

KARIN TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Bermuda)

(the “Company or Karin”)

Q & A SESSION AT THE ANNUAL GENERAL MEETING OF KARIN TECHNOLOGY HOLDINGS LIMITED HELD AT ANSON II, LEVEL 2, M HOTEL SINGAPORE, 81 ANSON ROAD, SINGAPORE 079908 ON THURSDAY, 26 OCTOBER 2023 AT 10:00 A.M.

NO.	QUESTIONS / COMMENTS FROM SHAREHOLDERS / PROXIES	COMPANY'S REPLY
Resolution 1 – Audited financial statements, Directors’ Report and Auditors’ Report for the financial year ended 30 June 2023		
1.	With regards to Components Distribution (“CD”) segment, a shareholder sought update on the status of inventory level for CD and current situation in the market as the Annual Report mentioned about high inventory problems for CD segment.	Mr Michael Ng replied that the clearing of inventory for the past months was progressing well and majority of these inventories have orders placed by customers. The Company does not expect significant impact to current business operations arising from the inventory carry forward.
2.	<p>With reference to page 133 of the Annual Report showing Five Year Financial Summary, he noted that the percentage of core profit after tax had declined severely from 2019 to 2023.</p> <p>(i) What has led to the severe decline in core profit after tax over the past few years?</p> <p>(ii) Is core profit after tax of HK10.78million in 2023 sufficient to sustain the Distribution Per Unit (“DPU”) in the future?</p> <p>Is this a problem that is recurring or one-off?</p>	<p>Mr Michael Ng informed that the reply was related to previous question on inventory in CD segment. Core profit after tax was mostly impacted by inventory carry forward in the CD segment. Typical turnaround time for inventory is 3 to 4 months. China economy was impacted during pandemic and probably to-date, which caused problems such as supply chain issues and delay in factory production, resulting in inventory turnaround time longer than usual. The Company has policy on inventory impairment which required write-down of these inventories.</p> <p>This situation is very special and never seen in the Company’s history. Changes in the business dynamics post-pandemic has altered the key consideration for building inventories which is based on forecast sales in the CD segment as other considerations were taken such as issues related to factory delay and supply chain. Meanwhile, the Company is working closely with vendors and customers to ensure inventories are cleared and orders are placed on schedule. This would reduce the impact to inventory impairment.</p>

		<p>In reply to the question whether the Company has sufficient reserve to sustain dividend for next few years, Mr Michael Ng informed that the business has diversified to different segments. IT segment continues to perform well while CD segment continued to struggle. There are good performing segment and weak segment with the former gives better result than the latter. Management continues to make effort to support growth for good performing segment while minimize impact of weaker segment to the financial results.</p>
3.	<p>As many companies have recently shifted their production facilities out of China to other countries such as Vietnam, based on the Company's current strategy, is the Company at a disadvantage or to continue status quo with current strategy or looking at changes going forward?</p>	<p>Mr Michael Ng informed that the Company works closely with customers with large investments in China. Although these customers may expand outside China due to cost or other reasons, many customers still retain large investments in China. According to our observation, major problems arising from production were related to supply chain issues, opening of economy for consumer and industrial goods which these issues may have been bottoming out. As these issues seem to be prolonged rather than V-shape effect, the Company is cautious of it.</p>
5.	<p>With regards to Consumer Electronics Products ("CEP") segment, what is the latest outlook primarily in Hong Kong?</p>	<p>Mr Michael Ng replied that the CEP segment is usually associated to retail segment in Hong Kong. In terms of individual products, some may see growth while others may not contingent on the goods and marketing activities and launch of new products, which also depends on the vendor. The Company is always expanding with new brands taking-in new portfolio.</p> <p>For example, recently the Company has added a consumer brand, Dyson. The Company selects good brands and works with market leaders to achieve growth and sales opportunities with these products in its portfolio.</p>