



## Karin Technology's 1H FY2023 net profit sees double digit growth on strong revenue contribution

- Higher revenue contribution from the Group's IT Infrastructure and CEP segments
- Declares an interim cash dividend of 5.2 HK cents a share

6 months ended 31 Dec (HK\$'M)	1H FY2023	1H FY2022	%Change
Segment Revenue			
– Components Distribution (“CD”)	229.9	295.8	(22.3)
– Information Technology Infrastructure (“IT Infrastructure”)	771.4	638.1	20.9
– Consumer Electronics Products (“CEP”)	161.5	156.4	3.3
Total Revenue	<b>1,162.8</b>	<b>1,090.3</b>	6.6
Gross profit	<b>83.3</b>	<b>86.7</b>	(4.0)
Gross profit margin (%)	<b>7.2</b>	<b>8.0</b>	(0.8)
Profit before tax	<b>16.3</b>	<b>12.9</b>	26.2
Net profit attributable to owners of the Company	<b>11.3</b>	<b>9.2</b>	22.5
EPS (HK cts) <sup>a</sup>	<b>5.28</b>	<b>4.31</b>	22.5
NAV per share (HK cts) <sup>b</sup>	<b>188.2</b> (as at 31 Dec 2022)	<b>197.0</b> (as at 30 June 2022)	(4.5)

- a. Based on the weighted average number of 214,748,000 ordinary shares in issue as at both 31 December 2022 and 31 December 2021, after accounting for the effect of treasury shares.
- b. Based on the issued share capital of 214,748,000 ordinary shares (excluding treasury shares) as at 31 December 2022 and 30 June 2022.

**SINGAPORE – 14 February 2023** – Karin Technology Holdings Limited (嘉靈控股集團有限公司) (“Karin” or together with its subsidiaries, the “Group”) has posted a strong set of results for the six months ended 31 December 2022 (“1H FY2023”).

Net profit attributable to shareholders for the leading Hong Kong-based electronic and industrial components and IT solutions distributor and outsourcing service provider notched HK\$11.3 million in 1H FY2023. This was up 22.5% from HK\$9.2 million in the previous corresponding period (“1H FY2022”). Revenue rose 6.6% to HK\$1.2 billion in 1H FY2023 from HK\$1.1 billion in 1H FY2022.



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The improved set of results for 1H FY2023 can be attributed to higher revenue contribution from two operating segments of the Group.

Revenue from the Information Technology Infrastructure (“**IT Infrastructure**”) segment leapt 20.9% to HK\$771.4 million in 1H FY2023, from HK\$638.1 million in 1H FY2022. The increase was mainly due to the commencement of several projects tendered and awarded during the period under review.

Revenue from the Consumer Electronics Products (“**CEP**”) segment increased 3.3% to HK\$161.5 million in 1H FY2023, from HK\$156.4 million in 1H FY2022. The uptick was mainly due to the launch of certain new CEP and supported by the launch of the consumption voucher scheme by the Hong Kong Government.

However, revenue from the Components Distribution (“**CD**”) segment declined 22.3% to HK\$229.9 million in 1H FY2023, from HK\$295.8 million in 1H FY2022. The decline was due to the COVID-19 pandemic lockdown and supply disruption which dampened demand for certain electronic components during the period under review.

Despite the strong revenue contribution, the Group’s gross margin narrowed to 7.2% in 1H FY2023, from 8.0% in 1H FY2022. This came on the back of lower gross profit, which fell to HK\$83.3 million from HK\$86.7 million over the same period owing to an increase in write-down of inventories to net realisable value of HK\$3.8 million as a result of mostly slow demand in certain electronic components as a result of COVID-19 pandemic lockdown and supply disruption during the current period.

Still, the Group’s bottom line was supported by net other income and gains of HK\$10.4 million in 1H FY2023, which was significantly higher compared to HK\$4.3 million in 1H FY2022. Net other income and gains recorded an increase in gain on disposal of properties, an increase in reversal of impairment of trade receivable and government subsidies provided considering the COVID-19 pandemic. The Group’s bottom line was also enhanced by savings in administrative expenses and income tax expenses, as well as an increase in share of profit of an associate.

In line with the Group’s 1H FY2023 performance, earnings per share jumped to 5.28 HK cents (1H FY2022: 4.31 HK cents). Net asset value per share was at 188.2 HK cents as at 31 December 2022 (30 June 2022: 197.0 HK cents). The Group maintained its healthy financial



position with cash and cash equivalents of HK\$107.7 million with a gearing ratio of 0.70 times as at 31 December 2022 versus cash and cash equivalents of HK\$123.8 million and a gearing ratio of 0.58 times as at June 2022.

In light of the Group's positive performance, the Board of Directors has declared an interim cash dividend of 5.2 HK cents a share.

### **Business Plans & Outlook**

Over the past few years, the COVID-19 pandemic had brought an unprecedented impact on many industries and businesses. On one hand, it wrought significant economic and financial loss. On the other hand, it accelerated the trend of digitalisation and opened new opportunities. For the Group, it was a chance to review and rationalize its existing operations and speed up the development of new businesses.

In January 2023, China reopened its borders and relaxed its strict COVID-19 measures significantly. It accelerated the return of economic activity in the country and turned overall sentiment bullish. Fitch Ratings revised its forecast for China's economic growth in 2023 to 5.0%, from 4.1% previously. The revised forecast reflects evidence that consumption and activity are recovering faster than initially anticipated after the authorities moved away from their "dynamic zero COVID-19" policy stance in late 2022.<sup>1</sup>

Against this backdrop, the Group aims to continue expanding its commercial operations by engaging new vendors, venturing into new markets and embarking on new projects.

**Karin's Chief Executive Officer and Executive Director, Mr. Michael Ng**, said: *"With a more positive economic outlook for China and a stabilised production and supply chain, we expect the progressive recovery of our core CD segment, which had been impacted by the tight COVID-19 measures. We will continue to leverage our core competencies and seize all opportunities that arise. This includes potentially expanding the scope of our business to new technological areas and to new regions."*

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<sup>1</sup> <https://www.fitchratings.com/research/sovereigns/china-2023-growth-forecast-revised-up-to-5-08-02-2023>



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Karin Technology Holdings Limited



### **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:  
By:

Karin Technology Holdings Limited  
August Consulting Pte Ltd.

Contact:  
Email:

Wrisney TAN / Jeffrey TAN  
[wrisneytan@august.com.sg](mailto:wrisneytan@august.com.sg) / [jeffreytan@august.com.sg](mailto:jeffreytan@august.com.sg)