

Sarine Technologies Ltd
(Incorporated in Israel)
(Israel Registration No. 51 1332207)

**RESPONSES TO THE QUERIES FROM SINGAPORE EXCHANGE
SECURITIES TRADING LIMITED ON ANNUAL REPORT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Sarine Technologies Ltd (the “Company”) wishes to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 6 May 2020, with reference to the Company’s annual report for the financial year ended 31 December 2019 (the “Annual Report”), as follows:

SGX's Query:

Please disclose whether and how Listing Rule 1207(10C) has been complied with. In this regard, please clarify if the Audit Committee is of the view that the internal audit function is independent, effective and adequately resourced, following its annual review.

Company's response:

The following paragraph appears in Page 40 of the Company’s Annual Report:

“Based on the recommendations of the Audit Committee, the Board of Directors appointed, in August 2009, Mr. Doron Cohen, CPA, CIA, of Fahn Kanne Control Management, Ltd., subsidiary of Fahn Kanne and Co., Certified Public Accountants (Isr.) (member firm of Grant Thornton International) – a reputable auditing firm, as the Internal Auditor of the Company. The Internal Auditor carries out his function according to the standards set by internationally recognised professional bodies. The role of the Internal Auditor is to independently examine, among other things, whether our activities comply with the law and orderly business procedures. Our Internal Auditor submits his work plans to the prior approval of the Audit Committee and presents his findings to the Audit Committee and to the Board of Directors. The Internal Auditor reports to the Chairman of the Audit Committee and the Chief Executive Officer of the Company. According to Israeli law, the Board appoints and removes the Internal Auditor, based on the Audit Committee's recommendations. The Internal Auditor's compensation is set by the Audit Committee. The Company cooperates fully with the Internal Auditor in terms of allowing access to documents and information and the Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. The Audit Committee reviews annually the adequacy and effectiveness of the internal audit function.”

We would like to clarify that the Audit Committee has confirmed that indeed it has been and still is of the view that the internal audit function is independent, effective and adequately resourced.

SGX's Query:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Please disclose how the Company has deviated from Provision 2.4, and in particular, the required disclosure on board diversity policy and progress made towards implementing the board diversity policy, including objectives.

Company's response:

As noted in Appendix 1 of the "Notice of Annual General Meeting":

"The Nominating Committee of the Board of Directors, in its meeting of 5 January 2020 opined that the following general criteria should be applied to the Board of Directors composition:

- The Board should comprise 7 to 9 directors. The current structure (7 directors) is sufficient and effective. The Board may consider adding additional directors, on a case by case basis, giving proper weight to the potential contribution of the additional member/s vis-à-vis the effects on the effectiveness of the Board.
- The majority of the Board should be comprised of Independent Directors.
- The Board should be comprised of directors having appropriate expertise and experience in areas related to the operations of the Group. Specifically, if 7 directors, preferably three from the diamond industry, preferably from the various segments thereof (upstream production (mining), midstream polishing and wholesale trade, and downstream retail trade), preferably two with relevant technological background, at least one with accounting / financial review and reporting expertise and at least one with corporate governance expertise. If 9 directors, an additional one from the diamond industry and an additional one with relevant technological background.
- The Board should be gender diversified."

Indeed, the list of the Board candidates implements such guidelines and reflects a diversity of genders, ages, domiciles and expertise. As all of the members of the Board will retire in the Company's upcoming Annual General Meeting (to be held in June), and three out of the seven directors will not be put for re-election, the current Nominating Committee and Board of Directors are of the opinion that the new Board and Nominating Committee should further discuss and finalize the Company's diversity policy (if and to the extent required) following the formation of the new Board and Nominating Committee.

By order of the Board

Amir Zolty

Company Secretary