u>	<u>36,311</u>	<u>18,185</u>	<u>125,048</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2023	2022
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	56,951	39,537
Adjustments for:		
Bank interest income	(740)	(396)
Fair value loss on investment property	1,200	1,800
Write-down of inventories to net realisable value, net	4,703	9,143
Depreciation of property, plant and equipment	10,525	10,439
Depreciation of right-of-use assets	9,786	8,322
Fair value gain on derivative financial instrument	(26)	(34)
Fair value loss/(gain) on financial asset at fair value through profit or loss	161	(227)
(Reversal of impairment)/impairment of trade receivables, net	(2,367)	5,746
Gain on disposal of investment properties	(1,008)	(559)
Gain on disposal of items of property, plant and equipment	(37,809)	(9,984)
Finance costs	10,374	3,169
Share of profit of an associate	(3,353)	(1,606)
	48,397	65,350
Increase in inventories	(4,102)	(34,267)
Decrease/(increase) in trade and bills receivables	38,089	(9,392)
Decrease/(increase) in prepayments, other receivables and other assets	652	(53,240)
Decrease in trade and bills payables	(25,747)	(5,779)
Increase in other payables and accruals	7,341	38,058
Cash generated from operations	64,630	730
Interest paid	(10,374)	(3,169)
Income tax paid	(9,652)	(11,264)
Net cash flows from/(used in) operating activities	44,604	(13,703)

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(continued)

	Group	
	2023	2022
	HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities	<u>44,604</u>	<u>(13,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(3,785)	(21,317)
Proceeds from disposal of items of property, plant and equipment	64,840	18,067
Proceeds from sales of investment properties	5,608	12,701
Dividend from an associate	408	-
Interest received	<u>740</u>	<u>396</u>
Net cash flows from investing activities	<u>67,811</u>	<u>9,847</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	324,118	815,331
Repayment of bank and other borrowings	(420,731)	(703,081)
Principal portion of lease payments	(10,073)	(6,595)
Dividends paid to owners of the Company	<u>(36,590)</u>	<u>(50,680)</u>
Net cash flows (used in)/ from financing activities	<u>(143,276)</u>	<u>54,975</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(30,861)</u>	<u>51,119</u>
Cash and cash equivalents at beginning of financial year	123,751	70,713
Cash and cash equivalents included in assets classified as held for sale	(627)	(469)
Effect of foreign exchange rate changes, net	<u>(2,192)</u>	<u>2,388</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u><u>90,071</u></u>	<u><u>123,751</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the statement of financial position	90,071	125,265
Bank overdraft	<u>-</u>	<u>(1,514)</u>
Cash and cash equivalents as stated in the statement of cash flows	<u><u>90,071</u></u>	<u><u>123,751</u></u>

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- (i) the distribution of electronic components (“Components Distribution”);
- (ii) the provision of computer data storage management solutions and services; provision of professional services in IT infrastructure, cloud solutions, network and security solutions. (“IT Infrastructure”); and
- (iii) the distribution and retailing of consumer electronics products (“Consumer Electronics Products”).

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months and full year ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

The Group’s accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards, except for the adoption of new and amended standards as set out in Note 2.2.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements are presented in Hong Kong dollars and all values in the tables are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 July 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 July 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 July 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (continued)

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:
(continued)

(d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 July 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. SEASONAL OPERATIONS

Save for the effect of releasing new consumer electronic products by a leading multinational technology company that specializes in consumer electronics products, the Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

KARIN TECHNOLOGY HOLDINGS LIMITED

FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the six months ended 30 June 2023				
Segment revenue	216,558	578,507	81,761	876,826
Segment results	4,625	6,156	1,525	12,306
<i>Reconciliation:</i>				
Bank interest income				683
Fair value gain on financial asset at fair value through profit or loss				(147)
Fair value loss on derivative financial instruments				(296)
Fair value loss on investment property				(1,200)
Gain on disposal of investment property				27
Gain on disposal of items of property, plant and equipment				34,449
Finance costs				(6,522)
Share of profit of an associate				1,947
Corporate and other unallocated expenses				(585)
Profit before tax				40,662
Income tax expense				(6,178)
Profit for the period				<u>34,484</u>
Other segment information:				
Depreciation				9,802
Other non-cash expenses/(income), net	(4,269)	(324)	168	(4,425)
Capital expenditure				<u>1,869</u>
For the six months ended 30 June 2022				
Segment revenue	276,921	525,585	99,739	902,245
Segment results	4,621	15,893	(838)	19,676
<i>Reconciliation:</i>				
Bank interest income				70
Fair value gain on financial asset at fair value through profit or loss				227
Fair value loss on derivative financial instruments				(14)
Fair value loss on investment property				(1,800)
Gain on disposal of investment properties				193
Finance costs				(1,857)
Share of profit of an associate				991
Gain on disposal of items of property, plant and equipment			9,941	
Corporate and other unallocated expenses				(800)
Profit before tax				26,627
Income tax expense				(15,133)
Profit for the period				<u>11,494</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the six months ended 30 June 2022 (continued)				
Other segment information:				
Depreciation				8,872
Other non-cash expenses/(income), net	7,905	1,130	495	9,530
Capital expenditure				3,420
For the year ended 30 June 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 financial asset at fair value through profit or loss				(161)
Fair value gain on derivative financial instruments				26
Fair value loss on investment property				(1,200)
Finance costs				(10,374)
Share of profit of an associate				3,353
Gain on disposal of investment property				1,008
Gain on disposal of items of property, plant and equipment				37,809
Corporate and other unallocated expenses				(1,874)
Profit before tax				56,951
Income tax expenses				(10,852)
Profit for the year				46,099
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
Corporate and other unallocated assets				92,686
Total assets				1,092,263

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the year ended 30 June 2023 (continued)				
Segment liabilities	45,421	374,187	53,464	473,072
<i>Reconciliation:</i>				
Income tax payable				7,586
Interest-bearing bank and other borrowings				146,443
Deferred tax liabilities				7,058
Corporate and other unallocated liabilities				31,406
Total liabilities				<u>665,565</u>
Other segment information:				
Depreciation				20,311
Other non-cash expenses/(income), net	1,981	(277)	632	2,336
Capital expenditure				<u>3,785</u>
For the year ended 30 June 2022				
Segment revenue	572,696	1,163,718	256,148	1,992,562
Segment results	3,916	21,980	8,010	33,906
<i>Reconciliation:</i>				
Bank interest income				396
Fair value gain on financial asset at fair value through profit or loss				227
Fair value gain on derivative financial instruments				34
Fair value loss on investment property				(1,800)
Finance costs				(3,169)
Share of profit of an associate				1,606
Gain on disposal of investment properties				559
Gain on disposal of items of property, plant and equipment				9,984
Corporate and other unallocated expenses				(2,206)
Profit before tax				<u>39,537</u>
Income tax expenses				(20,824)
Profit for the year				<u>18,713</u>
Segment assets	318,132	584,943	51,804	954,879
<i>Reconciliation:</i>				
Investment in an associate				4,884
Deferred tax assets				7,342
Cash and cash equivalents				125,265
Corporate and other unallocated assets				124,877
Total assets				<u>1,217,247</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the year ended 30 June 2022 (continued)				
Segment liabilities	66,403	365,326	56,852	488,581
<i>Reconciliation:</i>				
Income tax payable				8,772
Interest-bearing bank and other borrowings				244,673
Deferred tax liabilities				6,925
Corporate and other unallocated liabilities				45,346
Total liabilities				<u>794,297</u>
Other segment information:				
Depreciation				18,761
Other non-cash expenses, net	11,196	3,274	419	14,889
Capital expenditure				<u>21,317</u>

5. REVENUE

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

	<u>For the year ended 30 June</u>	
	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers	<u>2,039,621</u>	<u>1,992,562</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
Six months ended 30 June 2023				
Type of goods or services				
Sale of goods	216,558	465,890	81,761	764,209
Provision of professional and warranty services	-	112,617	-	112,617
Total revenue from contracts with customers	<u>216,558</u>	<u>578,507</u>	<u>81,761</u>	<u>876,826</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
Six months ended 30 June 2023 (continued)				
Geographical markets				
Hong Kong	64,741	507,368	80,230	652,339
Mainland China	127,492	11,708	-	139,200
Others	24,325	59,431	1,531	85,287
Total revenue from contracts with customers	<u>216,558</u>	<u>578,507</u>	<u>81,761</u>	<u>876,826</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	216,558	488,011	81,761	786,330
Services transferred over time	-	90,496	-	90,496
Total revenue from contracts with customers	<u>216,558</u>	<u>578,507</u>	<u>81,761</u>	<u>876,826</u>
Six months ended 30 June 2022				
Type of goods or services				
Sale of goods	276,921	412,558	99,739	789,218
Provision of professional and warranty services	-	113,027	-	113,027
Total revenue from contracts with customers	<u>276,921</u>	<u>525,585</u>	<u>99,739</u>	<u>902,245</u>
Geographical markets				
Hong Kong	94,619	436,811	99,302	630,732
Mainland China	154,061	26,470	-	180,531
Others	28,241	62,304	437	90,982
Total revenue from contracts with customers	<u>276,921</u>	<u>525,585</u>	<u>99,739</u>	<u>902,245</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	276,921	442,994	99,739	819,654
Services transferred over time	-	82,591	-	82,591
Total revenue from contracts with customers	<u>276,921</u>	<u>525,585</u>	<u>99,739</u>	<u>902,245</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

	Components Distribution HK\$'000	IT Infrastructure HK\$'000	Consumer Electronics Products HK\$'000	Total HK\$'000
For the year ended 30 June 2023				
Type 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	<u>446,484</u>	<u>1,349,845</u>	<u>243,292</u>	<u>2,039,621</u>
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
Total revenue from contracts with customers	<u>446,484</u>	<u>1,349,845</u>	<u>243,292</u>	<u>2,039,621</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	446,484	1,142,158	243,292	1,831,934
Services transferred over time	-	207,687	-	207,687
Total revenue from contracts with customers	<u>446,484</u>	<u>1,349,845</u>	<u>243,292</u>	<u>2,039,621</u>
For the year ended 30 June 2022				
Type of goods or services				
Sale of goods	572,696	942,051	256,148	1,770,895
Provision of professional and warranty services	-	221,667	-	221,667
Total revenue from contracts with customers	<u>572,696</u>	<u>1,163,718</u>	<u>256,148</u>	<u>1,992,562</u>
Geographical markets				
Hong Kong	177,733	963,941	255,106	1,396,780
Mainland China	342,738	63,919	-	406,657
Others	52,225	135,858	1,042	189,125
Total revenue from contracts with customers	<u>572,696</u>	<u>1,163,718</u>	<u>256,148</u>	<u>1,992,562</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	572,696	970,360	256,148	1,799,204
Services transferred over time	-	193,358	-	193,358
Total revenue from contracts with customers	<u>572,696</u>	<u>1,163,718</u>	<u>256,148</u>	<u>1,992,562</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (continued)

A breakdown of sales

	Group		
	Full year ended 30/6/2023 HK\$'000	Full year ended 30/6/2022 HK\$'000	% increase/ (decrease)
(a) Sales reported for the first half year	1,162,795	1,090,317	6.6
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	11,615	7,219	60.9
(c) Sales reported for the second half year	876,826	902,245	(2.8)
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	34,484	11,494	200.0

6. PROFIT BEFORE TAX

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

	Six months ended 30/6/2023 HK\$'000	Six months ended 30/6/2022 HK\$'000	Full year ended 30/6/2023 HK\$'000	Full year ended 30/6/2022 HK\$'000
Cost of inventories sold	744,969	777,684	1,745,516	1,700,541
Cost of services provided	47,433	31,325	116,846	106,253
(Reversal of write-down of)/write-down of inventories to net realisable value, net*	(4,872)	3,325	4,703	9,143
Lease payments not included in the measurement of lease liabilities	1,336	1,096	1,899	2,070
Depreciation of property, plant and equipment	4,919	4,043	10,525	10,439
Depreciation of right-of-use assets	4,883	4,829	9,786	8,322
Foreign exchange differences, net**/**	(1,046)	278	(165)	897
Interest expense on bank and other borrowings	6,324	1,666	10,004	2,829
Interest expense on lease liabilities	198	191	370	340
(Reversal of impairment)/impairment of trade receivables, net**/**	447	6,204	(2,367)	5,746
Fair value loss/(gain) on financial asset at fair value through profit or loss**/**	147	(277)	161	(277)
Fair value loss/(gain) on derivative financial instruments, net**	296	14	(26)	(34)
Gain on disposal of investment properties**	(27)	(193)	(1,008)	(559)
Gain on disposal of items of property, plant and equipment**	(34,449)	(9,941)	(37,809)	(9,984)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX (continued)

- * This item is included in “Cost of sales” in the annual condensed consolidated statement of profit or loss and other comprehensive income.
- ** Fair value gain on financial asset at fair value through profit or loss, net fair value gain on derivative financial instruments, gain on disposal of investment properties, gain on disposal of items of property, plant and equipment, reversal of impairment of trade receivables and net foreign exchange gain are included in “Other income and gains, net” in the annual condensed consolidated statement of profit or loss and other comprehensive income.
- *** Fair value loss on financial asset at fair value through profit or loss, net foreign exchange loss and impairment of trade receivables are included in “Other expenses, net” in the annual condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting 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 (2022: 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.

	Six months ended 30/6/2023 HK\$'000	Six months ended 30/6/2022 HK\$'000	Full year ended 30/6/2023 HK\$'000	Full year ended 30/6/2022 HK\$'000
Current				
Charge for the period	3,909	8,397	8,583	14,088
(Over)/underprovision in prior years	449	(3)	449	(3)
	4,358	8,394	9,032	14,085
Deferred	1,820	6,739	1,820	6,739
	<u>6,178</u>	<u>15,133</u>	<u>10,852</u>	<u>20,824</u>

8. DIVIDENDS

	For the year ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interim dividend and Interim special declared and paid during the year	11,250	27,487
Proposed final dividend	32,452	25,340
Total	<u>43,702</u>	<u>52,827</u>
Dividend per share (in HK cents)	20.2 cents	24.6 cents

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2023, the Group acquired assets amounting to HK\$3,785,000 (2022: HK\$21,317,000) and disposed of assets amounting to net book value of HK\$27,031,000 (2022: HK\$8,083,000). The depreciation expense during the period amounted to HK\$10,525,000 (2022: HK\$10,439,000).

Units 401 to 406, East Block, Shengtang Business Building, No. 1, Tai Ran Jiu Road, Futian District, Shenzhen, The PRC were sold during the reporting year. For further details of the disposals, please refer to the Company's announcements dated 24 November 2022 and 13 December 2022.

10. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
Carrying amount at beginning of financial period/year	4,506	16,692
Disposal	(4,600)	(12,142)
Exchange realignment	<u>94</u>	<u>(44)</u>
Carrying amount at end of financial year	<u><u>-</u></u>	<u><u>4,506</u></u>

Note:

3 Ang Mo Kio Street 62#01-40 LINK@AMK Singapore 569139 was sold during the reporting period. For further details of the disposals, please refer to the Company's announcements dated 12 August 2022 and 22 August 2022.

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

	2023 HK\$'000	2022 HK\$'000
Property, plant and equipment	44,479	44,458
Investment property	24,900	26,100
Prepayments, deposits and other receivables	287	319
Cash and cash equivalents	<u>1,365</u>	<u>738</u>
Total assets classified as held for sale	<u><u>71,031</u></u>	<u><u>71,615</u></u>

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11. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

	2023 HK\$'000	2022 HK\$'000
Other payables and accruals	106	268
Tax payable	133	664
Deferred tax liabilities	<u>1,353</u>	<u>1,330</u>
Total liabilities directly associated with assets classified as held for sale	<u>1,592</u>	<u>2,262</u>
Net assets	<u>69,439</u>	<u>69,353</u>

Note : For further details of assets classified as held for sale/liabilities directly associated with assets classified as held for sale, please refer to Note 23 to the Annual Report 2022.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	2023 HK\$'000	2022 HK\$'000
Current			
Lease liabilities	2023	63	103
Bank loans, unsecured	2023	146,380	242,993
Bank overdraft	On demand	<u>-</u>	<u>1,514</u>
		<u>146,443</u>	<u>244,610</u>
Non-current			
Lease liabilities	2024	<u>-</u>	<u>63</u>
		<u>146,443</u>	<u>244,673</u>

The Group's bank loans bear interest at floating rates ranging from 1.6% to 6.0% (30 June 2022: 0.9% to 1.7%) per annum.

The bank and other borrowings of the Group as at 30 June 2023 were denominated in Hong Kong dollars (2022: Hong Kong dollars, United States dollars and Singapore dollars). At 30 June 2023, bank borrowings of HK\$146,380,000 (2022: HK\$244,507,000) were covered by corporate guarantees given by the Company and certain of its subsidiaries.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

(i) Shares

	<u>The Group and the Company</u>			
	30 June 2023		30 June 2022	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Beginning of the year	214,760	21,476	214,760	21,476
Issued during the year (*)	<u>1,600</u>	<u>160</u>	<u>-</u>	<u>-</u>
End of the year	<u>216,360</u>	<u>21,636</u>	<u>214,760</u>	<u>21,476</u>

Note:

(*) On 4 January 2023, pursuant to Karin Performance Share Plan, 1,600,000 shares were issued and awarded to Independent Directors (600,000 shares) and eligible employees of the Company. For further details, please refer to the announcement released by the Company on 4 January 2023.

	2023 HK\$'000	2022 HK\$'000
Issued and fully paid: 216,360,000 (2022: 214,760,000) ordinary shares of HK\$0.1 each	<u>21,636</u>	<u>21,476</u>

(ii) Treasury shares

There was no movement in the Group's and the Company's treasury shares during the current and prior periods:

	Number of shares	Amount HK\$'000
At 1 July 2022, 30 June 2022, 1 July 2022 and 30 June 2023	<u>12,000</u>	<u>19</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTY DISCLOSURES

(a) Transactions and balances with related parties

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

	2023 HK\$'000	2022 HK\$'000
Fees	861	860
Other emoluments	5,483	5,885
Share-based payments (<i>Note</i>)	1,204	-
	<u>7,548</u>	<u>6,745</u>

Note: 600,000 shares were issued and awarded to Independent Directors.

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

	2023 HK\$'000	2022 HK\$'000
Short term employee benefits	15,091	17,516
Share-based payments	893	-
Post-employment benefits	208	144
	<u>16,192</u>	<u>17,660</u>

Other than the foregoing, there were no principal interested party relationships where control over financial and operating policies existed as at the end of the reporting period.

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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. 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:

30 June 2023

Financial assets

	Group			Company
	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000	Financial assets at amortised cost HK\$'000
Trade and bills receivables	-	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
	<u>1,292</u>	<u>513,085</u>	<u>514,377</u>	<u>52,287</u>

Financial liabilities

	Group			Company
	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000	Financial liabilities at amortised cost HK\$'000
Trade 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
Lease liabilities	-	11,107	11,107	-
	<u>-</u>	<u>422,596</u>	<u>422,596</u>	<u>2,838</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

30 June 2022

Financial assets

	Group			Company
	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000	Financial assets at amortised cost HK\$'000
Trade and bills receivables	-	455,061	455,061	-
Financial assets included in prepayments, other receivables and other assets	-	6,562	6,562	-
Financial asset at fair value through profit or loss	1,445	-	1,445	-
Amounts due from subsidiaries	-	-	-	50,498
Cash and cash equivalents	-	125,265	125,265	311
	<u>1,445</u>	<u>586,888</u>	<u>588,333</u>	<u>50,809</u>

Financial liabilities

	Group			Company
	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000	Financial liabilities at amortised cost HK\$'000
Trade and bills payables	-	276,827	276,827	-
Financial liabilities included in other payables and accruals	-	17,895	17,895	286
Interest-bearing bank and other borrowings other than lease liabilities	-	244,507	244,507	-
Derivative financial instruments	18	-	18	-
Amount due to a subsidiary	-	-	-	2,254
Lease liabilities	-	20,673	20,673	-
	<u>18</u>	<u>559,902</u>	<u>559,920</u>	<u>2,540</u>

Since the carrying amounts of the Group's financial instruments approximate to their fair values, no separate disclosure of the fair values of the Group's financial instruments is made in these interim condensed consolidated financial statements.

16. EVENTS AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to the condensed annual financial statements.

KARIN TECHNOLOGY HOLDINGS LIMITED

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

Other information

1. Review

For the six months and full year ended 30 June 2023, the interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

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

As at 1 July 2022, the Company held 12,000 (1 July 2021: 12,000) treasury shares. During the year ended 30 June 2023, the Company did not purchase any (30 June 2022: Nil) of the shares pursuant to the 2009 Share Buyback mandate (last renewed on 27 October 2022).

As at 30 June 2023, the Company held 12,000 (30 June 2022: 12,000) treasury shares or 0.0055% (30 June 2022: 0.0056%) of the Company's issued shares.

On 4 January 2023, pursuant to Karin Performance Share Plan, 1,600,000 shares were issued and awarded to Independent Directors (600,000 shares) and eligible employees of the Company. For further details, please refer to the announcement released by the Company on 4 January 2023.

As at 30 June 2023, the Company's share capital was HK\$21,636,000 comprising 216,360,000 ordinary shares, and 30 June 2022, the Company's share capital was HK\$21,476,000 comprising 214,760,000 ordinary shares.

There were no share options outstanding as at 30 June 2023 and 30 June 2022.

During the year ended 30 June 2023, the Company did not have any shares subdivision nor consolidation.

During the year ended 30 June 2023, the Company's subsidiaries did not purchase nor held any of the Company's shares.

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

Total number of issued shares excluding treasury share as at 30 June 2023 and 30 June 2022 were 216,348,000 and 214,748,000 respectively.

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

There were no sales, transfers, cancellation nor use of treasury shares during the year under review (30 June 2022: Nil).

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

There were no sales, transfers, cancellation nor use of subsidiary holdings during the year under review (30 June 2022: Nil).

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

Not applicable.

- 4. Changes in treasury shares**

No

- 5. Changes in subsidiary holdings**

No

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

The Group

	30 June 2023	30 June 2022
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>21.8</u>	<u>9.5</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>46,965</u>	<u>20,418</u>

The calculation of basic earnings per share for the years ended 30 June 2023 and 2022 is based on the profit attributable to the ordinary shareholders of the Company for the respective years and the weighted average of 215,528,274 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 2023 and 2022.

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

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2023	As at 30 June 2022	As at 30 June 2023	As at 30 June 2022
Net asset value per ordinary share (HK cents)	197.2	197.0	57.8	57.0

Net asset value per ordinary share as at 30 June 2023 and 30 June 2022 was calculated based on the issued share capital excluding treasury shares of 216,348,000 and 214,748,000 ordinary shares as at 30 June 2023 and 30 June 2022 respectively.

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8. Review of performance of the group

Profit and loss

Revenue

Consolidated revenue of the Group increased by approximately HK\$47.0 million or 2.4% to HK\$2,039.6 million for the year ended 30 June 2023 (“**FY2023**”) from HK\$1,992.6 million for the year ended 30 June 2022 (“**FY2022**”).

Revenue from our Components Distribution (“**CD**”) segment decreased by HK\$126.2 million or 22.0% to HK\$446.5 million for the year under review from HK\$572.7 million for the year ended 30 June 2022. The decrease was mainly due to China’s slower-than-expected post-pandemic recovery following the lifting of its strict zero-COVID stance in January 2023.

Revenue from our Information Technology Infrastructure (“**IT Infrastructure**”) segment increased by HK\$186.1 million or 16.0% to HK\$1,349.8 million for the current year from HK\$1,163.7 million for the year ended 30 June 2022. The increase was mainly due to (1) strong demand for network security products, cloud solution services and data visualization tools in Hong Kong; (2) as a result of accredited work done in past years that this segment was able to go wider and deeper in the market ; and (3) the commencement of several projects tendered and awarded during the period under review.

Revenue from our Consumer Electronics Products (“**CEP**”) segment decreased by HK\$12.8 million or 5.0% to HK\$243.3 million for the current year from HK\$256.1 million for the year ended 30 June 2022. The decrease was mostly due to slowed down spending on CEP in the Hong Kong market during the year under review as a result of pent-up demand for foreign travel after the release of all COVID-19 travel restrictions.

Gross profit

Gross profit decreased by HK\$4.0 million or 2.3% to HK\$172.6 million for the year ended 30 June 2023 from HK\$176.6 million for the year ended 30 June 2022. The decrease in gross profit was due mainly to an increase in direct staff costs during the year.

Other income and gains, net

Other income and gains, net increased by HK\$28.2 million or 151.6% to HK\$46.8 million for the year ended 30 June 2023 from HK\$18.6 million for the year ended 30 June 2022. The increase was mainly due to HK\$38.8 million in gain on disposal of properties held for own use and investment in the PRC and Singapore during the year under review.

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8. Review of performance of the group (continued)

Profit and loss (continued)

Selling and distribution costs

Selling and distribution costs increased by HK\$7.1 million or 10.3% to HK\$75.9 million for the year ended 30 June 2023 from HK\$68.8 million for the year ended 30 June 2022. The increase was mainly due to increase in sales staff remuneration of HK\$6.1 million.

Administrative expenses

Administrative expenses increased by HK\$1.3 million or 1.7% to HK\$78.1 million for the year ended 30 June 2023 from HK\$76.8 million for the year ended 30 June 2022. The increase was mainly due to increase in depreciation of right-of-use assets of HK\$1.1 million as leasing of the present office premises commenced in November 2021.

Other expenses, net

Other expenses, net decreased by HK\$7.0 million or 83.3% to HK\$1.4 million for the year ended 30 June 2023 from HK\$8.4 million for the year ended 30 June 2022. The decrease was mainly due to the HK\$5.7 million impairment of trade receivables last year whilst the current year was a reversal of impairment of trade receivables of HK\$2.4 million which was recorded under Other income.

Finance costs

Finance costs increased by HK\$7.2 million or 225.0% to HK\$10.4 million for the year ended 30 June 2023 from HK\$3.2 million for the year ended 30 June 2022. The increase was mainly due to (1) a substantial increase in bank borrowings interest rate from last year coupled with (2) an increase in bank borrowings during most parts of the year to support the increase in businesses.

Income tax expenses

The decrease was mainly due to the decrease in deferred tax liabilities being recognised in relation to undistributed earnings in the PRC subsidiaries.

Net profit

Net profit attributable to owners of the Company increased by HK\$26.6 million or 130.4% to HK\$47.0 million for the year ended 30 June 2023 from HK\$20.4 million for the year ended 30 June 2022. The increase was mostly attributable to HK\$38.8 million in gain on disposal of properties held for own use and investment in the PRC and Singapore during the year under review.

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8. Review of performance of the group (continued)

Profit and loss (continued)

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

At 30 June 2023, non-current assets amounted to HK\$84.4 million, representing approximately 7.7% of the total assets. Non-current assets decreased by HK\$38.5 million or 31.3% to HK\$84.4 million as at 30 June 2023 from HK\$122.9 million as at 30 June 2022. The decrease was mostly due to the disposal of properties in Singapore and Shenzhen.

Current assets

As at 30 June 2023, current assets amounted to HK\$1,007.9 million, an decrease of HK\$86.4 million compared to the preceding financial year end as at 30 June 2022. The decrease was mainly due to (1) decrease in trade and bills receivables of HK\$39.1 million; (2) decrease in cash and cash equivalents of HK\$35.2 million; (3) decrease in prepayment and other receivables of HK\$6.6 million; and (4) decrease in contract assets of HK\$4.6 million.

Current liabilities

As at 30 June 2023, current liabilities amounted to approximately HK\$624.4 million, a decrease of HK\$131.2 million compared to the preceding financial year end as at 30 June 2022. The decrease was mainly due to (1) decrease in interest-bearing bank and other borrowings by HK\$98.2 million; and (2) decrease in contract liabilities by HK\$53.5 million.

Non-current liabilities

Non-current liabilities amounted to HK\$41.2 million, representing 6.2% of the total liabilities as at 30 June 2023. 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 and withholding tax on retained profits on PRC subsidiaries.

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8. Review of performance of the group (continued)

Statement of financial position (continued)

Liquidity and cash flows

As at 30 June 2023, cash and cash equivalents amounted to HK\$90.1 million. Total interest-bearing loans and borrowings as at 30 June 2023 were HK\$146.4 million (30 June 2022: HK\$244.6 million). The gearing ratio (total interest-bearing borrowings to total equity) is 0.34 times (2022: 0.58 times).

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

Not applicable.

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 know factors or events that may affect the group in the next reporting period and the next 12 months.

Geopolitical uncertainties had a significant impact on our technology businesses across many segments. Instead of the anticipated resurgence from China and Hong Kong following the re-opening post-COVID, the economy continued to decline. When stockpiling in early 2022 resulted in high market inventory levels and slower sales during the ensuing 18 months, the result is a decline in performance in those businesses, especially our Components Distributions (CD) segment within the Group.

In the market, the issue of supply chain interruptions had changed to one of inventory management, which is anticipated to become more apparent in the next six months, depending on the pace of economic recovery. Consumer spending and company investments will continue to be cautious in an environment with high interest rates. The pressure on group margins will come from increased interest rate, manpower, and logistical expenses.

However, due to the increase in number of Chinese vendors and the market's momentum for AI and machine learning, our IT businesses will be undergoing a multi-year shift.

Consumer electronics products businesses in Hong Kong will anticipate another year of lackluster demand. With several new product releases and new distributorships coming up in addition to the regular holiday shopping season, the Group is continuing to be cautious about its performance.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Tax not applicable final dividend of HK 15.0 cents per share amounting to HK\$32,452,000 have been proposed 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)	5.2 cents per share	15.0 cents per share
Par value of share (in HK cents)	10 cents	10 cents
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	Special interim	Final
Dividend type	Cash	Cash	Cash
Dividend amount per share (in HK cents)	4.0 cents per share	8.8 cents per share	11.8 cents per share
Par value of share (in HK cents)	10 cents	10 cents	10 cents
Tax rate	Not applicable	Not applicable	Not applicable

(c) Date payable

16 November 2023

(d) Books closure date

The Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the "**Company**") will be closed on 31 October 2023, for the preparation of dividend warrants to the proposed final dividend of HK 15.0 cents per ordinary share for the financial year ended 30 June 2023. ("**Final Dividend**")

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 30 October 2023 ("**Record Date**") by the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to the Final Dividends.

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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 applicable

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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.

16. 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	74	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.	Nil
Mr. Ng Kin Wing, Raymond	73	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.	Nil
Mr. Ng Mun Kit, Michael	45	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.	Nil

BY ORDER OF THE BOARD

Ng Kin Wing
Executive Chairman/Executive Director

29 August 2023