
RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Board of Directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**”) refers to the queries the Company received from the Singapore Exchange Regulation on 24 July 2022 on the Annual Report for the financial year ended 31 March 2022 (“**FY2022**”), and append the Company’s corresponding response as follows:

Query 1

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (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 of the Code as Independent Directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations were provided for in your 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

The following explanation and opinion were provided on page 28 (Provisions 2.2 and 2.3) of our Annual Report 2022:

At present, the Board has a total of 6 members, comprising of 2 Independent Directors, 2 Non-Executive Non-Independent Directors and 2 Executive Directors.

While the Company has not complied with Provision 2.2 of the Code as Independent Directors do not make up a majority of the Board, it has complied with Provision 2.3 of the Code with majority of the Board comprising Non-Executive Directors of which two are Independent Directors. The Board is of the view that the 2 Independent Directors and 2 Non-Executive Non-Independent Directors provide a good balance of authority and power within the Board.

In addition, each of the Nominating Committee, Audit Committee and Remuneration Committee which assists the Board in its functions, is chaired by an Independent Director and with a majority being Independent Directors. Each of the above Committees perform their functions with independence and objectivity and decisions of the Committees by consensus

of all or majority of the members. In the interest of the Company to provide additional perspective and objectivity, the Company has a Board Executive Committee ("**Board Exco**") which is chaired by a Non-Executive Director and decisions of the Board Exco have to be unanimous. Hence, the Board is of the view that there is a strong independence element within the Board which is consistent with Principle 2 of the Code.

The background and expertise of the Directors were disclosed in page 16 and 17 of our Annual Report may be summarized as follows:

Dr Colin Chan and Mr Tan Khai Pang, Executive Directors and the co-founders of the Company, are each with more than 30 years of experience in the business.

Mr Richard J Denny, Independent Director, with over 40 years of experience in the space and satellite sector, held a range of positions spanning across the technical and operational functions of Inmarsat plc ("**Inmarsat**") and was responsible for Inmarsat's fleet of satellites, network operations activities, satellite gateways, spectrum regulatory and spectrum management activities as well as satellite navigation services.

Mr Wong Ming Ghee, Bernard, Independent Director, was the Asia Pacific Region Head of The Lubrizol Corporation for 10 years and had a career spanning 36 years with Mobil, BP and Lubrizol, with 19 years based in the PRC. Hence, he has a vast experience in the petroleum and chemicals industries with focus on Asia Pacific.

Mr Paul C Burke, Non-Executive Non-Independent Director, is an entrepreneur with over 25 years of experience in the aviation industry and product design and manufacturing for the e-mobility market.

Mr Chua Chwee Koh, Non-Executive Non-Independent Director, has 22 years of experience in Singapore Armed Forces and subsequently spent another 17 years with Certis CISCO in leading and transforming its business operations.

The Board is of the view that the diverse background and expertise of the Directors provide diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company and is consistent with Principle 2 of the Code.

Query 2

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (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 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the

practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response

The following disclosure on remunerations were provided on page 35 and 36 (Provision 8.1) of our Annual Report 2022 and Resolution 4 in the Notice of the 26th Annual General Meeting:

While the exact remuneration of the Directors was not given, the level and mix of remuneration of the Directors in percentage terms within remuneration bands of S\$250,000 were provided, including the remuneration of the Executive Directors.

The Executive Directors do not receive any Directors' fee. The total Directors' fee payable to the 4 Non-Executive Directors is S\$162,667. As disclosed on page 35 of the Annual Report, each of the Non-Executive Directors' remuneration is 100% within band of S\$250,000 each.

The two Executive Directors, who are non-substantial shareholders of the Company, are employees of the Group like any of the other key management personnel who are not Directors and whose level and mix of remuneration are disclosed in percentage terms in bands of S\$250,000. The Board is of view that they should not be disadvantaged relative to the other key management personnel of the Group just merely because they are Directors.

The Company believes that with the disclosure of the level and mix of remuneration of the Directors in percentage terms within remuneration bands of S\$250,000 and taking into account the reasoning mentioned above, provides the shareholders with an adequate appreciation of the remuneration packages of the Directors and is consistent with the intent of Principle 8 of the Code.

Query 3

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

Company's response

As disclosed in page 40 (Provision 10.4) of our Annual Report, the Audit and Risk Management Committee is generally satisfied with the independence, adequacy and effectiveness of the current internal audit arrangement and will continue to assess its effectiveness regularly.

The Group has outsourced its internal audit function to In.Corp Business Advisory Pte. Ltd. ("**In.Corp**" or "**IA**").

In.Corp is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement team, number and experience of supervisory and professional staff assigned to the internal audits. The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by The Institute of Internal Auditors.

Additional information on the IA engagement team is set out below:

Name	Position	Years of experience in internal audit industry	Education/Qualification
Mr Sarjit Singh	Chief Executive Officer and Engagement Partner	> 10 years	<ul style="list-style-type: none"> ▪ Fellow, Institute of Singapore Chartered Accountants (ISCA) ▪ Fellow, Chartered Accountants Australia and New Zealand (CAANZ) ▪ Adviser, Learning & Assessment Committee for the Chartered Accountant Qualifications – FP, Singapore Accountancy Commission (SAC) ▪ Chartered Valuer and Appraiser (CVA), Institute of Valuers and Appraisers of Singapore (IVAS) ▪ ISCA Financial Forensics Professional (ISCA FFP) Credential Holder ▪ Member, The Institute of Internal Auditors Singapore (IIA) ▪ Advanced Management Program (AMP199), Harvard Business School, Harvard University
Ms Ruby Rouben	Associate Director	10 years	<ul style="list-style-type: none"> ▪ Certified Internal Auditor (IIA)

Name	Position	Years of experience in internal audit industry	Education/Qualification
			<ul style="list-style-type: none"> ▪ Chartered Accountant, Singapore ▪ Certificate in Sustainability for Finance ▪ Bachelor of Accountancy (Nanyang Technological University) ▪ Masters of Science – Management (University College Dublin) ▪ Member, The Institute of Internal Auditors Singapore (IIA) ▪ Member, Institute of Singapore Chartered Accountants (ISCA) ▪ Member, Information Systems Audit and Control Association (ISACA)
Ms Kwok Jing Yi	Senior Manager	5 years	<ul style="list-style-type: none"> ▪ BSc (Hons) in Accounting and Finance ▪ Member, The Institute of Internal Auditors Singapore (IIA)

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Executive Chairman
26 July 2022