



Karin achieves six-fold increase in earnings driven by demand for IT Infrastructure and Components Distribution in FY2021

- Proposes final dividend of 10.8 Hong Kong cents per share, which together with interim dividend of 2.8 Hong Kong cents per share, brings total dividend payout in FY2021 to 13.6 Hong Kong cents per share.

12 months ended 30 Jun (HK\$' million)	FY2021	FY2020	% Change
Revenue	1,875.6	1,766.4	6.2
<ul style="list-style-type: none"> Components Distribution IT Infrastructure Consumer Electronics Products 	654.6 1,065.8 155.2	632.1 922.0 212.3	3.6 15.6 (26.9)
Gross profit	173.6	145.8	19.1
Profit before tax	37.1	7.9	367.3
Net profit attributable to owners of the Company	32.4	4.8	575.7
EPS (HK cts) ^a	15.1	2.2	575.7
NAV per share (HK cts) ^b	212.2 (as at 30 Jun 2021)	198.9 (as at 30 Jun 2020)	6.7

a) Based on 214,748,000 weighted average number of ordinary shares in issue for financial year ended 30 June for both 2021 and 2020.

b) Based on the issued share capital of 214,748,000 ordinary shares (excluding treasury shares) as at 30 June for both 2021 and 2020.

SINGAPORE – 26 August 2021 – 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, has achieved a six-fold increase in net profit attributable to shareholders from HK\$4.8 million for the 12 months ended 30 June 2020 (“FY2020”) to HK\$32.4 million for the 12 months ended 30 June 2021

(“FY2021”). This was on the back of higher revenue, which rose 6.2% during the period to HK\$1,875.6 million.

Segmental Performance Review

The improved topline performance in FY2021 was mainly driven by the strong performance of the Group’s main revenue generator – its Information Technology Infrastructure (“**IT Infrastructure**”) segment, which expanded 15.6% year-on-year (“**YOY**”) in revenue to HK\$1,065.8 million. The growth was due to strong demand for network security products, cloud solutions services and data visualisation tools as companies increasingly move to cloud-based solutions and remote working arrangements.

In the first half of FY2021, the Group’s Components Distribution (“**CD**”) segment was impacted by lower demand because of the COVID-19 situation but with the gradual resumption of business in the second half, the segment came back strongly to achieve a 3.6% YOY increase in revenue to HK\$654.6 million for the full-year.

The performance of the Group’s Consumer Electronic Products (“**CEP**”) segment was weakened by supply chain challenges in FY2021 due to the continuing COVID-19 pandemic effect during the year under review. However, due to active sourcing to secure more products, the Group was able to narrow the decline in revenue from 44.7% recorded in the first half of FY2021 to 26.9% for the full-year. The segment recorded revenue of HK\$155.2 million in FY2021 as compared to HK\$212.3 million in FY2020.

The Group’s gross profit rose by 19.1% YOY to HK\$173.6 million in FY2021 with gross profit margin coming in 1.0% by higher at 9.3%. This was mainly due to the sales of previously written down inventories following the lifting of COVID-19 lockdown restrictions and also higher margins from the provision of more value-added services in the second half of FY2021.

The Group recorded an overall reduction in expenses mainly due to lower other expenses, which was due to the absence of the one-time loss on disposal of an associate company of HK\$4.4 million, which was recorded in FY2020. There were also net fair value gains in investment properties in FY2021 whereas fair value losses on investment properties of HK\$6.6 million were recorded in FY2020. Finance costs also fell 55.1% YOY to HK\$1.4 million in FY2021 mainly due to significantly lower interest rates on bank borrowings.

As a result of the aforementioned, as well as a 76.4% increase in other income and gains mainly from government wage subsidies, the Group's net profit attributable to shareholders surged by 575.7% to HK\$32.4 million in FY2021.

Mr. Michael Ng (伍敏傑), Karin's Chief Executive Officer (“CEO”), said, *“Our performance in the second half of FY2021 reflected the re-opening of our key markets as they slowly emerge from the height of the COVID-19 pandemic. We will continue to pursue key growth areas such as the cloud solutions, data management and network security solutions, while working on building inventory for our CEP segment to meet market demand.”*

Dividend

In keeping with its track record of paying regular dividends, the Company has proposed a final dividend (tax not applicable) of 10.8 Hong Kong cents per share, amounting to HK\$23.2 million subject to shareholders' approval at the forthcoming AGM and payable on 18 November 2021. Together with the interim dividend of 2.8 Hong Kong cents per share, this brings the total dividend for FY2021 to 13.6 Hong Kong cents per share.

Business Outlook & Plans

The Group believes that business conditions over the next 12 months look promising as demand for electronic components and IT solutions have shown decent growth as economies have adapted to new norms that have emerged from the COVID-19 pandemic.

Mr. Michael Ng said: *“While we are excited about the industry's positive outlook, we are also mindful that it may lead to certain challenges. We believe the increase in demand will drive up prices of goods that have available inventory or shorter delivery lead time. The worldwide shortage in integrated circuit and chipsets is expected to continue in the next 12 months and is likely to continue to affect suppliers in our CD and IT Infrastructure businesses. As such, we will monitor our inventory closely and work hand in glove with our suppliers to meet the timely demands of our customers*

“Looking ahead, Karin will continue investing and broadening our capabilities to ensure that we are always on top of industry advancements and able to cater to the rapidly changing tech environment.”

Ahead of its 45th anniversary in 2022, Karin had made several management role changes on 1 July 2021 as part of its strategic plan to support its next stage of growth and as part of its business continuity plan. These included the appointment of Mr Michael Ng as CEO in addition to his existing position as Executive Director. Karin's Co-Founder, Mr Ng Kin Wing Raymond is now focused on his role as Executive Chairman of Karin's Board of Directors and will chart the future direction of the Group together with his brother and Co-Founder Mr Ng Yuk Wing Philip, who has taken the role of Emeritus Chairman in addition to Executive Director.

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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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