



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)



DISPOSAL OF PROPERTY BY A WHOLLY-OWNED INDIRECT SUBSIDIARY

1. INTRODUCTION

- 1.1. The Board of Directors of Karin Technology Holdings Limited (the “**Company**” or together with its subsidiaries, the “**Group**”) wishes to announce that Karsing Pte. Ltd. (the “**Seller**”), an wholly-owned indirect subsidiary of the Company, had on 8 August 2022 granted an option to purchase (“**Option**”) to D-Team Engineering Pte. Ltd. and/or its nominee (the “**Purchaser**”) in respect of the property located at 3 Ang Mo Kio Street 62 #01-40 LINK@AMK Singapore 569139 (the “**Property**”) for a purchase consideration of S\$4,300,000 (excluding goods and services tax) (the “**Purchase Consideration**”), on terms and subject to the conditions of the option (“**Disposal**”). The Option shall remain valid up to 4.00 p.m. on 22 August 2022.
- 1.2. To the best knowledge of the Company, the Purchaser is a company incorporated in Singapore and its principal activities are (a) the installation of plumbing, heating (non-electric) and air-conditioning systems; and (b) electrical works. The Purchaser is not related to the Group, and the Directors and controlling shareholders of the Company, and their respective associates. The Purchaser was introduced to the Group as a prospective purchaser for the Property through a professional real estate agency based in Singapore.

2. INFORMATION ON THE PROPERTY

- 2.1. The Property is a leasehold unit with a lot area of approximately 833 square meters across four storeys, which consists of warehouse/showroom/office spaces on the ground floor, office spaces on the second and third storeys, and a roof garden on the fourth storey. The Property has a leasehold tenure of 60 years commencing from 28 June 2011.
- 2.2. The Property was acquired by the Group in 2016 and had been partly used by the Group to conduct its business operations between 1 July 2016 and 30 November 2021, and partly rented out to third-party tenants. A portion of the Property is currently occupied by a third-party tenant, whose lease agreement with the Seller will be terminated on 30 September 2022. The Group does not currently conduct any business operations on the Property.

3. SALIENT TERMS OF THE DISPOSAL

- 3.1. The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis, facilitated by a property agent. In arriving at the Purchase Consideration, the Group had taken into account: (a) an independent valuation of the Property as at 30 June 2022 conducted for financial reporting purposes; and (b) the recent transactions of comparable properties in the vicinity. Further details on the valuation of the Property are set out in section 5 of this announcement.
- 3.2. The Purchase Consideration will be satisfied by the Purchaser in cash as follows:
 - (a) a sum of S\$43,000, which is equivalent to 1% of the Purchase Consideration, is payable by the Purchaser upon the grant of the Option by the Seller, of which the Seller has duly received;
 - (b) a sum of S\$172,000, which is equivalent to 4% of the Purchase Consideration, is payable by the Purchaser upon the exercise of the Option; and

- (c) the balance sum of S\$4,085,000, which is equivalent to 95% of the Purchase Consideration, is payable by the Purchaser upon completion of the Disposal, which shall be within 12 weeks from the date of exercise of the Option (“**Completion**”).

- 3.3. The Property will be sold subject to the existing tenancy and on an “as is where is” basis. There are no material conditions attached to the Disposal.

4. RATIONALE FOR THE DISPOSAL

- 4.1. The Group had acquired the Property in 2016 with the intention of using the premises as a warehouse and factory of the Group in Singapore. However, due to a confluence of macroeconomic factors and a shift in the strategic direction of the Group, the Group had on 1 December 2021 decided not to expand its operations in Singapore and the Property has been rented out to third parties to generate income for the Group.
- 4.2. On the 26 July 2022, the Group was informed by the existing tenant on the Property that it did not wish to renew its lease upon expiration on 30 September 2022. Given that the Property is a non-core asset of the Group, the Company is therefore now of the view that the Disposal will enable the Group to realise the value of the Property.
- 4.3. The Disposal will result in an estimated net positive cash inflow of approximately S\$4,200,000 (after deducting estimated expenses in relation to the Disposal), thereby improving the liquidity of the Group.

5. VALUE OF THE PROPERTY

- 5.1. Based on the latest announced unaudited consolidated financial statements of the Group for the six-month period ended 31 December 2021, the net carrying amount of the Property as at 31 December 2021 was approximately S\$3,582,000. Assuming that the Disposal was completed on 31 December 2021, the Disposal is expected to result in a gain on disposal of approximately S\$618,000.
- 5.2. Based on the independent valuation of the Property commissioned by the Group and undertaken by a licenced appraiser in Singapore (for financial reporting purposes), the market value of the Property was estimated at S\$4,150,000 as at 30 June 2022 per its valuation report dated 18 July 2022. The appraiser has considered (a) recent transactions of comparable properties in the vicinity; (b) the rental value of the Property as an investment asset; (c) the land cost of such industrial sites; and (d) building construction cost.
- 5.3. Based on the latest announced unaudited consolidated financial statements of the Group for the six-month period ended 31 December 2021:
- (a) the net tangible asset value of the Property is S\$3,582,000 (equivalent to HK\$20,659,000¹);
- (b) the book value of the Property is S\$3,582,000 (equivalent to HK\$20,659,000); and
- (c) the net profits attributable to the Property is S\$40,000 (equivalent to HK\$233,000).

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING RULES

- 6.1. The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual based on the Group’s latest announced unaudited consolidated financial statements of the Group for the six-month period ended 31 December 2021 at the time of the grant of the Option are set out below:

Rule	Basis	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	4.67% ⁽¹⁾

¹ Based on the exchange rate of HK\$5.7671/S\$1.00

1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	2.52% ⁽²⁾
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	6.56% ⁽³⁾
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A.

Notes:

- (1) Based on the net asset value of the Property at HK\$20,659,000 as at 31 December 2021 and the NAV of the Company of approximately HK\$442,043,000 as at 31 December 2021.
- (2) Based on the net profit attributable to the Property of HK\$233,000 as at 31 December 2021 and net profit of the Group of HK\$9,247,000 as at 31 December 2021.
- (3) Based on the Purchase Consideration of S\$4,300,000 and the Company's market capitalisation of approximately S\$65,498,000 on 5 August 2022 (being the last full market day prior to the date of grant of the Option) based the Company's existing issued and paid-up share capital of 214,748,000 Shares and the volume weighted average price of S\$0.305 on 5 August 2022, being the last full market day on which the Shares were trade prior to the grant of the Option.

- 6.2. As the relative figure for the Disposal under Rule 1006(c) exceeds 5% but is less than 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Rules and does not require the approval of shareholders.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Disposal on the Group are set out below and are prepared purely for illustrative purposes only and do not reflect the actual future financial position and results of the Group after Completion of the Disposal. The financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2021 ("FY2021").

7.1. Net Tangible Assets ("NTA")

The effect of the Disposal on the NTA per Share of the Group for FY2021, assuming that the Disposal had been effected at the end of FY2021 is as follows:

As at 30 June 2021	Before the Disposal	After the Disposal
NTA (HK\$)	HK\$455,780,000	HK\$459,307,000
NTA per Share (HK\$)	HK\$2.12	HK\$2.14

7.2. Earning per Share (“EPS”)

The effect of the Disposal on the EPS of the Group for FY2021, assuming that the Disposal had been effected at the beginning of FY2021 is as follows:

As at 30 June 2021	Before the Disposal	After the Disposal
Earnings (HK\$)	HK\$32,435,000	HK\$35,962,000
EPS (HK\$)	HK\$0.15	HK\$0.17

8. USE OF PROCEEDS

- 8.1. The net proceeds from the Disposal will be S\$4,200,000 and shall be used by the Group in the following estimated proportions:

Use of Proceeds	S\$	Percentage Allocation
General working capital	S\$4,200,000	100%
Total	S\$4,200,000	100%

Pending the deployment for the uses identified above, the net proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and substantial shareholders of the Company as at the date of this announcement, in the Shares (whether direct or deemed) are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Mr. Ng Kin Wing, Raymond	-	-	70,639,950	32.89	70,639,950	32.89
Mr. Ng Mun Kit, Michael	-	-	70,639,950	32.89	70,639,950	32.89
Ng Yuk Wing, Philip	-	-	72,151,950 ⁽¹⁾⁽³⁾	33.60	72,151,950	33.60
Mr. Lim Yew Kong, John	100,000	0.05	-	-	100,000	0.05
Substantial Shareholders						
Asia Platform Investment Limited	70,639,950	32.89	-	-	70,639,950	32.89
Kikki Investment Limited	70,639,950	32.89	-	-	70,639,950	32.89
Ng Yuk Wing, Philip	-	-	72,151,950 ⁽¹⁾⁽³⁾	33.60	72,151,950	33.60
Ng Mun Kit, Michael	-	-	70,639,950 ⁽¹⁾	32.89	70,639,950	32.89
Ng Kin Wing, Raymond	-	-	70,639,950 ⁽²⁾	32.89	70,639,950	32.89
Ng Eng Seng	17,220,200	8.02	-	-	17,220,200	8.02

Notes:

- (1) Asia Platform Investment Limited is an investment holding company which is owned by Mr. Ng Mun Kit, Michael and Mr. Ng Yuk Wing, Philip holds 70,639,950 shares in the Company.
- (2) Kikki Investment Limited is an investment holding company which is owned by Mr. Ng Kin Wing, Raymond holds 70,639,950 shares in the Company.

- (3) Mr. Ng Yuk Wing, Philip is deemed to be interested in the 1,512,000 ordinary shares held by Mdm Leung Tak Ching, the spouse of Mr. Ng Yuk Wing, Philip.

9.1. Interests in the Disposal

None of the Directors or controlling shareholders and their respective associates has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings (if any) in the Company.

10. NO SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Disposal and no service contracts in relation thereto will be entered into by the Company.

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Option will be available for inspection during normal business hours at the office of Tricor Evatthouse Corporate Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #02-00 Singapore 068898 during normal business hours for three months from the date of this announcement.

By Order of the Board

Wong Chi Cheung, Clarence
Financial Controller /Joint Company Secretary

12 August 2022