



嘉靈集團
KARIN
GROUP

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)

Unaudited interim condensed consolidated financial statements

31 December 2024

KARIN TECHNOLOGY HOLDINGS LIMITED

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KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 31 December 2024

		31.12.2024	31.12.2023	% increase/ (decrease)
	Notes	HK\$'000	HK\$'000	
Revenue	5	1,045,307	1,169,365	-10.6%
Cost of sales		<u>(949,521)</u>	<u>(1,076,438)</u>	-11.8%
Gross profit		95,786	92,927	3.1%
Other income and gains, net	5	2,528	1,699	48.8%
Selling and distribution costs		(38,048)	(38,137)	-0.2%
Administrative expenses		(35,492)	(38,006)	-6.6%
Other expenses, net		(5,567)	(2,232)	149.4%
Finance costs		(3,755)	(5,551)	-32.4%
Share of profit of an associate		<u>-</u>	<u>2,043</u>	-100.0%
PROFIT BEFORE TAX	6	15,452	12,743	21.3%
Income tax expense	7	<u>(3,908)</u>	<u>(2,009)</u>	94.5%
PROFIT FOR THE PERIOD		<u>11,544</u>	<u>10,734</u>	7.5%
Profit/(loss) for the period attributable to:				
Owners of the Company		10,767	10,795	-0.3%
Non-controlling interests		<u>777</u>	<u>(61)</u>	NM
		<u>11,544</u>	<u>10,734</u>	7.5%

NM : Not Meaningful

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME – UNAUDITED (continued)

For the six months ended 31 December 2024

	31.12.2024	31.12.2023	% increase/ (decrease)
	HK\$'000	HK\$'000	
PROFIT FOR THE PERIOD	11,544	10,734	7.5%
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	473	776	-39.0%
Share of other comprehensive income of an associate	-	146	-100.0%
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>473</u>	<u>922</u>	-48.7%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>12,017</u></u>	<u><u>11,656</u></u>	3.1%
Total comprehensive income attributable to:			
Owners of the Company	11,236	11,939	5.9%
Non-controlling interests	<u>781</u>	<u>(283)</u>	NM
	<u><u>12,017</u></u>	<u><u>11,656</u></u>	3.1%
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY (HK Cents)			
Basic and diluted	<u>4.98</u>	<u>4.99</u>	

NM : Not Meaningful

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

31 December 2024

	Notes	Group		Company	
		31.12.2024 (Unaudited) HK\$'000	30.06.2024 (Audited) HK\$'000	31.12.2024 (Unaudited) HK\$'000	30.06.2024 (Audited) HK\$'000
Non-current assets					
Property, plant and equipment	9	4,590	6,187	-	-
Goodwill		1,059	1,059	-	-
Investment in subsidiaries		-	-	76,308	76,308
Investment in associates		-	7,371	-	-
Deferred tax assets		5,678	5,142	-	-
Right-of-use assets		19,941	4,965	-	-
Amount due from an associate		2,764	4,879	-	-
Prepayments and other assets		27,743	40,252	-	-
		<u>61,775</u>	<u>69,855</u>	<u>76,308</u>	<u>76,308</u>
Current assets					
Inventories	10	265,164	248,766	-	-
Trade and bills receivables		428,954	470,152	-	-
Prepayments, other receivables and other assets		156,798	183,999	2	2
Amounts due from subsidiaries		-	-	49,781	50,865
Financial asset at fair value through profit or loss		1,012	1,040	-	-
Derivatives financial instruments		439	770	-	-
Cash and cash equivalents		105,622	127,206	481	321
		<u>957,989</u>	<u>1,031,933</u>	<u>50,264</u>	<u>51,188</u>
Assets classified as held for sale	11	67,027	67,097	-	-
Total current assets		<u>1,025,016</u>	<u>1,099,030</u>	<u>50,264</u>	<u>51,188</u>
Current liabilities					
Trade and bills payables		248,164	330,882	-	-
Other payables and accruals		265,977	274,311	240	1,769
Amount due to a subsidiary		-	-	1,564	1,672
Tax payable		6,367	6,982	-	-
Interest-bearing bank and other borrowings	12	108,271	105,553	-	-
Lease liabilities		8,121	2,730	-	-
		<u>636,900</u>	<u>720,458</u>	<u>1,804</u>	<u>3,441</u>
Liabilities directly associated with assets classified as held for sale	11	1,739	1,789	-	-
Total current liabilities		<u>638,639</u>	<u>722,247</u>	<u>1,804</u>	<u>3,441</u>
NET CURRENT ASSETS		<u>386,377</u>	<u>376,783</u>	<u>48,460</u>	<u>47,747</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED
(continued)

31 December 2024

	Notes	Group		Company	
		31.12.2024	30.06.2024	31.12.2024	30.06.2024
		(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Non-current liabilities					
Deferred tax liabilities		7,193	7,241	-	-
Other payables		25,296	37,385	-	-
Other borrowings		313	359	-	-
Lease liabilities		11,859	1,786	-	-
Total non-current liabilities		<u>44,661</u>	<u>46,771</u>	<u>-</u>	<u>-</u>
Net assets		<u>403,491</u>	<u>399,867</u>	<u>124,768</u>	<u>124,055</u>
EQUITY					
Equity attributable to owners of the Company					
Issued capital	13	21,636	21,636	21,636	21,636
Treasury shares	13	(61)	(61)	(61)	(61)
Reserves		<u>388,156</u>	<u>385,313</u>	<u>103,193</u>	<u>102,480</u>
		409,731	406,888	124,768	124,055
Non-controlling interests		<u>(6,240)</u>	<u>(7,021)</u>	<u>-</u>	<u>-</u>
Total equity		<u>403,491</u>	<u>399,867</u>	<u>124,768</u>	<u>124,055</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

For the six months ended 31 December 2024

GROUP	Attributable to owners of the Company												
	Note	Issued capital	Treasury shares	Share premium account	Contributed surplus	Land and buildings revaluation reserve	General reserve	Other reserves	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2023		21,636	(19)	48,935	898	57,810	6,150	(890)	(1,996)	299,500	432,024	(5,326)	426,698
Profit/(loss) for the period		–	–	–	–	–	–	–	–	10,795	10,795	(61)	10,734
<u>Other comprehensive income for the period</u>													
Exchange difference on translation of foreign operations		–	–	–	–	–	–	–	998	–	998	(222)	776
Share of other comprehensive income of an associate		–	–	–	–	–	–	–	146	–	146	–	146
Total comprehensive income for the period		–	–	–	–	–	–	–	1,144	10,795	11,939	(283)	11,656
Final 2023 dividend paid	8	–	–	–	–	–	–	–	–	(32,452)	(32,452)	–	(32,452)
At 31 December 2023		21,636	(19)	48,935	898	57,810	6,150	(890)	(852)	277,843	411,511	(5,609)	405,902
At 1 July 2024		21,636	(61)	48,935	898	57,810	6,150	(890)	(3,042)	275,452	406,888	(7,021)	399,867
Profit for the period		–	–	–	–	–	–	–	–	10,767	10,767	777	11,544
<u>Other comprehensive income for the period</u>													
Exchange difference on translation of foreign operations		–	–	–	–	–	–	–	469	–	469	4	473
Total comprehensive income for the period		–	–	–	–	–	–	–	469	10,767	11,236	781	12,017
Final 2024 dividend paid	8	–	–	–	–	–	–	–	–	(8,393)	(8,393)	–	(8,393)
At 31 December 2024		21,636	(61)	48,935	898	57,810	6,150	(890)	(2,573)	277,826	409,731	(6,240)	403,491

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED (continued)

For the six months ended 31 December 2024

COMPANY	Issued capital	Treasury shares	Share premium account	Contributed surplus	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2023	21,636	(19)	48,935	36,311	18,185	125,048
Profit for the period and total comprehensive income for the period	–	–	–	–	31,854	31,854
Final 2023 dividend paid	–	–	–	–	(32,452)	(32,452)
At 31 December 2023	21,636	(19)	48,935	36,311	17,587	124,450
At 1 July 2024	21,636	(61)	48,935	36,311	17,234	124,055
Profit for the period and total comprehensive income for the period	–	–	–	–	9,106	9,106
Final 2024 dividend paid	–	–	–	–	(8,393)	(8,393)
At 31 December 2024	21,636	(61)	48,935	36,311	17,947	124,768

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Notes	Six months ended 31 December	
		2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Profit before tax		15,452	12,743
Adjustments for:			
Interest income	5	(1,607)	(141)
Interest income from an associate	5	(415)	-
Write-down of inventories, net	6	1,324	2,600
Depreciation of property, plant and equipment	6	2,265	4,428
Depreciation of right-of-use assets	6	4,819	4,878
Fair value loss/(gain) on derivative financial instrument	6	331	(8)
Fair value loss on a financial asset at fair value through profit or loss	6	28	26
Impairment of trade receivables, net	6	805	507
Loss on disposal of property, plant and equipment	6	42	1,699
Gain on deregistration of a subsidiary	5	-	(89)
Gain on disposal of an associate	5	(291)	-
Write-back of long outstanding trade and other payables		(53)	-
Impairment of amount due from an associate	6	2,763	-
Finance costs		3,755	5,551
Share of profit of associates, net		-	(2,043)
		29,218	30,151
Increase in inventories		(17,726)	(191)
Decrease/(increase) in trade and bills receivables		39,450	(110,493)
Decrease in prepayments, deposits and other receivables		38,793	1,589
(Decrease)/increase in trade and bills payables		(82,076)	117,386
Decrease in other payables and accruals		(20,420)	(13,661)
Cash (used in)/generated from operations		(12,761)	24,781
Interest on bank and other borrowings paid		(3,181)	(5,379)
Interest element on lease payment		(574)	(172)
Income tax paid		(4,976)	(4,483)
Net cash flows (used in)/from operating activities		(21,492)	14,747
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		150	6,297
Proceeds from disposal of an associate		7,662	-
Purchases of property, plant and equipment		(854)	(898)
Dividend from an associate		-	1,127
Interest received		1,607	141
Investment in an associate		-	(236)
Net cash flows from investing activities		8,565	6,431

KARIN TECHNOLOGY HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED
(continued)

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from financing activities		
New bank and other borrowings	414,638	228,478
Repayment of bank and other borrowings	(411,922)	(188,176)
Principal portion of lease payment	(4,373)	(4,982)
Dividends paid to the owners of the Company	(8,393)	(32,452)
Dividends paid to non-controlling interests	-	(612)
	<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities	(10,050)	2,256
Net (decrease)/increase in cash and cash equivalents	(22,977)	23,434
Cash and cash equivalents at beginning of financial period	127,206	90,071
Decrease/(increase) in cash and cash equivalents included in assets classified as held for sale	70	(224)
Effect on foreign exchange rate changes, net	<hr/> 1,323	<hr/> 577
Cash and cash equivalents at end of financial period	<hr/> <hr/> 105,622	<hr/> <hr/> 113,858
Analysis of balances of cash and cash equivalent		
Cash and bank balances as stated in the consolidated statement of cash flows	<hr/> <hr/> 105,622	<hr/> <hr/> 113,858

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

1. CORPORATE INFORMATION

Karin Technology Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business of the Company is located at 9th Floor, The Whitney, 183 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- (i) the distribution of electronic components (“Components Distribution”);
- (ii) the provision of computer data storage management solutions and services; provision of professional services in IT infrastructure, cloud solutions, network and security solutions. (“IT Infrastructure”); and
- (iii) the distribution and retailing of consumer electronics products (“Consumer Electronics Products”).

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 31 December 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 30 June 2024.

The Group’s accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards, except for the adoption of new and amended standards as set out in Note 2.2.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements are presented in Hong Kong dollars and all values in the tables are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

31 December 2024

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2024, except for the adoption of new standards effective as of 1 July 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 21/IFRS 1	<i>Lack of Exchangeability</i>
- Amendments to IFRS 9/IFRS 7	<i>Classification and Measurement of Financial Instruments</i>
- Annual improvements to IFRSs	<i>Volume 11</i>
- IFRS 18	<i>Presentation and Disclosures in Financial Statements</i>
- Amendments to IFRS10/IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint venture</i>

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. OPERATING SEGMENT INFORMATION

For the six months ended 31 December 2024

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
Segment revenue	181,777	772,590	90,940	1,045,307
Segment results	(781)	20,922	1,290	21,431
<i>Reconciliation:</i>				
Bank interest income				1,607
Interest income from an associate				415
Fair value loss on derivative financial instruments				(331)
Fair value loss on a financial asset at fair value through profit and loss				(28)
Loss on disposal of property, plant and equipment				(42)
Gain on disposal of an associate				291
Impairment of amount due from an associate				(2,763)
Finance costs				(3,755)
Corporate and other unallocated expenses				(1,373)
Profit before tax				15,452

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 31 December 2024

	Components distribution	IT infrastructure	Consumer electronics products	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	170,866	668,917	36,189	875,972
<i>Reconciliation:</i>				
Amount due from an associate				2,764
Deferred tax assets				5,678
Derivative financial instruments				439
Financial asset at fair value through profit or loss				1,012
Cash and cash equivalents				105,622
Assets classified as held for sale				67,027
Corporate and other unallocated assets				28,277
Total assets				1,086,791
Segment liabilities	43,191	443,200	27,592	513,983
<i>Reconciliation:</i>				
Income tax payable				6,367
Interest-bearing bank and other borrowings				108,584
Deferred tax liabilities				7,193
Liabilities directly associated with assets classified as held for sale				1,739
Corporate and other unallocated liabilities				45,434
Total liabilities				683,300
Other segment information				
Depreciation				7,084
Other non-cash expenses	626	1,829	(326)	2,129
Capital expenditure				854

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 31 December 2023

	Components distribution	IT infrastructure	Consumer electronics products	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	185,476	859,946	123,943	1,169,365
Segment results	(3,895)	22,925	135	19,165
<i>Reconciliation:</i>				
Bank interest income				141
Fair value gain on derivative financial instruments				8
Fair value loss on a financial asset at fair value through profit and loss				(26)
Loss on disposal of property, plant and equipment				(1,699)
Gain on deregistration of a subsidiary				89
Finance costs				(5,551)
Share of profit of associates, net				2,043
Corporate and other unallocated expenses				(1,427)
Profit before tax				12,743
Segment assets	234,173	717,937	38,944	991,054
<i>Reconciliation:</i>				
Investment in associates				8,648
Deferred tax assets				6,732
Derivative financial instruments				16
Financial asset at fair value through profit or loss				1,258
Cash and cash equivalents				113,858
Assets classified as held for sale				71,255
Corporate and other unallocated assets				18,737
Total assets				1,211,558
Segment liabilities	76,938	480,081	20,124	577,143
<i>Reconciliation:</i>				
Income tax payable				5,259
Interest-bearing bank and other borrowings				186,691
Deferred tax liabilities				7,705
Corporate and other unallocated liabilities				28,858
Total liabilities				805,656
Other segment information				
Depreciation				9,306
Other non-cash expenses	2,367	168	572	3,107
Capital expenditure				898

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	For the six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers	1,045,307	1,169,365

Revenue from contracts with customers

(i) Disaggregated revenue information

For the period ended 31 December 2024

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
Type of goods or services				
Sales of goods	181,777	526,192	90,940	798,909
Provision of professional and warranty services	–	246,398	–	246,398
Total revenue from contracts with customers	181,777	772,590	90,940	1,045,307
Geographical markets				
Hong Kong	57,385	657,225	89,878	804,488
Mainland China	106,013	41,005	–	147,018
Others	18,379	74,360	1,062	93,801
	181,777	772,590	90,940	1,045,307
Time of revenue recognition				
At a point in time	181,777	626,774	90,940	899,491
Over time	–	145,816	–	145,816
	181,777	772,590	90,940	1,045,307

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5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the period ended 31 December 2023

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
Type of goods or services				
Sales of goods	185,476	690,124	123,943	999,543
Provision of professional and warranty services	–	169,822	–	169,822
Total revenue from contracts with customers	185,476	859,946	123,943	1,169,365
Geographical markets				
Hong Kong	53,980	686,550	122,536	863,066
Mainland China	115,867	20,470	–	136,337
Others	15,629	152,926	1,407	169,962
	185,476	859,946	123,943	1,169,365
Time of revenue recognition				
At a point in time	185,476	736,151	123,943	1,045,570
Over time	–	123,795	–	123,795
	185,476	859,946	123,943	1,169,365

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	For the six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	95,504	47,546
Provision of professional and warranty services	137,407	155,417
	232,911	202,963

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

Revenue from contracts with customers (continued)

(ii) Performance Obligations

Information about the Company's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon product delivery and payment is generally due within 30 to 60 days from delivery, where payment in advance is normally required.

Provision of professional and warranty services

The performance obligation is satisfied upon service delivery, or over time as services are rendered and payment is generally due within 30 to 60 days from the date of billing where payment in advance is normally required before rendering the services.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 are as follows:

	2024	2023
	HK\$'000	HK\$'000
Within one year	233,322	148,357
After one year	23,217	30,168
	<u>256,539</u>	<u>178,525</u>

The remaining performance obligations expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
<u>Other income and gains, net</u>		
Bank interest income	1,607	141
Interest income from an associate	415	–
Fair value gain on derivative financial instruments	–	8
Gain on deregistration of a subsidiary	–	89
Gain on disposal of an associate	291	–
Government subsidies	78	335
Foreign exchange differences, net	–	713
Others	137	413
	<u>2,528</u>	<u>1,699</u>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

6. PROFIT BEFORE TAX

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

	For the six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
<i><u>Included in cost of sales</u></i>		
Cost of inventories sold	712,959	922,009
Cost of services provided	235,238	151,829
Write-down of inventories, net	1,324	2,600
<i><u>Included in other income and gains, net</u></i>		
Foreign exchange gain, net	–	(713)
Fair value gain on derivative financial instruments	–	(8)
Gain on deregistration of a subsidiary	–	(89)
Gain on disposal of an associate	(291)	–
<i><u>Included in other expenses, net</u></i>		
Foreign exchange loss, net	1,597	–
Impairment of trade receivables, net	805	507
Fair value loss on derivative financial instrument	331	–
Fair value loss on a financial asset at fair value through profit or loss	28	26
Loss on disposal of property, plant and equipment	42	1,699
Impairment of amount due from an associate	2,763	–
Lease payments not included in the measurement of lease liabilities	640	680
Depreciation of property, plant and equipment	2,265	4,428
Depreciation of right-of-use assets	4,819	4,878
Interest expense on bank and other borrowings	3,181	5,379
Interest expense on lease liabilities	574	172

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (31 December 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2021/2022. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of a subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

7. INCOME TAX (continued)

	For the six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current		
Charge for the period	3,908	2,009
Total tax expenses for the period	3,908	2,009

8. DIVIDENDS

	For the six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Final dividend – HK\$0.0388 (2023: HK\$0.15) per ordinary share	8,393	32,452

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2024, the Group acquired assets amounting to HK\$854,000 (31 December 2023: HK\$898,000) and disposed of assets amounting to net book value of HK\$192,000 (31 December 2023: HK\$8,117,000). The depreciation expense during the period amounted to HK\$2,265,000 (31 December 2023: HK\$4,428,000).

10. INVENTORIES

Inventories of the Group are trading stocks.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

11. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Property, plant and equipment	66,088	66,088
Prepayments, deposits and other receivables	287	287
Cash and cash equivalents	652	722
	<hr/>	<hr/>
Total assets classified as held for sale	67,027	67,097
	<hr/>	<hr/>
Other payables and accruals	57	93
Tax payable	270	284
Deferred tax liabilities	1,412	1,412
	<hr/>	<hr/>
Total liabilities directly associated with assets classified as held for sale	1,739	1,789
	<hr/>	<hr/>

Note : For further details of assets classified as held for sale/liabilities directly associated with assets classified as held for sale, please refer to Note 25 to the Annual Report 2024.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Maturity	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Current			
Lease liabilities	2025	90	87
Bank loans, unsecured	2025	108,181	105,466
		<hr/>	<hr/>
		108,271	105,553
		<hr/>	<hr/>
Non-current			
Lease liabilities	2026	313	359
		<hr/>	<hr/>

The Group's bank loans bear interest at floating rates ranging from 2.5% to 5.3% (30 June 2024: 2.3% to 6.8%) per annum.

At 31 December 2024, bank borrowings of HK\$108,181,000 (30 June 2024: HK\$105,466,000) were secured by corporate guarantees given by the Company and certain subsidiaries.

13. SHARE CAPITAL

(i) Shares	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Issued and fully paid:		
216,360,000 ordinary shares of HK\$0.1 each	21,636	21,636
	<hr/>	<hr/>

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

13. SHARE CAPITAL (continued)

(ii) Treasury shares

	Number of shares	Amount HK\$'000
At 1 July 2023	12,000	19
Share buy-back	24,600	42
At 30 June 2024, 1 July 2024 and 31 December 2024	36,600	61

14. RELATED PARTY DISCLOSURES

(a) Transactions and balances with related parties

There are no material related party transactions apart from those disclosed elsewhere in the interim condensed consolidated financial statements.

(b) Remuneration of directors

	For the six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Fees	416	484
Others emoluments	2,729	2,729
	3,145	3,213

(c) Compensation of key management personnel (including directors' remuneration as disclosed in (b) above) of the group

	For the six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	8,248	7,496
Post-employment benefits	54	70
Fees	416	484
	8,718	8,050

The above related party transactions were entered into in the ordinary course of the Group's business and were in accordance with the terms of arrangements governing the transactions.

KARIN TECHNOLOGY HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

31 December 2024

15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

30 June 2024

	Group			Company
	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000	Financial assets at amortised cost HK\$'000
Financial assets				
Amount due from an associate	–	4,879	4,879	–
Trades and bills receivables	–	470,152	470,152	–
Financial assets included in prepayments, deposits and other receivables	–	6,316	6,316	–
Financial asset at fair value through profit or loss	1,040	–	1,040	–
Derivative financial instruments	770	–	770	–
Amounts due from subsidiaries	–	–	–	50,865
Cash and cash equivalents	–	127,206	127,206	321
	1,810	608,553	610,363	51,186

	Group			Company
	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000	Financial liabilities at amortised cost HK\$'000
Financial liabilities				
Trade and bills payables	–	330,882	330,882	–
Financial liabilities included in other payables and accruals	–	17,405	17,405	574
Interest-bearing bank borrowings	–	105,466	105,466	–
Amount due to a subsidiary	–	–	–	1,672
	–	453,753	453,753	2,246

16. EVENTS AFTER THE REPORTING PERIOD

There are no known subsequent events which may require adjustments to or disclosures in this set of interim financial statements.

17. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

31 December 2024

Other information

1. Review

The interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries as at 31 December 2024 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

As at 1 July 2024, the Company held 36,600 (1 July 2023: 12,000) treasury shares. During the six months ended 31 December 2024, the Company had not purchased any (31 December 2023: Nil) of the Shares pursuant to the 2009 Share Buyback mandate.

As at 31 December 2024, the Company held 36,600 (30 June 2024: 36,600) treasury shares or 0.0169% (30 June 2024: 0.0169%) of the Company's issued shares.

As at 31 December 2024 and 30 June 2024, the Company's share capital was HK\$21,636,000 comprising 216,360,000 ordinary shares.

There were no share options outstanding as at 31 December 2024 and 30 June 2024.

During the six months ended 31 December 2024, the Company did not have any shares subdivision nor consolidation.

During the six months ended 31 December 2024, the Company's subsidiaries had not purchased nor held any of the Company's shares (30 June 2024: Nil). The interim condensed consolidated statements of financial positions of Karin Technology Holdings Limited and its subsidiaries as at 31 December 2024 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

KARIN TECHNOLOGY HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

31 December 2024

- 2(ii) 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 2024 and 30 June 2024 was 216,323,400.

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

There were no sales, transfers, cancellation nor use of treasury shares during the period under review (for the six months ended 31 December 2023: Nil).

- 2(iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfer, cancellation nor use of subsidiary holdings during the period under review (for the six months ended 31 December 2023: Nil).

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

Not applicable.

- 4. Changes in treasury shares**

No

- 5. Changes in subsidiary holdings**

No

- 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.**

Group	For the six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
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)	4.98	4.99
On a fully diluted basis (HK cents)	4.98	4.99
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	10,767	10,795

31 December 2024

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. (continued)

The calculation of basic earnings per share for the six months ended 31 December 2024 and 2023 is based on the profit attributable to the ordinary shareholders of the Company for the respective periods and the weighted average of 216,323,400 and 216,348,000 ordinary shares in issue respectively, which has taken into account the effect of treasury shares.

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 216,323,400 (2023: 216,348,000) ordinary shares, which was the weighted average of 216,323,400 (2023: 216,348,000) ordinary shares in issue during the six months ended 31 December 2024.

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.

	Group		Company	
	As at 31 December 2024	As at 30 June 2024	As at 31 December 2024	As at 30 June 2024
Net asset value per ordinary share (HK cents)	189.4	188.1	57.7	57.3

Net asset value per ordinary share as at 31 December 2024 and 30 June 2024 was calculated based on the issued share capital excluding treasury shares of 216,323,400 ordinary shares as at 31 December 2024 and 30 June 2024.

8. Review of performance of the group

Profit and loss

Revenue

Consolidated revenue of the Group for the six months ended 31 December 2024 decreased by HK\$124.1 million or 10.6% to HK\$1,045.3 million from HK\$1,169.4 million for the corresponding period last year.

Revenue from our Components Distribution (“CD”) segment decreased by HK\$3.7 million or 2.0%, from HK\$185.5 million for the six months ended 31 December 2023 to HK\$181.8 million for the six months ended 31 December 2024. The decrease was mostly due to poor economic sentiment in the PRC. However, increasing the focus on new components with higher margins helped to improve the profitability of the segment.

Revenue from our Information Technology Infrastructure (“IT Infrastructure”) segment decreased by HK\$87.3 million or 10.2%, from HK\$859.9 million for the six months ended 31 December 2023 to HK\$772.6 million for the six months ended 31 December 2024. The decrease was mainly due to fewer new mega projects secured during the period under review.

31 December 2024

8. Review of performance of the group (continued)

Profit and loss (continued)

Revenue from our Consumer Electronics Products (“CEP”) segment decreased by HK\$33.0 million or 26.6%, from HK\$123.9 million for the six months ended 31 December 2023 to HK\$90.9 million for the six months ended 31 December 2024. The consumer spending sentiment remained weak in Hong Kong. Despite the drop in revenue in this segment, our cost controls measures applied had helped to improve the profitability during the period under review.

Gross profit

Gross profit increased by HK\$2.9 million or 3.1%, from HK\$92.9 million for the six months ended 31 December 2023 to HK\$95.8 million for the six months ended 31 December 2024. The increase in gross profit was mainly due to (1) a HK\$1.3 million decrease in write-down of inventories; and (2) our ability to achieve a higher margin on certain deals.

Other income and gains, net

Net other income and gains increased by approximately HK\$0.8 million or 48.8%, from HK\$1.7 million for the six months ended 31 December 2023 to HK\$2.5 million for the six months ended 31 December 2024. The increase was mainly due to increase in bank interest income as a result of increased in bank deposit interest rates offered by banks during the period under review.

Selling and distribution costs

Selling and distribution costs decreased by HK\$0.1 million or 0.2%, from HK\$38.1 million for the six months ended 31 December 2023 to HK\$38.0 million for the six months ended 31 December 2024.

Administrative expenses

Administrative expenses decreased by approximately HK\$2.5 million or 6.6%, from HK\$38.0 million for the six months ended 31 December 2023 to HK\$35.5 million for the six months ended 31 December 2024. The decrease was mainly due to decrease in depreciation of property, plant and equipment of HK\$2.2 million as a result of depreciation for renovation costs for the Hong Kong office was fully depreciated by August 2024.

Other expenses, net

Other net expenses increased by approximately HK\$3.4 million or 149.4%, from HK\$2.2 million for the six months ended 31 December 2023 to HK\$5.6 million for the six months ended 31 December 2024. The increase is mainly due to (1) impairment of amount due from an associate of HK\$2.7 million during the period; (2) increase in foreign exchange loss of HK\$1.6 million during the current period as a result of depreciation in RMB; (3) HK\$0.3 million increase in impairment of trade receivables based on expected credit loss computation; and offset by loss on disposal of property, plant and equipment of HK\$1.7 million in relation to the Beijing property in last year which was not a recurring event.

Finance costs

Finance costs decreased by approximately HK\$1.8 million or 32.4%, from HK\$5.6 million for the six months ended 31 December 2023 to HK\$3.8 million for the six months ended 31 December 2024. The decrease was mainly due to decrease in bank borrowing interest rates during the current period.

31 December 2024

8. Review of performance of the group (continued)

Profit and loss (continued)

Net Profit

Net profit increased by HK0.8 million or 7.5%, from HK\$10.7 million for the six months ended 31 December 2023 to HK\$11.5 million for the six months ended 31 December 2024. The increase was mainly attributable to (1) HK\$2.9 million increase in gross profit; (2) HK\$2.5 million decrease in administrative expenses; (3) HK\$1.8 million decrease in finance costs; offset by (a) HK\$3.4 million increase in other net expenses; and (b) HK\$1.9 million increase in income tax expenses; and (c) HK\$2.0 million decrease in share of profit of an associate.

Non-controlling interests

Non-controlling interests represented the non-controlling shareholders' share of profit/(loss) in our non-wholly owned subsidiaries.

Statement of financial position

Non-current assets

As at 31 December 2024, non-current assets amounted to HK\$61.8 million, representing approximately 5.7% of the total assets. Non-current assets decreased by HK\$8.1 million or 11.6% to HK\$61.8 million as at 31 December 2024 from HK\$69.9 million as at 30 June 2024.

The decrease was mainly due to the disposal of an associate of HK\$7.4 million during the current period.

Increase in Right-of-use assets was due to renewal of the Hong Kong office tenancy agreement for a three year period during the period under review.

Decrease in Prepayments and other assets was mainly due to the classification of such assets into their current portion (and presented as current assets).

Current assets

As at 31 December 2024, current assets amounted to approximately HK\$1,025.0 million, a decrease of HK\$74.0 million compared to the immediately preceding financial year end as at 30 June 2024. The decrease was mainly due to (1) decrease in trade and bill receivables by HK\$41.2 million which was in-line with decrease in revenue; (2) decrease in prepayment, other receivables and other assets by HK\$27.2 million was due to a substantial amount of current portion of long-term contracts being completed during the period under review and (3) decrease in cash and cash equivalents by HK\$21.6 million as analysed in the condensed consolidated statement of cash flows.

Current liabilities

As at 31 December 2024, current liabilities amounted to approximately HK\$638.6 million, an decrease of HK\$83.6 million compared to the immediately preceding financial year end as at 30 June 2024. The decrease was mainly due to the decrease in trade and bills payables by HK\$82.7 million as a result of settlement of a major trade payable during the current period.

31 December 2024

8. Review of performance of the group (continued)

Statement of financial position (continued)

Non-current liabilities

Non-current liabilities amounted to HK\$44.7 million, representing 6.5% of total liabilities as at 31 December 2024. The amount pertains mainly to (1) other payables of HK\$25.3 million arising from warranty service income received in advance which was classified as contract liabilities; and (2) recognition of lease liabilities of HK\$11.9 million due to the renewal of tenancy agreement of the Hong Kong office during the current period.

Liquidity and cash flow

As at 31 December 2024, cash and cash equivalents amounted to approximately HK\$105.6 million. Total interest-bearing bank and other borrowings as at 31 December 2024 were HK\$108.6 million. The gearing ratio, which is defined as total interest-bearing bank and other borrowings to shareholders' funds, is 0.27 times (30 June 2024: 0.26 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 competitiveness of the industry in which the group operates and any know factors or events that may affect the group in the next reporting period and the next 12 months.

The Group projects that the next 12 months will continue to be difficult for businesses due to geopolitical tensions that have created more uncertainty in the world's commercial environment. Against this backdrop, the Group believes that operating conditions in the PRC will remain challenging across all industries. In Hong Kong, the Group expects intense volatility to continue as the local government grapples with a large budget deficit that is likely to reduce public spending.

Given the anticipated decrease in interest rates as well as inflationary pressures, the Group will concentrate on cost controls and on increasing operational efficiency in order to protect margins and maintain agility in capturing growth possibilities.

The Group believes that the global acceleration in AI and digital transformation will continue to offer growth prospects, while demand for electronic products may be impacted by potential US tariffs and the resulting effect on goods exposed to the US market.

The Group is vigilantly monitoring the impact of geopolitical and trade tensions on business and consumer sentiment. It will continue to focus its resource planning and allocation on growth sectors. It will also implement the necessary cost cutting initiatives as well as rationalizing labour costs across its operations to protect its profitability. At the same time, the Group will continue to strengthen and expand a comprehensive portfolio of products and solutions across our segments to capture business demands, and explore geographical expansion into new markets as a medium-term strategy.

31 December 2024

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Tax exempt interim dividend of HK4.9 cents per share amounting to a total of HK\$10.6 million have been proposed and declared by the Directors.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in HK cents)	4.9 cents per share
Par value of share (in HK cents)	10.0 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)	4.9 cents per share	3.88 cents per share
Par value of share (in HK cents)	10 cents	10 cents
Tax rate	Not applicable	Not applicable

(c) Date payable

13 March 2025

(d) Books closure date

The Register of Members and Share Transfer Books of Karin Technology Holdings Limited (the “**Company**”) will be closed on 27 February 2025, for the preparation of dividend warrants to the proposed interim dividend of HK4.9 cents per ordinary share for the financial year ending 30 June 2025. (“**Interim Dividend**”)

Duly completed registrable transfers in respect of the shares in the Company received up to 5.00 p.m. on 26 February 2025 (“**Record Date**”) by the Company’s Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 will be registered to determine Members’ entitlements to the Interim Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on the Record Date will be entitled to the Interim Dividend.

31 December 2024

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

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.

14. **Negative confirmation pursuant to Rule 705(5).**

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 2024 to be false or misleading in any material respect. A statement signed by two directors is on record.

We, Ng Kin Wing Raymond and Ng Mun Kit Michael, 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 2024 to be false or misleading in any material respect.

On behalf of the board of directors

Ng Kin Wing Raymond
Executive Chairman/Executive Director

Ng Mun Kit Michael
CEO/Executive Director

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

Ng Kin Wing Raymond
Executive Chairman/Executive Director

13 February 2025