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)

RESPONSE TO SGX QUERIES IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 3O JUNE 2021

The Board of Directors of Karin Technology Holdings Limited (the "Company" or together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 October 2021 relating to the Company's annual report for the financial year ended 30 June 2021 ("2021 Annual Report").

The Company wishes to provide below its response to the queries raised by SGX-ST:

SGX-ST QUERY (1)

a) Listing Rule 1207(10) provides that:- "The annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following:— The board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them."

Please address the disclosure requirements under Listing Rule 1207(10).

COMPANY'S RESPONSE

The disclosure requirements under Listing Rule 1207(10) have been duly addressed and set out in the Report on Corporate Governance within the 2021 Annual Report (see page 39). For ease of reference, we reproduce below the relevant paragraph.

> *"The Board reviews the adequacy and effectiveness of the Company's internal control systems (including financial, operational, compliance and information technology) and risk management systems. Based on the reports presented, the Board, with the concurrence of the ARMC, is satisfied that the system of internal controls established and maintained by the Group addressing financial, operational, compliance and information technology controls as well as risk management systems, were adequate to meet the needs of the Group in its current business environment. The controls relating to information technology were reviewed by the internal audit staff and reviewed by the ARMC during FY2021."*

SGX-ST QUERY (2)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.2 and 2.3 of the Code of Corporate Governance 2018 (the "Code") as independent directors do not make up a majority of the Board where your Chairman is not independent; and non-executive directors do not make up a majority of your board; and there were no explanations were provided for in your 2021 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

COMPANY'S RESPONSE

Principle 2 of the Code provides that "The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company."

The relevant disclosures can be found under the heading of "Principle 2 – Board Composition and Guidance" within the Report on Corporate Governance (see page 27). For ease of reference, we reproduce below the relevant paragraphs.

> *"Although Independent Directors did not make up a majority of the Board, where the Chairman is not independent, the Board has diversity of thought and background in its composition with Independent Directors exercising oversight function and leading discussions to form decisions in the best interests of the Company. The Board believes the current Board composition drives performance, create shareholder value and maintain a proper tone at the top. Executive Directors, who formed half of the Board, are working to protect and enhance the best interests of shareholders with returns or benefits for shareholders while Independent Directors with diversity of skills set ensures diversity in decision-making and enable the formation of Board Committees. The Board was not aware of any difficulty in reaching consensus and making timely decisions with Independent Directors make up half of the Board where the Chairman is not independent."*

After considering the experience, qualifications and background of the respective Board members, the NC and the Board concluded that the Board has the appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board is of the view that the Company's practises are consistent with the intent of Principle 2 of the Code.

By Order of the Board

Wong Chi Cheung, Clarence
Financial Controller /Joint Company Secretary

27 October 2021