



## KARIN TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Bermuda on 30 August 2002)  
(Company Registration Number 32514)

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## DISPOSAL OF SHARES IN AN INDIRECT SUBSIDIARY, KCF A STORE LIMITED

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The board of directors (the “**Board**” or the “**Directors**”) of Karin Technology Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to announce that the Company’s wholly-owned subsidiary, Kancef Limited (“**Kancef**”) had entered into an Agreement for Sale and Purchase of 18,000,000 ordinary shares (the “**Agreement**”) with Mutual Profit Holdings Limited (“**Purchaser**”) and Mr Law Kai Lung (“**Guarantor**”) dated 30 June 2016 for the disposal of 18,000,000 ordinary shares by Kancef or Kancef’s entire shareholding in KCF A Store Limited (“**KCF**”) to the Purchaser at a cash consideration of HK\$21,000,000/-, on the terms and conditions of the Agreement (the “**Disposal of Shares**”).

### PRINCIPAL TERMS OF THE AGREEMENT

Under the terms of the Agreement, the consideration for the Disposal of Shares is HK\$21,000,000 (the “**Consideration**”), subject to the adjustments ascertained and determined after the accounts of KCF for the year ended 30 June 2016 is audited by the appointed auditors, Ernst & Young (the “**Adjusted Consideration**”). The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into account, the estimated unaudited financial statements of KCF for the eleven months ended 31 May 2016.

Subject to the terms and conditions of the Agreement, the Consideration shall be paid by the Purchaser to the Company in the following manner:

- (i) A sum of HK\$6,000,000/- on completion of the Disposal of Shares by cashier’s order drawn on a licensed bank in Hong Kong in favour of Karin Electronic Supplies Company Limited;
- (ii) A sum of HK\$15,000,000/- on completion by cheque drawn by the Purchaser on a licensed bank in Hong Kong in favour of Karin Electronic Supplies Company Limited and post-dated to 10 July 2016 guaranteed by a personal guarantee given by the Guarantor in accordance with the Agreement: and
- (iii) The final payment/refund on or before 30 September 2016, the Adjusted Consideration, based on the audited net assets value of KCF as at 30 June 2016.

There are no other material conditions attached to the Disposal of Shares.

### RATIONALE

KCF is a joint venture company incorporated in Hong Kong with 40% of the shareholdings held by the Purchaser and 60% of the shareholdings held by Kancef.

KCF is principally engaged in the operation of retail chain stores selling the full range of Apple products. In view of the market changes since its commencement of business, KCF has recorded losses in recent months. Hence, the Board considers it is in the best interest of the Group to dispose



of shareholdings in KCF and focus on its core business of Components Distribution and IT Infrastructure Solutions and Services business.

### FINANCIAL EFFECTS

The Disposal of Shares may result in an immaterial loss, which represents the net sales proceeds (after deducting the related expenses) less the net book value of KCF as at 30 June 2016. The Company intends to use the net sale proceeds for the working capital of its core business.

For illustration purpose only, based on the unaudited financial statements of the Group for the six months ended 31 December 2015, the financial effects of the Disposal of Shares would be as follows:

#### Net Tangible Assets (“NTA”) per share

Assuming that the Disposal of Shares was completed on 31 December 2015, the proforma effect on the NTA per share of the Group would be as follows:

	<u>Before Disposal</u>	<u>After Disposal</u>
NTA (HK\$'000)	641,201	613,234
NTA per share (HK cents)	299.1	286.0

#### Earnings per Share (“EPS”)

Assuming that the Disposal of Shares was completed on 1 January 2016, the proforma effect on the EPS of the Group would be as follows:

	<u>Before Disposal</u>	<u>After Disposal</u>
Earnings (HK\$'000)	5,628	7,004
EPS (HK cents)	2.6	3.3

The Disposal of Shares is not expected to have any material impact on the consolidated NTA and EPS of the Group for the financial year ended 30 June 2016.

### RELATIVE FIGURES UNDER LISTING RULE 1006

The relative figures computed on the bases pursuant to Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), in relation to the Disposal of Shares (based on the unaudited consolidated financial statements of the Company for the six months ended 31 December 2015) are as follows:

Rule 1006 (a) – Net asset value of assets <sup>(1)</sup> disposed of compared with the net assets value of the Group <sup>(2)</sup>	4.4%
Rule 1006 (b) – Net profits attributable to the assets disposed of compared with the consolidated net profits of the Group	-24.4%
	* The profit test under Rule 1006(b) will not be applicable for the Disposal of Shares as the Company is disposing of



	KCF, which is loss-making. The Group is overall profitable.
Rule 1006 (c) – Aggregate value of consideration given, compared with the Company’s market capitalisation <sup>(3)</sup>	6.3%
Rule 1006 (d) – Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable as the Company is not issuing equity securities as consideration.
Rule 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	Not applicable as this basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company

Notes:

- (1) The net asset value KCF disposed of as at 31 December 2015 was HK\$46,612,000.
- (2) The net assets value of the Group as at 31 December 2015 was HK\$641,201,000.
- (3) The Company’s market capitalisation is S\$57.9 million and is based on the total number of issued shares and the weighted average price of the Company’s shares transacted on 29 June 2016, being the last market day preceding the day on which the Agreement was dated.

As the relative figure computed on the basis set out in the Rule 1006(c) of the Listing Manual of the SGX-ST exceeds 5% but does not exceed 20%, the Disposal of Shares constitutes a disclosable transaction as defined under Chapter 10 of the Listing Manual of the SGX-ST.

**COMPLETION OF THE DISPOSAL OF SHARES**

The Disposal of Shares was completed today on the terms and conditions as set out in the Agreement. Following Completion, Kancef no longer holds any shareholdings in KCF.

**INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company have any interest, directly or indirectly, in the said transaction save for their interest arising by way of their shareholdings and/or directorships, as the case may be, in the above transaction.

By Order of the Board

Wong Chi Cheung, Clarence  
Financial Controller / Joint Company Secretary

Dated: 30 June 2016