



Karin achieves revenue of HK\$1,766.4 million and earnings of HK\$4.8 million in FY2020

- Buoyed by healthy demand for network security products, cloud solution services and data visualization tools, revenue generated by IT Infrastructure segment grows by 19.1%.
- Proposes final dividend of 4.6 Hong Kong cents per share, which together with interim dividend of 3.9 Hong Kong cents per share, brings total dividend payout in FY2020 to 8.5 Hong Kong cents per share.

12 months ended 30 Jun (HK\$'M)	FY2020	FY2019	% Change
Revenue	1,766.4	1,800.6	(1.9)
<ul style="list-style-type: none"> • Components Distribution • IT Infrastructure • Consumer Electronics Products 	<p>632.1</p> <p>922.0</p> <p>212.3</p>	<p>764.5</p> <p>774.1</p> <p>262.0</p>	<p>(17.3)</p> <p>19.1</p> <p>(19.0)</p>
Gross profit	145.8	179.7	(18.9)
Profit before tax	7.9	36.8	(78.4)
Net profit attributable to owners of the Company	4.8	32.3	(85.1)
EPS (HK cts) ^a	2.2	15.0	(85.3)
NAV per share (HK cts) ^b	198.9 (as at 30 Jun 2020)	210.5 (as at 30 Jun 2019)	(5.5)

a) Based on 214,748,000 and 214,700,739 weighted average number of ordinary shares in issue for financial year ended 30 June 2020 and 30 June 2019 respectively.

b) Based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 30 June for both 2020 and 2019 respectively.

SINGAPORE – 27 August 2020 – 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, today announced a net attributable profit to HK\$4.8 million for the 12 months ended 30 June 2020 (“FY2020”), on the back of HK\$1,766.4 million in revenue for the period.

While the FY2020 top-line performance was comparable to the revenue of HK\$1,800.6 million achieved in the previous corresponding 12 months ended 30 June 2019 (“FY2019”), the Group’s earnings were affected by lower gross profit, which fell by 18.9% year-on-year (“YOY”) to HK\$145.8 million due to certain aged inventories across all three business segments being sold at relatively low margins before these become obsolete. In addition, the Group also recorded higher other expenses, net, which rose from HK\$2.8 million in FY2019 to HK\$16.1 million in FY2020 due to an increase in fair value losses on investment properties of HK\$4.7 million; loss on disposal of an associate company of HK\$4.4 million; and an increase in impairment of trade receivables of HK\$3.2 million.

Segmental Performance Review

The Group’s Information Technology Infrastructure (“IT Infrastructure”) segment benefitted from robust demand in network security products, cloud solution services and data visualization tools especially in the first half of FY2020 before the outbreak of the COVID-19 virus in the second half of the financial year. The segment generated a double-digit growth of 19.1% in sales to HK\$922.0 million during the year under review.

However, the strong performance of the Group’s IT infrastructure segment was partially offset by weaker sales from both its Components Distribution (“CD”) and Consumer Electronics Products (“CEP”) segments, which fell by 17.3% and 19.0% YOY to HK\$632.1 million and HK\$212.3 million respectively in FY2020.

The performance of the CD segment was affected by mandatory factory closures in the People’s Republic of China, particularly during the early part of 2020 because of strict measures to curb the spread of COVID-19. Likewise, the CEP segment which performed strongly in the first half of FY2020, was impacted by the pandemic and led to a significant decline in retail activities in Hong Kong in the second half of the financial year.

Mr. Raymond Ng (伍建榮), Karin’s Executive Chairman and CEO said, *“The Group endured a challenging FY2020 due to the social unrest in Hong Kong and the global outbreak of COVID-19 pandemic at the start of 2020. These events unsettled much of Hong Kong’s economy across multiple industries and negatively impacted business investment sentiments. We were able to weather these challenges and pull in healthy sales revenue because of the diversified nature of our business model. Looking ahead, we are hopeful that there will be some improvement as countries restart their economies and business activities pick up.”*

Dividend

As a show of confidence in its business and to continue its track record of paying regular dividends, the Group has proposed a final dividend (tax not applicable) of 4.6 Hong Kong cents per share, amounting to a total of HK\$9,878,000 payable on 19 November 2020. Together with the interim dividend of 3.9 Hong Kong cents per share, this brings the total dividend for FY2020 to 8.5 Hong Kong cents per share.

Business Outlook & Plans

The Group expects the next 12 months to remain challenging due to heightened economic and business uncertainty and weak consumer sentiments as countries try to recover from the impact of COVID-19. In addition, the volatility in the Sino-US trade relationship is adding pressure on businesses in the IT industry and increased caution among customers in the region, which may indirectly affect Karin's business in the financial year ending 30 June 2021 (“FY2021”).

While Karin's retail CEP segment is expected to continue to be affected by the decline in retail activities in Hong Kong, the Group will continue to invest in its core IT Infrastructure and CD segments particularly in the fast changing and growing Internet of Things (“IoT”) and Cloud technologies.

Mr. Ng said: *“In FY2020, our CD segment was impacted by a decline in sales bookings over delayed manufacturing schedules and customers rescheduling new product launches in the toys and electronic goods markets. As such, we expect this segment's performance to be parallel to the eventual recovery of the economy.*

“We have added new products to our IT Infrastructure segment in FY2020 and we are optimistic that our expanded product portfolio will enable us to achieve higher customer penetration in FY2021.”

In addition, the Group has entered the IoT market in relation to smart city ambitions as it expects this to present opportunities for all of the Group's segments.

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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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