



Karin achieves net attributable profit of HK\$13.7 million for FY2016

- Revenue contribution from CD and IT Infrastructure segments were maintained
- Weak revenue generated by CEP segment mainly due to increase selling competition in one of our major product line
- Proposes final dividend of 11.8 HK cents per share payable on 17 November 2016.

12 months ended 30 June (HK\$'M)	FY2016	FY2015	% Change
Revenue	2,237.9	3,243.4	(31.0)
Gross profit	179.8	278.9	(35.5)
Profit before tax	20.2	98.8	(79.6)
Net profit attributable to owners of the Company	13.7	62.9	(78.3)
EPS (HK cts)*	6.4	29.4	(78.2)
NAV per share (HK cts) [#]	315.9 (as at 30 Jun 2016)	311.6 (as at 30 Jun 2015)	1.3

* Based on 214,222,748 and 213,935,026 weighted average number of ordinary shares in issue for FY2016 and FY2015 respectively.

[#] Based on 214,448,000 and 213,910,000 issued share capital excluding treasury shares at 30 June 2016 and 30 June 2015 respectively.

SINGAPORE – 25 August 2016 – 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, posted net attributable profit of HK\$13.7 million on the back of HK\$2,237.9 million in revenue for the 12 months ended 30 June 2016 (“FY2016”).

Compared to its previous financial year (“FY2015”) when net attributable profit and revenue was HK\$62.9 million and HK\$3,243.4 million respectively, the Group’s FY2016 performance was affected mainly by a fall in revenue contribution from its Consumer Electronics Products (“CEP”) segment, which felt the impact of fierce competition because of an oversupply of certain newly released products. Moreover, the increase in the number of Apple flagship stores in Hong Kong negatively impacted our retail stores’ business during the year

under review. As such, the retail arm, KCF A Store Limited, had been disposed off on 30 June 2016.

In line with slower sales, the Group's gross profit fell 35.5% to HK\$179.8 million in FY2016 from HK\$278.9 million in FY2015, with overall gross profit margin declining 0.6 percentage point to 8.0%.

Accordingly, selling and distribution costs decreased 22.4% to HK\$64.4 million largely because the salary, bonus and commission provisions of sales staff were trimmed by HK\$15.2 million, while other contributing factors included a HK\$1.6 million reduction in rent paid because of fewer retail shops as well as lower bank charges of HK\$1.0 million.

Karin's Earnings per Share was 6.4 Hong Kong cents in FY2016 against 29.4 Hong Kong cents in FY2015. Net asset value per share was 315.9 Hong Kong cents as at 30 June 2016 (311.6 Hong Kong cents as at 30 June 2015).

As at 30 June 2016, the Group's cash and cash equivalents stood at HK\$34.1 million while gearing ratio remains low at 0.21 times (0.22 times as at 30 June 2015).

Dividend

Despite the weaker full year performance, the Group has proposed a final tax-exempt cash dividend of 11.8 Hong Kong cents per share, which in addition to the interim cash dividend of 5.0 Hong Kong cents paid out at half-time, brings the total dividend to 16.8 Hong Kong cents for FY2016.

Commenting on the results, **Mr. Raymond Ng (伍建榮)**, **Karin's Executive Chairman and CEO** said, *"It has been a challenging year for us especially with the current economic climate in China and the US. Despite our weaker full time showing, we will still be paying dividend to demonstrate the confidence that the Board and management has in the growth prospects of the Group and more importantly, to reward shareholders for their support. In the coming 12 months, we*

will focus on strengthening our market penetration, distribution network as well as vendor and customer base while keeping our costs in check.”

Revenue Breakdown by Business Segments

Revenue for financial year ended 30 June 2016 (HK\$'M)	FY2016	FY2015	% Change
Components Distribution (“CD”)	865.8	920.0	(5.9)
Information Technology Infrastructure (“IT Infrastructure”)	915.4	908.6	0.7
Consumer Electronics Products (“CEP”)	456.7	1,414.8	(67.7)
Total Revenue	2,237.9	3,243.4	(31.0)

At the start of the second half of FY2016, the Group experienced a slowdown in demand for certain electronic components for smartphones as well as certain industrial materials and instrumentation-related infrastructure projects. As such, revenue generated by its CD segment slipped 5.9% year-on-year (“y-o-y”) to HK\$865.8 million from HK\$920.0 million.

Revenue from the Group’s IT Infrastructure segment held steady, increasing by a marginal 0.7% y-o-y to HK\$915.4 million from HK\$908.6 million.

Meanwhile, the increase selling competition in certain newly released consumer electronics products in FY2016 led to a 67.7% drop in sales by the Group’s CEP segment to HK\$456.7 million from HK\$1,414.8 million.

Business Plans & Outlook

Karin expects demand for certain electronic components for smartphones and wireless application devices as well as network security and enterprise software products to moderately grow over the next 12 months. The Group has also observed a gradual pick up in the number of power supply and power charging station infrastructure projects.

Elaborating further, Mr Ng said: *“Karin’s advantage has always been our track record for delivering results for our partners. We will continue to leverage this*

good reputation to secure the distributorship of more products to broaden our portfolio.”

On 30 June 2016, Karin disposed its 60%-owned subsidiary, KCF A Store Limited (“**KCF**”). KCF engages in the sale of Apple products and accessories through its In-Smart retail shops.

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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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