



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 INTERESTS IN MASTERKLOUD TECHNOLOGY LIMITED – UPDATE ON THE SGX CONSULTATION LETTER

Unless otherwise defined, all capitalised terms shall bear the same meanings as the announced released by Karin Technology Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) on 18 March 2020 (the “Announcement”).

1. INTRODUCTION

The Board of Directors of the Company refers to Announcement in relation to the agreement for:

- (a) the sale to Masterson Technology Limited (“**Masterson**”) of 100,000 shares in MasterKloud Technology Limited (“**MasterKloud**”), constituting 20% of the equity interest in MasterKloud;
- (b) the sale to Masterson of an existing HK\$2,499,999 debt owed by MasterKloud to the Company; and
- (c) the waiver by the Company of an existing HK\$4,400,001 debt owed by MasterKloud to the Company,

(together, the “**Proposed Disposal**”)

for a total consideration of HK\$2,500,000.

2. CONSULTATION WITH THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“THE SGX-ST”) UNDER RULE 1007(1) OF THE SGX-ST LISTING MANUAL AND APPLICATION FOR WAIVER FROM THE REQUIREMENT TO OBTAIN SHAREHOLDERS’ PRIOR APPROVAL

On 6 March 2020, the Company submitted a letter to the SGX-ST (the “**SGX Consultation Letter**”) to seek its guidance pursuant to Rule 1007(1) on the classification of the Proposed Disposal under Chapter 10 of the SGX-ST Listing Manual (“**Listing Manual**”), as the relative figures computed pursuant to Rule 1006 involve negative figures (the “**Consultation**”). In the alternative, should SGX-ST deem the Proposed Disposal to be a major transaction under Rule 1014 of the Listing Manual pursuant to the Consultation, the Company sought the SGX-ST’s approval for the Company to obtain shareholders’ prior approval for the Proposed Disposal (“**Waiver**”), provided that:

- (a) the Company’s shareholders holding not less than 50% of the total issued shares in the Company provides written undertakings to vote in favour of the Proposed Disposal; and
- (b) the Company convenes an extraordinary general meeting to seek shareholders’ ratification for the Proposed Disposal within three (3) months from the date of approval of the Waiver.

The Company's reasons for seeking the Consultation and/or the Waiver were as follows:

- (a) the Proposed Disposal would allow the Group to exit from a loss-making investment, with the overall effect of avoiding further impairment and losses to the Group and reducing the Group's overall risk profile;
- (b) the completion of the Proposed Disposal is subject to any approval required from the SGX-ST, to be obtained within a long-stop date of 45 days from the date of the Sale Agreement (the "**Long-Stop Date**"), failing which, the parties shall either agree to extend such Long-Stop Date or, if no agreement is reached, the Sale Agreement shall be terminated;
- (c) as the Long-Stop date had been fixed, there is a risk that the counterparty to the Sale Agreement would not agree to any extension of the Long-Stop Date if the Company is required to seek shareholders' prior approval for the Proposed Disposal;
- (d) given the Covid-19 situation and the broader market sentiment at this time, it is a priority for the Company to finalise the transaction as soon as possible on its current terms; and
- (e) by obtaining the Waiver, the Company would be able to ensure that the transaction is completed.

3. UPDATE ON THE SGX CONSULTATION LETTER

The Company has received a reply from the SGX-ST on 25 April 2020, advising the Company that having carefully considered the Company's grounds for the Waiver, the SGX-ST has decided not to grant the Waiver. In arriving at its decision, the SGX-ST has considered the significant loss on disposal arising from the waiver of the part of the shareholders' loans granted by the Company to MasterKloud.

4. UPDATE ON THE PROPOSED DISPOSAL

Pursuant to the response from SGX-ST, the Company wishes to update shareholders of the Company that it is currently in negotiations with MasterKloud to extend the Long-Stop Date. Should the Company be successful in its negotiations, the Company intends to convene an extraordinary general meeting in due course to seek shareholder's approval of the Proposed Disposal.

5. GENERAL

Further announcements will be made in due course to provide shareholders with an update on the Proposed Disposal as and when appropriate.

By Order of the Board

Wong Chi Cheung, Clarence
Financial Controller /Joint Company Secretary

27 April 2020