



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 QUERY ON THE HALF YEAR FINANCIAL
STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD
ENDED 31 DECEMBER 2005**

The Board of Directors of Karin Technology Holdings Limited (the “Company”) sets out below the Company’s response to the query from the Singapore Exchange Limited in relation to the Company’s half year financial statement and dividend announcement made on 9 February 2006.

SGX Query:

- a) We note in the Profit & loss Statement, “Exchange gains, net” increase from HK\$1.206 million for the period of six months 31 December 2004 to HK\$2.869 for the period of six months ended 31 December 2005. To disclose the details and nature of the underlying items and the reason(s) for the increase in “Exchange gains, net”.

Response:

Our reporting currency is Hong Kong dollars, while our sales and purchases are denominated in multi-currencies. The “foreign exchange gains, net” mainly arose from (i) the settlement of certain of trade receivable and payable, which are not matched in the same currency and there are timing differences between collections and payments and (ii) Translation of certain foreign currency payable into Hong Kong dollars at the balance sheet date.

The main reasons for the increase in “Exchange Gains, net” are:-

- i) The reduction in timing differences between collections and payments on certain trade receivable and payable respectively.



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- ii) To reduce the exposure to foreign currency risk, the Group also entered into foreign currency contracts with a reputable financial institution to hedge certain future foreign currency trade liabilities.

BY ORDER OF THE BOARD

Tso Sze Wai, Jackson
Company Secretary
14 February 2006