



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)

**Half Year Financial Statements And Dividend Announcement**  
**for the Six Months Ended 31 December 2014**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group half year financial statements for the period ended 31 December 2014. These figures have not been audited.

**Group Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2014**

	Group		
	6 months to 31 Dec 2014 HK\$'000	6 months to 31 Dec 2013 HK\$'000	% increase/ (decrease)
REVENUE	1,545,110	1,642,703	( 5.9)
Cost of sales	(1,396,885)	(1,534,276)	( 9.0)
Gross profit	148,225	108,427	36.7
Other income and gains, net	2,961	4,979	( 40.5)
Selling and distribution costs	( 40,085)	( 38,177)	5.0
Administrative expenses	( 51,540)	( 43,592)	18.2
Other expenses, net	( 3,691)	( 1,206)	206.1
Finance costs	( 803)	( 767)	4.7
Share of profit of an associate	72	30	140.0
PROFIT BEFORE TAX	55,139	29,694	85.7
Income tax expense	( 11,761)	( 6,749)	74.3
PROFIT FOR THE PERIOD	<u>43,378</u>	<u>22,945</u>	89.1
Profit for the period attributable to:			
Owners of the Company	31,776	18,479	72.0
Non-controlling interests	<u>11,602</u>	<u>4,466</u>	159.8
	<u>43,378</u>	<u>22,945</u>	89.1

**Group Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2014**

	Group		
	6 months to 31 Dec 2014 HK\$'000	6 months to 31 Dec 2013 HK\$'000	% increase/ (decrease)
PROFIT FOR THE PERIOD	43,378	22,945	89.1
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Exchange differences on translation of foreign operations	<u>1,053</u>	<u>920</u>	14.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>44,431</u></u>	<u><u>23,865</u></u>	86.2
Total comprehensive income attributable to:			
Owners of the Company	32,829	19,399	69.2
Non-controlling interests	<u>11,602</u>	<u>4,466</u>	159.8
	<u><u>44,431</u></u>	<u><u>23,865</u></u>	86.2

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

	Group	
	6 months to 31 Dec 2014 HK\$'000	6 months to 31 Dec 2013 HK\$'000
Depreciation	18,592	15,081
Impairment/(reversal of impairment) of trade receivables	3,171	( 508)
Write-down of inventories to net realisable value and write-off of obsolete inventories	318	2,767
Fair value loss on derivative financial instruments	520	1,206
Bank interest income	( 461)	( 440)
Gross rental income	( 898)	( 566)
Foreign exchange differences, net	( 1,117)	( 2,690)
Gain on disposal of items of property, plant and equipment	( 199)	( 96)

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	31 December 2014 HK\$'000	30 June 2014 HK\$'000	31 December 2014 HK\$'000	30 June 2014 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	376,467	370,642	-	-
Investment properties	23,627	23,480	-	-
Goodwill	2,098	2,098	-	-
Investment in subsidiaries	-	-	76,308	76,308
Investment in an associate	570	498	-	-
Deferred tax assets	514	514	-	-
Factored trade receivable	1,064	1,064	-	-
Prepayment for acquisition of a property	-	6,730	-	-
Total non-current assets	<u>404,340</u>	<u>405,026</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>				
Inventories	303,648	158,934	-	-
Trade and bills receivables	411,974	358,901	-	-
Factored trade receivables	615	1,308	-	-
Prepayments, deposits and other receivables	47,846	45,690	-	147
Amounts due from subsidiaries	-	-	48,263	48,209
Income tax receivable	-	-	301	-
Forward currency contracts	506	1,026	-	-
Cash and cash equivalents	<u>121,055</u>	<u>90,400</u>	<u>1,150</u>	<u>1,565</u>
Total current assets	<u>885,644</u>	<u>656,259</u>	<u>49,714</u>	<u>49,921</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	291,837	148,787	-	-
Other payables and accruals	164,746	88,212	2,011	2,163
Income tax payable	12,799	12,038	-	112
Interest-bearing bank and other borrowings	<u>146,794</u>	<u>168,092</u>	-	-
Total current liabilities	<u>616,176</u>	<u>417,129</u>	<u>2,011</u>	<u>2,275</u>
NET CURRENT ASSETS	<u>269,468</u>	<u>239,130</u>	<u>47,703</u>	<u>47,646</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	673,808	644,156	124,011	123,954
<b>NON-CURRENT LIABILITIES</b>				
Other borrowings	2,360	2,649	-	-
Deferred tax liabilities	<u>51,741</u>	<u>50,337</u>	-	-
Total non-current liabilities	<u>54,101</u>	<u>52,986</u>	-	-
Net assets	<u>619,707</u>	<u>591,170</u>	<u>124,011</u>	<u>123,954</u>

	<b>Group</b>		<b>Company</b>	
	31 December 2014 HK\$'000	30 June 2014 HK\$'000	31 December 2014 HK\$'000	30 June 2014 HK\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Issued capital	21,441	21,356	21,441	21,356
Treasury shares	( 359)	( 359)	( 359)	( 359)
Reserves	<u>574,630</u>	<u>557,780</u>	<u>102,929</u>	<u>102,957</u>
	595,712	578,777	124,011	123,954
Non-controlling interests	<u>23,995</u>	<u>12,393</u>	-	-
Total equity	<u><u>619,707</u></u>	<u><u>591,170</u></u>	<u><u>124,011</u></u>	<u><u>123,954</u></u>

### **1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

#### **Amount repayable in one year or less, or on demand**

As at 31 December 2014		As at 30 June 2014	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
151	146,643	83	168,009

#### **Amount repayable after one year**

As at 31 December 2014		As at 30 June 2014	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
545	1,815	333	2,316

#### **Details of any collaterals**

The above unsecured bank and other borrowings of HK\$148,458,000 and HK\$170,325,000 included bank borrowings of HK\$145,109,000 and HK\$166,475,000 which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 31 December 2014 and 30 June 2014 respectively.

The finance lease obligations of HK\$696,000 and HK\$416,000 were secured by the underlying assets acquired as at 31 December 2014 and 30 June 2014 respectively.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	55,139	29,694
Adjustments for:		
Bank interest income	( 461)	( 440)
Write-down of inventories to net realisable value and write-off of obsolete inventories	318	2,767
Depreciation	18,592	15,081
Fair value loss on derivative financial instruments, net	520	1,206
Impairment/(reversal of impairment) of trade receivables	3,171	( 508)
Gain on disposal of items of property, plant and equipment	( 199)	( 96)
Finance costs	803	767
Share of profit of an associate	( 72)	( 30)
	<u>77,811</u>	<u>48,441</u>
Increase in inventories	( 145,032)	( 96,859)
Decrease/(increase) in trade and bills receivable	( 56,244)	21,776
Decrease in factored trade receivables	693	-
Decrease in prepayments, deposits and other receivables	4,574	3,397
Increase in trade and bills payables	143,050	189,660
Increase/(decrease) in other payables and accruals	<u>76,534</u>	<u>( 4,412)</u>
Cash generated from operations	101,386	162,003
Interest on bank and other borrowing paid	( 776)	( 766)
Interest element on finance lease rental payments	( 27)	( 1)
Dividends paid to the owners of the Company	( 16,709)	( 19,778)
Dividend paid to a non-controlling shareholder	-	( 6,200)
Income tax paid	<u>( 11,123)</u>	<u>( 11,138)</u>
Net cash flows from operating activities	<u>72,751</u>	<u>124,120</u>

	Group	
	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
Net cash flows from operating activities	<u>72,751</u>	<u>124,120</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of items of property, plant and equipment	226	138
Purchases of items of property, plant and equipment	( 21,610)	( 8,626)
Interest received	461	440
Increase in time deposits with maturity of more than three months when acquired	( 8,479)	( 3,564)
Net cash flows used in investing activities	( 29,402)	( 11,612)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee share options	815	639
New bank and other borrowings	308,784	303,624
Repayment of bank and other borrowings	( 284,037)	( 277,600)
Decrease in trust receipt and import loans	( 46,614)	( 14,646)
Capital element of finance lease rental payments	( 72)	( 51)
Capital contribution by a non-controlling shareholder	<u>-</u>	<u>5,200</u>
Net cash flows from/(used in) financing activities	( 21,124)	17,166
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	22,225	129,674
Cash and cash equivalents at beginning of period	90,400	92,287
Effect of foreign exchange rate changes, net	( 49)	52
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>112,576</u>	<u>222,013</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances other than time deposits	111,358	200,142
Time deposits	<u>9,697</u>	<u>25,435</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	121,055	225,577
Non-pledged time deposits with original maturity of more than three months when acquired	( 8,479)	( 3,564)
Cash and cash equivalent as stated in the consolidated statement of cash flows	<u>112,576</u>	<u>222,013</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Group

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 July 2013:	21,221	( 71)	42,653	898	946	199,430	2,752	11,194	268,230	547,253	10,909	558,162	
Total comprehensive income for the period	-	-	-	-	-	-	-	920	18,479	19,399	4,466	23,865	
Issue of shares under Karin Employees Share Option Scheme (the "Scheme")	65	-	818	-	( 243)	-	-	-	-	640	-	640	
Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	5,200	5,200	
Final 2013 dividend paid	-	-	-	-	-	-	-	-	( 19,778)	( 19,778)	-	( 19,778)	
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	( 6,200)	( 6,200)	
At 31 December 2013	<u>21,286</u>	<u>( 71)</u>	<u>43,471</u>	<u>898</u>	<u>703</u>	<u>199,430</u>	<u>2,752</u>	<u>12,114</u>	<u>266,931</u>	<u>547,514</u>	<u>14,375</u>	<u>561,889</u>	

## 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	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General 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 2014:	21,356	( 359)	44,387	898	442	223,007	2,752	11,456	274,838	578,777	12,393	591,170
Total comprehensive income for the period	-	-	-	-	-	( 2,840)	-	3,893	31,776	32,829	11,602	44,431
Issue of shares under the Scheme	85	-	1,037	-	( 307)	-	-	-	-	815	-	815
Final 2014 dividend paid	-	-	-	-	-	-	-	-	( 16,709)	( 16,709)	-	( 16,709)
At 31 December 2014	<u>21,441</u>	<u>( 359)</u>	<u>45,424</u>	<u>898</u>	<u>135</u>	<u>220,167</u>	<u>2,752</u>	<u>15,349</u>	<u>289,905</u>	<u>595,712</u>	<u>23,995</u>	<u>619,707</u>



## The Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2013	21,221	( 71)	42,653	36,311	946	21,508	122,568
Total comprehensive income for the period	-	-	-	-	-	20,048	20,048
Issue of shares under the Scheme	65	-	818	-	( 243)	-	640
Final 2013 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 19,778)</u>	<u>( 19,778)</u>
At 31 December 2013	<u>21,286</u>	<u>( 71)</u>	<u>43,471</u>	<u>36,311</u>	<u>703</u>	<u>21,778</u>	<u>123,478</u>
At 1 July 2014	21,356	( 359)	44,387	36,311	442	21,817	123,954
Total comprehensive income for the period	-	-	-	-	-	15,951	15,951
Issue of shares under the Scheme	85	-	1,037	-	( 307)	-	815
Final 2014 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 16,709)</u>	<u>( 16,709)</u>
At 31 December 2014	<u>21,441</u>	<u>( 359)</u>	<u>45,424</u>	<u>36,311</u>	<u>135</u>	<u>21,059</u>	<u>124,011</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

During the second half for the year ended 30 June 2014, pursuant to the 2009 Share Buyback mandate, the Company had purchased 864,000 of its own shares (the “Shares”) and holds such Shares as treasury shares. All the 864,000 Shares were market purchases and all at S\$0.300 per share paid by the Company, amounting to an aggregate purchase price of S\$260,000 equivalent to HK\$1,596,000.

As at 1 July 2014 and 31 December 2014, the Company held 194,000 (31 December 2013: 40,000) treasury shares. During the six months ended 31 December 2014, the Company had not purchased any (31 December 2013: nil) of the Shares pursuant to the 2009 Share Buyback mandate.

During the six months ended 31 December 2014, the Company issued 850,000 (31 December 2013: 650,000) new shares, upon the exercise of options under the Karin Employees Share Option Scheme.

	6 months to 31 Dec 2014			6 months to 31 Dec 2013		
Exercise price per share	S\$0.1264	S\$0.1608	S\$0.1060	S\$0.1264	S\$0.1608	S\$0.1060
Number of new shares issued	100,000	750,000	-	-	650,000	-

As at 31 December 2014, the Company’s share capital was HK\$21,441,000 (30 June 2014: HK\$21,356,000) comprising 214,410,000 (30 June 2014: 213,560,000) ordinary shares including 194,000 (30 June 2014: 194,000) treasury shares.

The share options outstanding as at 31 December 2014 was 350,000 (30 June 2014: 1,200,000) which when fully exercised could be convertible into 350,000 (30 June 2014: 1,200,000) ordinary shares of the Company upon exercise.

**1(d)(iii) 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 shares as at 31 December 2014 was 214,216,000 (30 June 2014: 213,366,000).

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

There were no sales, transfers, disposal, cancellation nor use of treasury shares during the period under review.

During the second half for the year ended 30 June 2014, the Company had distributed 710,000 treasury shares held to key executives other than Directors as extra bonus for achieving the Performance Target pursuant to the Plan.

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

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as described in point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the six months ended 31 December 2014 as compared with the audited financial statements of the Group for the year ended 30 June 2014.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the following new and revised/amendments to International Financial Reporting Standards ("IFRSs") for the first time in the financial statements for the financial year ending 30 June 2015:

Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised)	<i>Consolidated Financial Statements, Disclosure of Interests in Other Entities, Separate Financial Statement: Investment Entities</i>
IAS 19 Amendments	<i>Amendments to IAS 19 Employee Benefits – Defined Benefit Plans</i>
IAS 32 Amendments	<i>Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
IAS 39 Amendments	<i>Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC 21	<i>Levies</i>
Annual Improvements 2010-2012 Cycle	<i>Amendments to a number of IFRSs issued in December 2013</i>

Annual Improvements *Amendments to a number of IFRSs issued in December 2013*  
2011-2013 Cycle

The adoption of the above new and revised/amendments to IFRSs, has had no significant financial effect and there have been no significant changes to the accounting policies applied in these financial statements for the period ended 31 December 2014.

**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**

	Six months ended 31 December	
	2014	2013
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>14.85</u>	<u>8.69</u>
- On a fully diluted basis (HK cents)	<u>14.83</u>	<u>8.65</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>31,776</u>	<u>18,479</u>

The calculation of basic earnings per share for the six months ended 31 December 2014 and 2013 is based on the profit attributable to the ordinary shareholders of the Company for the respective periods and the weighted average of 214,022,773 and 212,542,881 shares respectively.

The calculation of diluted earnings per share amounts is based on the profit attributable to ordinary shareholders of the Company for the respective periods and 214,217,982 (2013: 213,543,341) ordinary shares, which was the weighted average of 214,022,773 (2013: 212,542,881) ordinary shares in issue during the six months ended 31 December 2014, and the weighted average of 195,209 (2013: 1,000,460) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all outstanding share options during the period under review.

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.**

	<b>Group</b>		<b>Company</b>	
	As at 31 December 2014	As at 30 June 2014	As at 31 December 2014	As at 30 June 2014
Net asset value per ordinary share (HK cents)	289.3	277.1	57.9	58.1

Net asset value per ordinary share as at 31 December 2014 and 30 June 2014 was calculated based on the issued share capital excluding treasury shares of 214,216,000 and 213,366,000 ordinary shares as at 31 December 2014 and 30 June 2014 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Profit and Loss**

#### Revenue

Consolidated revenue of the Group for the six months ended 31 December 2014 decreased by HK\$97.6 million or 5.9% to HK\$1,545.1 million from HK\$1,642.7 million for the corresponding period last year.

Revenue from our Components Distribution (“CD”) segment increased by HK\$53.4 million or 13.6%, from HK\$392.6 million for the six months ended 31 December 2013 to HK\$446.0 million for the six months ended 31 December 2014. The increase was mostly due to increase in demand for certain electronic components for smart phones and wireless applications for consumer accessories during the period under review.

Revenue from our Information Technology Infrastructure (“IT Infrastructure”) segment decreased by HK\$55.6 million or 11.8%, from HK\$469.4 million for the six months ended 31 December 2013 to HK\$413.8 million for the six months ended 31 December 2014. The uncertain economic environment during the period under review led to decrease in demand for enterprise software and hardware products.

Revenue from our Consumer Electronics Products (“CEP”) segment decreased by HK\$95.4 million or 12.2%, from HK\$780.7 million for the six months ended 31 December 2013 to HK\$685.3 million for the six months ended 31 December 2014. The decrease was mainly due to limited supply of certain CEP in the market. However, such shortage did improve margins.

#### Gross profit

Gross profit increased by HK\$39.8 million or 36.7%, from HK\$108.4 million for the six months ended 31 December 2013 to HK\$148.2 million for the six months ended 31 December 2014. The increase in gross profit was mainly due to (1) the 13.6% increase in revenue in the CD segment as there was no sacrifice of margin for the return of higher revenue; and (2) limited supply of certain CEP in the market enables us to negotiate for a relatively higher selling margin.

#### Other income and gains, net

The net other income and gains decreased by approximately HK\$2.0 million or 40.0%, from HK\$5.0 million for the six months ended 31 December 2013 to HK\$3.0 million for the six months ended 31 December 2014. The decrease was mainly due to (1) decrease in gain on foreign exchange difference of HK\$1.6 million; and (2) reversal of impairment of trade receivables of HK\$0.5 million in last period turned into impairment of trade receivables which was recorded in this period under “Other expenses, net”.

#### Selling and distribution costs

Selling and distribution costs slightly increased by approximately HK\$1.9 million or 5.0% from HK\$38.2 million for the six months ended 31 December 2013 to HK\$40.1 million for the six months ended 31 December 2014. The increase was mainly attributed to increase in staff bonus of HK\$ 1.7 million due to profit improvement.

#### Administrative expenses

Administrative expenses increased by approximately HK\$7.9 million or 18.1%, from HK\$43.6 million for the six months ended 31 December 2013 to HK\$51.5 million for the six months ended 31 December 2014. The increase was mainly due to (1) increase in depreciation charge of HK\$3.5 million which was in turn due to (a) appreciation of property values for leasehold land and buildings; (b) refurbishment of leasehold land and buildings for Hong Kong office premises; and (c) new purchase of Beijing office; and (2) increase in bonus expenses of HK\$ 3.2 million due to profit improvement.

#### Other expenses, net

Net other expenses increased by approximately HK\$2.5 million or 208.3%, from HK\$1.2 million for the six months ended 31 December 2013 to HK\$3.7 million for the six months ended 31 December 2014. The increase was mainly due to (1) impairment of trade receivables of HK\$ 3.2 million; and (2) net off by decrease in fair value loss on forward currency contracts of HK\$0.7 million.

## Finance costs

Finance costs remain unchanged at HK\$0.8 million for both the six months ended 31 December 2013 and 31 December 2014.

## Net Profit

Net profit attributable to owners of the Company increased by HK\$13.3 million or 71.9%, from HK\$18.5 million for the six months ended 31 December 2013 to HK\$31.8 million for the six months ended 31 December 2014. The increase was mainly attributable to (1) increase in revenue in the CD segment; (2) improvement in gross margin in CEP segment; and (3) net off by increase in (a) selling and distribution costs; and (b) administrative expenses as explained above.

## Statement of Financial Position

### Non-current assets

Non-current assets comprised goodwill of HK\$2.1 million; investment properties, office equipment, leasehold land and buildings and motor vehicles totaling HK\$400.1 million; deferred tax assets of HK\$0.5 million; investment in an associate of HK\$0.6 million and a factored trade receivable of HK\$1.1 million. At 31 December 2014, non-current assets amounted to HK\$404.3 million, representing approximately 31.3% of the total assets. There were no significant changes in non-current assets compared with the immediately preceding financial year ended as at 30 June 2014.

### Current assets

As at 31 December 2014, current assets amounted to approximately HK\$885.6 million, an increase of HK\$229.4 million compared to the immediately preceding financial year end as at 30 June 2014. The increase was mainly due to (1) increase in inventories level by HK\$144.7 million resulting from an anticipation of increase in sales in January 2015 which was subsequently realised; (2) increase in trade and bills receivables by HK\$ 53.1 million; and (3) increase in cash and cash equivalents by HK\$30.7 million.

### Current liabilities

As at 31 December 2014, current liabilities amounted to approximately HK\$616.2 million, an increase of HK\$199.0 million compared to the immediately preceding financial year end as at 30 June 2014. The increase was mainly due to (1) increase in trade payables by HK\$143.1 million in order to support increase in sales towards the end of the current financial period and the increase in inventories (as discussed above); (2) increase in other payables and accruals by HK\$ 76.5 million; and (3) net off by decrease in interest-bearing bank and other borrowings by HK\$ 21.3 million.

## Non-current liabilities

Non-current liabilities amounted to HK\$54.1 million, representing 8.1% of our total liabilities as at 31 December 2014. The amount mostly comprised of deferred tax liabilities. Deferred tax liabilities are recognised as a result of temporary differences between the carrying amounts and tax bases of our land and buildings and investment properties.

## Liquidity and cash flow

As at 31 December 2014, cash and cash equivalents amounted to approximately HK\$121.1 million. Total interest bearing loans and borrowings as at 31 December 2014 were HK\$149.2 million and the gearing ratio, which is defined as total borrowings and finance leases payables to shareholders' funds, is 0.24 times (30 June 2014: 0.29 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 known factors or events that may affect the group in the next reporting period and the next 12 months.**

Global sales of smart phones and wireless application devices is expected to continue to be strong. As such demand for electronic components for smart phones and wireless application devices is expected to be maintained. Management is, however, exploring more opportunities to market other electronic components in order to diversify our products mix.

With the uncertain global economic growth, IT spending sentiment remains a challenge for the IT Infrastructure segment. It is expected that demand for enterprise software products will be very much the same as that in the period under review. The Group is looking for more distributorship rights to increase the width of our products.

With regard to the CEP segment, management expects new products release and increase products supply to have positive impact on the Group's revenue and profit.

Based on the above, the Group is cautiously optimistic of its performance in the next reporting period and the next 12 months.



## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. Tax not applicable interim dividend of HK8.6 cents per share amounting to a total of HK\$18,423,000 have been proposed and declared by the Directors.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in HK cents)	8.6 cents per share
Par value of share (in HK cents)	10 cents per share
Tax rate	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	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.2 cents per share	7.8 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

### (c) Date payable

12 March 2015

### (d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 3 March 2015, for the purpose of determining Members' entitlements to interim dividend of HK8.6 cents for the financial year ending 30 June 2015. Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 2 March 2015 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 such dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5:00 p.m. on 2 March 2015 will be entitled to such dividend.

**12. If no dividend has been declared/recommended, a statement to that effect.**

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 and there is no IPT during the period under review.

**14. Negative Assurance Confirmation On Interim Financial Results Pursuant To Rule 705(5) Of The Listing Manual**

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the six months ended 31 December 2014 to be false or misleading in any material respect. A statement signed by two directors is on record.

We, Ng Kin Wing and Ng Yuk Wing, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the six months ended 31 December 2014 to be false or misleading in any material respect.

On behalf of the board of directors

Ng Kin Wing  
Executive Chairman/CEO

Ng Yuk Wing  
Senior Executive Director

**BY ORDER OF THE BOARD**

Ng Kin Wing  
Executive Chairman/CEO

11 February 2015