



## Karin posts FY2017 attributable net profit of HK\$8.3 million

- Revenue fell 16.5% mainly because of lower sales generated by CEP segment due to the disposal of the Group's retail stores in June 2016.
- Proposes final dividend of 9.8 HK cents per share, which together with interim dividend of 7.8 HK cents, brings total dividend payout in FY2017 to 17.6 HK cents

12 months ended 30 June (HK\$'M)	FY2017	FY2016	% Change
Revenue	1,867.9	2,237.9	(16.5)
Gross profit	165.7	179.8	(7.9)
Profit before tax	14.2	20.2	(29.8)
Net profit attributable to owners of the Company	8.3	13.7	(39.3)
EPS (HK cts)*	3.9	6.4	(39.1)
NAV per share (HK cts)#	320.8 (as at 30 June 2017)	315.9 (as at 30 Jun 2016)	1.6

\* Based on 214,495,671 and 214,222,748 weighted average number of ordinary shares in issue for the full year ended 30 June in both 2017 and 2016 respectively.

# Based on 214,598,000 and 214,448,000 issued share capital excluding treasury shares as at 30 June 2017 and 30 June 2016 respectively.

**SINGAPORE – 25 August 2017** – 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\$8.3 million on revenue of HK\$1,867.9 million, for the 12 months ended 30 June 2017 (“FY2017”).

In the same period last year (“FY2016”), the Group’s revenue was HK\$2,237.9 million and net attributable profit was HK\$13.7 million. The decline in revenue and profit was mainly due to significantly weaker sales by Karin’s Consumer Electronics Products (“CEP”) business unit as a result of the Group’s strategic decision to dispose of its retail stores in June 2016 in response to intense competition.

Sales generated by the Group’s Components Distribution (“CD”) business unit slipped 2.5% to HK\$843.1 million in FY2017 from HK\$865.8 million in FY2016 due to softer demand for certain electronic components for smart phones as well as the postponement of some industrial materials and instrumentation related infrastructure projects.

The disposal of the Group's retail stores led to a 82.4% fall in revenue from the CEP business unit to HK\$80.3 million in FY2017 from HK\$456.8 million in FY2016.

On a positive note, the Group's Information Technology Infrastructure (“**IT Infrastructure**”) business unit, which remains its largest revenue generator, continued to benefit from the current focus on cyber security and data protection that has resulted in strong demand for network security products and enterprise software and hardware products. This business unit achieved a modest 3.2% growth in sales to HK\$944.3 million in FY2017 from HK\$915.4 million in FY2016.

Corresponding to the revenue decline as well as depreciation of Renminbi exchange rate against United States Dollars, the Group's gross profit dipped 7.9% to HK\$165.7 million in FY2017 from HK\$179.8 million in FY2016. However, the Group's gross profit margin inched 0.84 percentage point higher to 8.9% in FY2017 mainly due to the disposal of the retail stores.

During the year, the Group was able to rein in its overall expenses due to lower administrative expenses as a result of lower staff salaries and bonuses in line with the fall in its profit; a decrease in rental rates in relation to the disposal of its retail stores; and, a decrease in the PRC value added tax paid. In addition, the Group did not have other expenses, which it incurred in FY2016, including a loss on disposal of a subsidiary of HK\$1.8 million and a decrease in exchange losses of HK\$1.6 million.

At the bottomline, Karin posted net attributable profit of HK\$8.3 million in FY2017 compared to HK\$13.7 million a year ago.

Based on this latest set of results, the Group's earnings per share was 3.9 Hong Kong cents as at 30 June 2017 against 6.4 Hong Kong cents as at 30 June 2016. Net asset value per share was 320.8 Hong Kong cents as at 30 June 2017, up 1.6% from 315.9 Hong Kong cents as at 30 June 2016.

As at 30 June 2017, the Group's balance sheet remained strong with cash and cash equivalents rising significantly by 67.2% to HK\$57.0 million from HK\$34.1 million the year before. The Group's gearing ratio remains low at 0.14 times.

## **Dividend**

Despite a weaker financial year, the Group continues its track record of paying regular dividends and has proposed a final dividend (tax not applicable) of 9.8 HK cents per share, amounting to a total of HK\$21,031,000 payable on 16 November 2017. Together with the interim dividend of 7.8 HK cents per share, this brings total dividend for FY2017 to 17.6 HK cents per share and represents a dividend payout ratio of 456.0% of net attributable profit.

## **Looking Ahead**

**Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO** said, *“Since June 2017, momentum has been building for certain electronic components for smart phones and this is expected to continue in the next 12 months. With an increasing need for data security due to intensifying security threats, the demand for our Group's network security products and both advance and entry level software as well as hardware, is looking to remain strong”.*

He also said, *“I am happy that there are positive upticks in the near term for us especially in our CEP segment where we have successfully secured new distributorships for some prestigious consumer electronics products. We will continue to negotiate for more distributorships by leveraging our established track record, while responding nimbly to market conditions.”*

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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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