



Karin Technology achieves 1H FY2021 revenue of HK\$984.6 million; net attributable profit rises 10.8%

- *Bottomline lifted by government subsidies and lower overall expenses.*
- *Declares interim dividend of 2.8 HK cents per share, which represents a payout ratio of 90% of net attributable profit in 1H FY2021.*

6 months ended 31 Dec (HK\$'M)	1H FY2021	1H FY2020	% Change
Revenue	984.6	1,067.2	(7.7)
– Components Distribution (“CD”)	299.8	346.0	(13.4)
– Information Technology Infrastructure (“IT Infrastructure”)	601.5	570.5	5.4
– Consumer Electronics Products (“CEP”)	83.3	150.7	(44.7)
Gross profit	66.2	81.0	(18.3)
Gross profit margin (%)	6.7	7.6	(0.9) pts
Profit before tax	7.9	7.0	13.5
Net profit attributable to owners of the Company	6.7	6.0	10.8
EPS (HK cts) ^a	3.12	2.81	11.0
NAV per share (HK cts) ^b	203.3	198.9	2.0
	(as at 31 Dec 2020)	(as at 30 Jun 2020)	

a. Based on 214,748,000 weighted average number of ordinary shares in issue.

b. Based on the issued share capital excluding treasury shares of 214,748,000 ordinary shares as at 31 December 2020 and 30 June 2020.

SINGAPORE – 9 February 2021 – Despite market challenges, Karin Technology Holdings Limited (嘉靈控股集團有限公司) (“Karin” or together with its subsidiaries, the “Group”) remains confident of its business and has declared an interim dividend of 2.8 Hong Kong cents for the six months ended 31 December 2020 (“1H FY2021”).

The leading Hong Kong-based electronic and industrial components and IT solutions distributor and outsourcing service provider generated sales of HK\$984.6 million in 1H FY2021 as compared to HK\$1,067.2 million in the corresponding six months in 2019 (“1H FY2020”). The decline was mainly due to weaker performance from its CD and CEP segments, which generated lower sales of 13.4% and 44.7% respectively and partially offset by a 5.4% increase in revenue from its IT Infrastructure segment.



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Both the CD and CEP segments were affected by the prolonged COVID-19 pandemic, which had hit the Hong Kong economy hard and negatively impacted the market's demand for electronic components and consumer electronic products. Conversely, the Group's IT Infrastructure segment had benefitted from the enforced work-from-home requirements that stemmed from the pandemic, which led to higher demand for home office tools for electronic communication and connection such as network security products, cloud solution services and data visualisation kits.

In tandem with the lower revenue, gross profit declined 18.3% year-on-year (“YOY”) to HK\$66.2 million in 1H FY2021, while gross profit margin came in 0.9% point lower at 6.7% due to the highly competitive environment across all three segments during the period under review. In addition, there was an increase in write-down of inventories of HK\$5.5 million as a result of delay in delivery of inventories due to the COVID-19 effect.

The Group's net attributable profit rose 10.8% YOY to HK\$6.7 million in 1H FY2021, lifted mainly by government Covid-19 support subsidies and a decline in overall expenses due to business travel restrictions, a decrease in the allowance for trade receivables and a more favourable foreign exchange fluctuations as compared to the previous corresponding period.

In line with its 1H FY2021 performance, earnings per share rose to 3.12 HK cents (1H FY2020: 2.81 Hong Kong cents). Net asset value per share was at 203.3 Hong Kong cents as at 31 December 2020 (30 June 2020: 198.9 Hong Kong cents). The Group maintained its healthy financial position with cash and cash equivalents of HK\$87.1 million as at 31 December 2020 and a gearing ratio of 0.37 times.

Business Plans & Outlook

Karin expects COVID-19 to continue to have an impact on the global economy and on its business segments. However, the Group is cautiously optimistic that its robust product and brand portfolio, as well as its strong distribution network and healthy financial position, will enable it to overcome market challenges over the next 12 months.

Mr. Raymond Ng (伍建榮), Karin's Executive Chairman and CEO, said: *“We expect ongoing uncertainties in the operating environment but with the gradual roll-out of vaccination programmes and the steady resumption of business activities globally, we are hopeful that it can only get better.*”



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“While we are not in control of the macro-environment, we are taking steps to drive revenue growth for each of our segments by expanding on our product portfolio and capabilities as well as exploring new sales channels.”

To increase its competitiveness in the electronic components distribution business, Karin’s CD segment has stepped up on the design and development of new modules that can be applied to smart devices as well as commercial and home appliances. To capitalise on the strong demand for network and communication tools, its IT Infrastructure segment has continued to expand on its product mix and broaden its portfolio with multiple new product lines. As the Group is expecting in-store sales from its CEP segment to remain weak, it intends to leverage the strong growth in online sales by adding more popular and trendy lines to its product offerings.

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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>.

Issued on Behalf of:
By:

Karin Technology Holdings Limited
August Consulting Pte Ltd.

Contact:
Email:

Wrisney TAN
wrisneytan@august.com.sg