



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

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## DISPOSAL OF PROPERTY

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### 1. INTRODUCTION

1.1 The board of directors (the “**Directors**” or the “**Board**”) of Karin Technology Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to announce that on 23 November 2022 Karin Electronic Trading (Shenzhen) Co., Ltd and New Spirit Electronic Technology Development (Shenzhen) Co., Ltd. (collectively, the “**Vendors**”), being two indirect wholly-owned subsidiaries of the Company, entered into preliminary sale and purchase agreements (collectively, the “**Preliminary SPAs**”) with Mr. Chen Wei Zhong (陳偉忠) (the “**Purchaser**”), for the sale of the Group’s property known as units 401, 402, and 403, 4/F, East Block, Shengtang Business Building, No. 1, Tai Ran Jiu Road, Futian District, Shenzhen, People’s Republic of China (the “**Disposal Property**”) for an aggregate consideration of RMB21,447,720 or approximately HK\$23,481,000<sup>1</sup> (the “**Consideration**”) on the terms and subject to the conditions of the Preliminary SPAs (the “**Proposed Disposal**”).

### 2. INFORMATION ON THE DISPOSAL AND SALIENT TERMS OF THE PRELIMINARY AGREEMENT

#### 2.1 Information on the Disposal Property

The Group first acquired the Disposal Property from 深圳西京實業發展有限公司 on 30 July 2009, and the Disposal Property has a tenure of 50 years from 16 June 2006. The Disposal Property comprises three (3) office units on the fourth floor of the East Block, Shengtang Business Building, and has an estimated gross floor area of 794.36 square meters. The Disposal Property was previously used as office space for the Group and is presently vacant.

Based on the Group’s audited consolidated financial statements for the financial year ended 30 June 2022, the carrying amount of the Disposal Property as at 30 June 2022 was approximately HK\$6,786,000 and the Proposed Disposal is expected to result in a gain on disposal of approximately HK\$15,535,000<sup>2</sup> after deducting estimated related expenses of approximately RMB1,059,000 (or HK\$1,160,000).

The Disposal Property represents three (3) of the six (6) office units on the fourth floor of the East Block, Shengtang Business Building owned by the Group. Based on an independent valuation report prepared in connection with the audit of the Group’s consolidated financial statements for the financial year ended 30 June 2022, the market value ascribed to the six (6) units as at 30 June 2022 (valuation date) was approximately RMB57,600,000 (or HK\$63,060,000)<sup>3</sup>. The market value attributable to the Disposed Property as at 30 June 2022 was approximately

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<sup>1</sup> based on the currency exchange of RMB1: HK\$1.0948 as at 23 November 2022

<sup>2</sup> See footnote 1.

<sup>3</sup> See footnote 1.

RMB29,021,000 (or HK\$31,772,000)<sup>4</sup>. The valuation was based on the market value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, and the valuation method adopted was the comparison approach.

## 2.2 Information on the Purchaser and the Property Agent

The Purchaser is an individual who is not an interested person as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Property Agent in relation to the Disposal is Shenzhen Huicheng Commercial Real Estate Management Co., Ltd. (滙誠商辦) (the “Property Agent”). Neither the Purchaser nor the Property Agent is related or connected to the Group, its Directors or substantial shareholders of the Company and their respective associates.

## 2.3 Consideration

The Consideration shall be fully satisfied in cash, and was arrived at after arms' length negotiations and based on a willing-buyer willing-seller basis, having taken into account, inter alia, the prevailing market conditions, the recent quotations of properties in the surrounding vicinity of the Disposal Property, and the estimated valuation of the Disposal Property for the Group's consolidated financial statements for the financial year ended 30 June 2022. The Group did not engage an independent property valuer for the purposes of determining the Consideration.

Under the terms of Preliminary SPAs, the Consideration shall be payable by the Purchaser to the Vendors in the following manner:

- (a) a deposit of RMB10,847,720 shall be paid to the Vendors, of which RMB1,200,000.00 (the “Initial Deposit”) shall be payable within two (2) days from the date of the Preliminary SPAs and the balance of the deposit amounting to RMB9,647,720 shall be payable on or before 10 December 2022; and
- (b) the balance of the Consideration of RMB10,600,000 shall be payable on or before 31 January 2023.

The Vendors have received payment of the Initial Deposit from the Purchaser on 23 November 2022. Pursuant to the preliminary SPAs, the balance of the deposit of RMB9,647,720 will be paid by the Purchaser into a custodial bank account, and the funds paid into the custodial bank account will be supervised by the bank.

## 3. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

- 3.1 The Disposal Property is a non-core asset of the Group and was previously used as office space for the Group. As the Group has since reduced its operations, it no longer requires the large office space and moving forward the Group does not foresee any use for the Disposal Property. The Board is of the view that the Proposed Disposal is in the best interest of the Group as it will realise net cash proceeds of approximately RMB20,388,000 (after deducting related expenses such as fees payable to the Property Agent and relevant taxes) which will strengthen the financial position and improve the working capital of the Group.

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<sup>4</sup> Estimated and recomputed based on the proportion of the Gross Floor Area (“GFA”) of the Disposed Property to the GFA of the total 6 units.

- 3.2 The Group intends to use the proceeds from the Proposed Disposal for the working capital of the Group and to repay certain bank borrowings.

#### 4. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal set out below, based on the Group's audited consolidated financial statements for the financial year ended 30 June 2022 ("FY2022"), are purely for illustrative purposes only and do not reflect the actual financial position and performance of the Company or the Group after the completion of the Proposed Disposal. The *pro forma* financial effects of the Proposed Disposal on the Group's consolidated net tangible assets ("NTA") and consolidated earnings per share ("EPS") are set out below, and have been prepared on the basis of an exchange rate of RMB1 : HK\$1.0948 as at 23 November 2022.

##### 4.1 NTA

The effect of the Proposed Disposal on the consolidated NTA of the Group for FY2022, assuming the Proposed Disposal was completed on 30 June 2022, is as follows:

As at 30 June 2022	Before the Proposed Disposal	After the Proposed Disposal
NTA of the Group (HKD\$'000)	422,950	438,485
Number of Shares ('000)	214,748	214,748
NTA per share (HKD)	1.97	2.04

##### 4.2 EPS

The effect of the Proposed Disposal on the consolidated EPS of the Group for FY2022, assuming that the Proposed Disposal was completed on 1 July 2021 is as follows:

As at 30 June 2022	Before the Proposed Disposal	After the Proposed Disposal
Net Profit (HK\$)	18,713	34,248
Weighted average number of Shares	214,748	214,748
Earning/Loss per Share (HK\$)	0.087	0.159

##### 4.3 Book Value

The Net Book Value ("NBV") of the Disposal Property is approximately RMB6,198,000 or approximately HK\$6,786,000 based on the audited financial statements of the Group for FY2022. The aggregate consideration of RMB21,447,720 or approximately HK\$23,481,000 represents an excess to the NBV of the Disposal Property of RMB15,250,000 or approximately HK\$16,695,000. The figure in this paragraph 4.3 are based on the currency exchange of RMB1: HK\$1.0948 as at 23 November 2022.

## 5. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST based on the audited financial statements of the Group for FY2022 are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets	1.60% <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	0.00% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	5.49% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not Application <sup>(5)</sup>

### Notes:

- (1) Based on the Disposal Property's NAV of approximately HK\$6,786,000 and the Group's NAV of approximately HK\$422,950,000 as at 30 June 2022.
- (2) No profit is attributable to the Disposal Property during the period of 1 July 2021 to 30 June 2022.
- (3) Based on the Consideration of HK\$23,481,000 and the Company's market capitalization of approximately HK\$427,349,000 on 22 November 2022 (being the last market day preceding the date of the Preliminary SPAs), computed based on the Company's volume weighted average price of HK\$1.990 per share and the Company's issued and paid-up capital of 214,748,000 shares excluding treasury shares.
- (4) Rule 1006(d) of the Listing Manual is not applicable as this is not an acquisition.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas Company.

The relative figures computed above exceed 5% but do not exceed 20%, the Proposed Disposal is considered a "Disclosable transaction" under Rule 1010 of the Listing Manual, and shareholders' approval is not required for the disposal.

## **6. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal, and no service contract will be entered into by the Company with any such person in connection with the Proposed Disposal.

## **7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

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

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

The Preliminary SPAs are available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 9/F, The Whitney, 183 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong for a period of three (3) months from the date of this announcement.

## **9. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The Company will make the appropriate announcements as and when there are any material updates or developments on the Proposed Disposal. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

## **10. DIRECTORS RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Preliminary SPAs, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Wong Chi Cheung, Clarence  
Financial Controller /Joint Company Secretary  
24 November 2022