



Karin records 7.8% revenue growth in FY2018 as re-investment in retail business pays-off

- Stronger topline on the back of higher contributions from both the Components Distribution and Consumer Electronics Products business segments
- Proposes final tax-exempt cash dividend of 11.8 HK cents, lifting total dividend for FY2018 to 18.6 Hong Kong cents

12 months ended 30 Jun (HK\$'M)	FY2018	FY2017	% Change
Revenue	2,013.3	1,867.9	7.8
Gross profit	162.3	165.7	(2.0)
Profit before tax	34.1	40.5	(15.7)
Net profit attributable to owners of the Company	28.0	34.7	(19.2)
EPS (HK cts) ^a	13.0	16.2	(19.8)
NAV per share (HK cts) ^b	204.1 (as at 30 Jun 2018)	190.1 (as at 30 Jun 2017)	7.4

a) Based on 214,598,000 and 214,495,671 weighted average number of ordinary shares in issue for the financial year ended 30 June in both 2018 and 2017 respectively.

b) Based on the issued share capital excluding treasury shares of 214,598,000 ordinary shares as at 30 June in both 2018 and 2017.

SINGAPORE – 28 August 2018 – 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 7.8% increase in revenue to HK\$2,013.3 million for the financial year ended 30 June 2018 (“FY2018”), driven mainly by higher contribution from both the Components Distribution (“CD”) and Consumer Electronics Products (“CEP”) business segments.

The improved sales was led mainly by Karin’s CEP business which achieved a 156.9% surge in sales from HK\$80.3 million in the preceding financial year (“FY2017”) to HK\$206.3 million in FY2018. The segment’s stellar performance was a result of the Group’s re-entry to the retail store business since March 2018 following its re-investment

in retail store business that it had disposed of in June 2016 citing changing market conditions.

During the financial year, sales generated by the Group's CD segment also rose 3.2% to HK\$870.1 million from HK\$843.4 million in the preceding financial year ended 30 June 2017 (“FY2017”) mainly due to an increase in demand for certain electronic components for smart phones and wireless applications. However, the improved performance of the CD and CEP segments were partially offset by marginally lower sales from the Group's Information Technology Infrastructure (“IT Infrastructure”) segment, which recorded a 0.8% decline to HK\$937.0 million from HK\$944.3 million year-on-year (“yoy”).

Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO said: *“We are pleased with the overall revenue growth achieved by the Group in FY2018, particularly the performance of the CEP segment. Our decision to reinvest in the retail business has paid off in view of the renewed consumer confidence in retail products, which has led to higher demand and better sales. We expect to see revenue growth from this segment over the next 12 months even as we continue our efforts to drive sales for our other two segments.”*

Notwithstanding the healthy revenue increase, the Group's gross profit was impacted by a write-down of HK\$5.7 million of inventories to net realisable value, resulting in a 2.0% yoy decline to HK\$162.3 million in FY2018. Accordingly, gross profit margin declined to 8.1% in FY2018 (FY2017: 8.9%).

Other net income and gains grew significantly by 94.0% to HK\$14.5 million for the year ended 30 June 2018 mostly due to an increase in rental income from a leased out floor in Hong Kong and Singapore, an increase in foreign exchange gain and acquisition gain on re-investment in retail store business.

On the operational front, the Group's selling and distribution costs, and administrative expenses rose 8.1% and 11.0% to HK\$65.2 million and HK\$74.1 million respectively in FY2018. This was mainly because of an increase in salary, bonus and commission expenses specifically to enhance our technical and engineering capabilities.

Consequently, the Group's net attributable profit decreased by 19.2% to HK\$28.0 million in FY2018.

The Group's Earnings per Share fell in tandem to 13.0 Hong Kong cents as at 30 June 2018, against 16.2 Hong Kong cents as at 30 June 2017. On the other hand, net asset value per share was lifted to 204.1 Hong Kong cents from 190.1 Hong Kong cents for the same period.

Karin's cash and cash equivalents remained healthy at HK\$54.2 million as at 30 June 2018. The Group's gearing ratio stayed low at 0.32 times.

Dividend

Despite weaker earnings, Karin will maintain its dividend payment track record. The Board of Directors has proposed a final dividend (tax not applicable) of 11.8 Hong Kong cents per share, amounting to a total of HK\$25,323,000 payable on 22 November 2018. Together with the interim dividend of 6.8 cents per share, this brings total dividend for FY2018 to 18.6 Hong Kong cents per share which represents a dividend payout ratio of 90.4% of net attributable profit.

Business Outlook & Plans

The Group is cautiously optimistic about its overall sales performance across its business segments for the current financial year ending 30 June 2019.

Mr. Ng said: *"We see momentum building for certain electronic components for smartphones, which has enjoyed increasing penetration in emerging markets. We also anticipate steady sales from our network security products as looming cybersecurity threats continue to fuel demand for data security solutions."*

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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>.

Issued on Behalf of: Karin Technology Holdings Limited
By: August Consulting Pte Ltd.

Contact: Wrisney TAN
Email: wrisneytan@august.com.sg
Contact: Serene CHIA
Email: serenechia@august.com.sg